

development asia

A Publication of the Asian Development Bank

Revamping Old Asia

A look at countries' efforts
to preserve historic districts

22

Year III, Number VI January–March 2010

Urban Planning Laboratory

Asia's cities will house an
estimated 2.2 billion by 2020.
Can the region's economic growth
continue without a sustainable
plan for its megacities?



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ADB Asian Development Bank



Richie Abrina

The Future of Cities in Asia... and the World

The rise of Asia's megacities is the upshot of robust economic growth in the region. In turn, the expansion of these centers of industry and commerce is fueling further growth, opening more opportunities for business and employment.

With six out of 10 of the world's largest cities in Asia—and eight out of 10 of the most densely populated—the continent will be the world's de facto laboratory for urban planning.

Yet urbanization does not mean prosperity for all. A great disparity between the rich and the poor—not just in terms of income but also in living conditions—persists. Asia accounts for some 60% of the world's urban slum residents.

Rapid development puts pressure on infrastructure and the delivery of basic services, such as health care, water and sanitation, and energy, particularly for cities with poor urban planning. Investments in public utilities must keep pace with business and population expansion. Otherwise, economic growth cannot be sustained.

This edition of *Development Asia* examines the opportunities and challenges that urbanization presents: how it can drive or disrupt economic growth in Asia. It looks into the case of Viet Nam, one of Asia's economic stars, which is grappling with problems arising from massive urban migration. In *The Cruel Utility of Slums*, we weigh the economic value of informal settlements against the human toll. To round out coverage, we report on the progress of urban renewal programs that seek to revitalize old cities while preserving their cultural heritage.

In other stories, we explain the rollout of a form of political risk insurance that covers acts of terrorism. We look at how development organizations are adapting in a networked world. How well are these organizations using social media? And how are internet scammers posing as development organizations? Finally, we put the spotlight on Thailand's Mr. Condom, Mechai Viravaidya, in our *From the Field* story.

As we begin a new year, we renew our commitment to illuminate the latest and most innovative ideas from the frontlines of development, every quarter, in *Development Asia*.

Ann Quon
Publisher

LETTERS TO THE EDITOR

Political Will Needed

The articles on the MDGs [Millennium Development Goals] are very informative, helpful, and thought-provoking. It is good to know that there has been success in some targets, but it wasn't surprising that many have not been achieved, given what has been happening to our world in the last several years. There's a good question in the article, *A Skewed Picture*, on whether the MDGs present an accurate picture of progress, and different opinions about this are to be expected. But I agree with the statement given by a policy director that, "the question shouldn't be about whether MDG indicators are perfect" (they should be accurate though), "...but whether the world is prepared to put in the political will needed to achieve the goals..." And sadly, it seems that the "world" isn't prepared.

Marion Mortel
Capacity Building Coordinator
Quezon City, Philippines

Comments are encouraged.
Please write: editor@development.asia

CLARIFICATION

In the October-December 2009 edition of *Development Asia*, the second to last paragraph of *Corruption Challenges Infrastructure Growth* by William Branigin attributed a progress report to Transparency International. The progress report on a pilot program of the Construction Sector Transparency Initiative (CoST) was actually issued by CoST itself.



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CONTRIBUTORS

Mark Blackwell has more than 20 years of experience covering topics ranging from science and economics to politics and cross-border issues in Latin America for news organizations, including the Hearst Corporation and Capital Cities/ABC. He specializes in informational graphics.

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Bronwyn Curran is an Islamabad-based journalist who worked as a correspondent in Pakistan and Afghanistan for Agence France-Presse. She is also the author of *Into the Mirror*, a biography of Mukhtar Mai, a Pakistani woman who became an international symbol of female oppression after surviving a gang-rape in 2002, then bringing her case to court successfully in Pakistan.



Wendy L. Doromal exposed the labor and human rights abuses in 1991 in the United States Commonwealth of the Northern Marianas, where she lived and worked as an educator and human rights advocate. She has been working for immigration and labor reform for the past 20 years and has testified before the US Congress on the issue. She is the author of the blog, Unheard No More, which addresses human rights and guest worker issues.

Jenny Forster is a Bangkok-based journalist who specializes in social and environmental issues. Despite her many years in the region, she retains a newcomer's curiosity.



Bruce Heilbuth has worked as a journalist and foreign correspondent on four continents. He spent nearly a decade as the editor-in-chief of *Reader's Digest* magazine's Australasian and Asian-English editions.

James Hutchison has worked as a writer and photographer in Asia for more than 25 years. His work has appeared in more than 30 international publications.



Keith Rosenblum (left) worked as a journalist for newspapers in Arizona, covering the US-Mexican border and Mexico for more than 10 years. He now handles consulting and media projects in Latin America for a variety of international groups. He is based in Arizona.

Floyd Whaley, senior editor of *Development Asia*, operates Asia Editorial Services. His work has appeared in *USA Today*, the *Los Angeles Times*, *Discovery Channel Magazine*, and many other media outlets.

Karl Wilson has worked in Asia for more than 25 years. He was Manila bureau chief for Agence France-Presse for 5 years and chief editor of *The Hongkong Standard*. He is now the Manila correspondent for *The National* newspaper in Abu Dhabi.

Rebuilding Nepal through Diaspora Bonds

Nepal is banking on its migrant workers to support efforts to rebuild the national economy. The country is still recovering from the decade-long civil war that ended in 2006.

In July, Finance Minister Surendra Pandey announced a plan to offer an Infrastructure Development Bond to Nepalese working abroad during a speech presenting the new \$3.7 billion budget in Parliament.

The Nepal Rastra Bank, the central bank of Nepal, will issue bonds worth 7 billion rupees (close to \$90 million) at fixed exchange rates, as part of domestic borrowing for fiscal year (FY) 2009, says Mr. Pandey. The bonds will be offered only to those employed overseas through embassies of Nepal in the Republic of Korea, Malaysia, Qatar, Saudi Arabia, and the United Arab Emirates.

Workers' remittances amounted to 17.4% of the gross domestic product in FY2008.

A Reuters report says the government plans to spend \$30 million on infrastructure development over the next 2 years. ●



BUILDERS OF THE ECONOMY Workers queue to pay fees for foreign employment at a government office in Kathmandu. Remittances from workers abroad accounted for 17.4% of Nepal's gross domestic product in fiscal year 2008.



BOXING DAY Televised matches of boxing champion Manny Pacquiao freeze his nation's productivity for the day, analysts say.

Philippine Boxer Making an Impact on the Economy

Famous Philippine boxer Manny Pacquiao not only puts opponents on the ropes but also knocks out productivity in some parts of the Philippine economy, according to a recent report. A Pacquiao fight clears the streets, empties malls, and even brings down the crime rate, says the website FinanceManila.net.

"It's very peaceful, the crime rate is almost zero," says Manila police chief Roberto Rosales. "There should be a Pacquiao fight every day."

The increasingly common bouts—Pacquiao has been at it now for 14 years and crossed through 7 weight classifications—are a boon for the entertainment industry, too, reports the website in its 4 May 2009 report, *Pacquiao Fight Day Effect on Economy*.

Restaurants offering pay-per-view fill their establishments and hold on to excited patrons for hours—even if the bout ends early—and theaters cast aside Hollywood in favor of lucrative closed-circuit transmissions. McDonald's restaurants in the Philippines lose dine-in customers but pick up on the delivery end, says Kenneth Yang, president and CEO of Golden Arches Inc., the Philippine franchise holder of McDonald's.—*Keith Rosenblum*. ●

Close to a Billion Asians Online

The number of Asians going online will grow to nearly a billion by 2013, says a report by Forrester Research, Inc. The continent will account for 43% of the world's online population. With 17% of the world total, the People's Republic of China (PRC) is expected to surpass the United States.

"The internet's power is as strong in the political and cultural arenas as it is in the economic one," says the US-based research company. "Multinational organizations of all kinds must understand the dynamics of the shifting global online population to ensure that they are positioned to take advantage of emerging international opportunities."

By 2013, the global online population will grow by more than 45% to 2.2 billion users. The internet user base is increasing in every area of the world, but Asia will remain the biggest global growth engine, says Forrester Research.

The report says the PRC's online population will rise by nearly 11% each year over the next half decade. Other Asian countries with substantial online growth rates include India, Indonesia, Pakistan, and the Philippines. By contrast, growth rates in some of the more mature markets, such as Japan and the Republic of Korea, will rise by less than 2% each year. ●



AN INTERNET BAR IN BEIJING The online population of the People's Republic of China will rise by nearly 11% each year over the next half decade.

Governments Falling Short of Commitments

Billions of dollars pledged by governments to help eradicate poverty and other social ills in the developing world have not been received, according to a United Nations (UN) report launched on 16 September.

The report, *Strengthening the Global Partnership for Development in a Time of Crisis*, by the UN Millennium Development Goal (MDG) Gap Task Force, highlighted an annual gap of \$35 billion in the 2005 pledge made by the Group of Eight (G8) industrialized countries at a summit in Gleneagles, United Kingdom.

This amount includes a \$20 billion annual shortfall in its commitments to Africa, even though 2008 saw the highest levels of development assistance to the continent.

In a preface to the report, UN Secretary-General Ban Ki-Moon recognized that since the adoption of the MDGs in 2000 there has been “great progress” in reducing poverty and hunger, and promoting access to education and health services.

“But the economic crisis threatens to reverse these hard-won gains, and time is running short,” he said. “Without strong and concerted international responses, the crisis could become a development emergency.”—*IRIN News Service* ●



AID NEEDED A young scavenger pushes a heavy cart full of reusable items. Government needs to follow through on their commitments to reduce poverty.



YEARLY EXODUS A scene at the Sukarno-Hatta International Airport in Jakarta. Thousands of women leave their homes in Indonesia to work as domestic workers each year.

Migration Myths Dispelled in UNDP Report

Most migrants do not move from developing to developed countries, and when they do, rather than hurting host economies, they benefit them, according to a new report by the UN Development Programme (UNDP).

UNDP’s *Human Development Report 2009*, launched globally on 5 October in Bangkok, dispels several myths about migration, instead underlining the economic and social benefits for countries.

“Mobility can bring large gains in development,” Jeni Klugman, director of the report, told IRIN, the humanitarian news and analysis service of the United Nations Office for the Coordination of Humanitarian Affairs. “It’s presently very much constrained by a whole range of barriers, and reform [of] these barriers could allow much greater potential to be released.”

The annual report calls for several migration reforms, including for states to ensure basic rights for migrants, and the mainstreaming of migration into national development plans.—*IRIN News Service* ●

Water Works to Improve Food Security

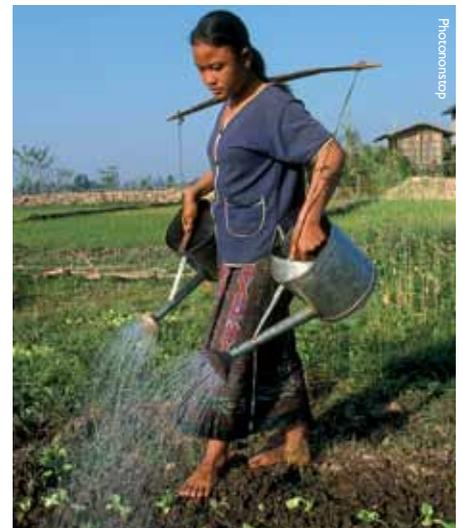
Unless Asia improves its use of water for agriculture, a new study says, by 2050 many developing countries will have to import more than a quarter of the rice, wheat, and maize they need.

“Asia’s food and feed demand is expected to double by 2050. Relying on trade to meet a large part of this demand will impose a huge and politically untenable burden on the economies of many developing countries. The best bet for Asia lies in revitalizing its vast irrigation systems, which account for 70% of the world’s total irrigated land,” says Colin Chartres, director general of the International Water Management Institute.

The institute presented the report *Revitalizing Asia’s Irrigation: To Sustainably Meet Tomorrow’s Food Needs* at the 2009 World Water Week in Stockholm in August.

The study was carried out by the institute, the Food and Agriculture Organization (FAO) of the United Nations, and researchers from partner organizations with funding from the Asian Development Bank. They used a computer model called WATERSIM, which helps examine difficult tradeoffs between food security and the environment, specifically in relation to water supplies.

Asia’s population is expected to expand by one-and-a-half billion people over the next 40 years. To meet their food needs by 2050, the International Water Management Institute estimates that the amount of irrigated farmland in South Asia must be increased by 30%, and in East Asia by 47%. Without water productivity gains, South Asia would need 57% more water for irrigated agriculture, and East Asia 70% more. ●



GREEN THUMBS The best bet for Asia lies in revitalizing its vast irrigation systems, says the International Water Management Institute.

Urban Planning

Imaginechina



By Joe Cochrane

Labo



**Asia's cities will house about 2.2 billion by 2020.
Can the region's economic growth continue
without a sustainable plan for its megacities?**

These are heady days for Asia's emerging economies. While the United States, Europe, and, closer to home, Japan, wobble from the global economic crisis, Asian tigers led by the People's Republic of China (PRC), India, and Indonesia hum along, posting impressive growth figures. It is no wonder that the world has turned to Asia to lead the turnaround from the global recession.

While economic growth continues for now, serious questions about whether this prosperity can last in the long term are emerging. In particular, there is mounting concern over whether Asia can sustain economic development given its myriad of challenges, chief among them the growing trend of urbanization.

By 2020, more than 2.2 billion Asians will live in urban areas. Already, 6 of the world's 10 largest "megacities"—defined as having a population of more than 10 million—and 8 out of 10 of the world's most densely populated cities are in Asia.

These sobering statistics are a wake-up call for the region: without sustainable urbanization, economic growth could be in jeopardy. As urban population growth continues, housing, power and water supply, public transportation, jobs, and numerous other demands will not somehow magically expand at the same pace. National and city governments should already be thinking ahead—10, 20, even 30 years, according to urban planning experts.

KISSTHE SKY

Computer rendering of Shanghai shows the planned Shanghai Tower along with the Shanghai World Financial Center and the Jinmao Tower, currently two of the world's 10 tallest skyscrapers.

oratory



RAPID GROWTH Megacities are expanding across the region, from Karachi to Bangkok (in photo), Greater Jakarta to Metro Manila, and the Pearl River Delta in the People's Republic of China.

“The sheer numbers in Asia are overwhelming,” says Florian Steinberg, senior urban development specialist with the Southeast Asia Department of the Asian Development Bank (ADB) in Manila.

Even so, he says Asia’s urbanization growth rate still lags behind other regions, such as Latin America. In 1990, the percentage of Asians and Africans living in urban areas was less than 35%, while today in Asia, it is still only 42%, according to some estimates.

“It’s a concern,” Mr. Steinberg says. “There’s a view that urbanization is negative, but others feel there is a need for more urbanization. Sustainable urbanization will be essential for growth and to advance the economies. India, for example, needs much more urbanization to perform economically at the rate that it wants to perform.”

Urbanization as a Driver of Development

Torsten Kleiss, an urban development expert and senior consultant for Holcim, the international cement supplier, says, “Urbanization is something good. It’s a driver and result of economic and social development. Look at America and Europe. Development took place with urbanization that started around 100 years ago.”

Megacities are expanding across the region, from Karachi to Bangkok, Greater Jakarta to Metro Manila, and the PRC’s Pearl River Delta. More than 53% of Chinese, 63% of Indonesians, and 72% of Filipinos will be living in urban areas by 2020, says the United Nations Human Settlements Programme (UN-

“The sheer numbers in Asia are overwhelming.”

—Florian Steinberg
Senior Urban Development Specialist
Asian Development Bank

HABITAT). While Kuala Lumpur is not a megacity, 72% of Malaysians will be living in urban areas by 2010 and nearly 80% by 2020.

Dinesh Mehta, professor emeritus at the Centre for Environmental Planning and Technology University (CEPT) in Ahmedabad, India, says overall Asia’s “tipping point”—50% urbanization, collectively—will occur in 2023. He says the region’s urbanization rate is higher today because it is being driven by massive growth in the PRC, which

has nearly 45% of its population living in urban areas.

“Urbanization is an effect of economic growth, not a cause of it,” Mr. Mehta says. “Lagging urbanization in some sense is a reflection of the poor capacity of cities to absorb economic growth.

“That is true of Indian cities. Infrastructure services are much lower than the level of economic activities would demand,” he says. “It [economic growth] will take place in cities that have infrastructure. That is why there is massive growth in the PRC, because of the infrastructure.”

Cities in the PRC, however, are proving to be the exception in the region. While population growth rates are slowing globally, urban population growth rates are higher than those in rural areas. As a result, Emiel Wegelin, program coordinator of the Cities Development Initiative for Asia (CDIA), says urban governments have been unable to keep pace with the growing demand for services. The CDIA is a multi-donor project to help cities prepare infrastructure projects to attract private investment.

“This thing is not coincidental,” Mr. Wegelin explains. “This happens because it is a special articulation of an economic transformation that is going on—a shift



MASSIVE TASK High-rise residential buildings stand behind an expanse of slums in Mumbai, India. As the population of Asia's cities surge, countries in the region are struggling to build the infrastructure needed to support them.

from agricultural and rural pursuits to industrial production and services industry. It explains migration. Cities are a more attractive place to find employment, regardless of all the problems.”

Hundreds of Billions of Dollars Needed

And those problems read like a laundry list. Annual infrastructure investment needs have been estimated in the hundreds of billions of dollars. Industry leaders in Asian cities complain that they need more roads, ports, container facilities, and power to increase production and help drive growth. Large Asian cities are trying to cope with this demand, as well as find solutions to increased water use and traffic jams due to inadequate public transportation systems. In Jakarta, the state-run electricity provider was forced to ration power throughout November 2009 because mechanical problems with some power generators reduced supply.

“Infrastructure investment needs for urban areas have been estimated in the hundreds of billions of dollars per year,” Mr. Steinberg says. “There are no governments in Asia that can actually cope with those needs. The majority of investments will have to come from the private sector

or through public-private partnership arrangements.”

Governments in Asia are coming around to the notion of urbanization as inevitable; nonetheless, fears persist about whether local administrations have the capacity to deal with increasing demands for services, land, and infrastructure.

“The structures in place aren’t designed to deal with these issues at all,” Mr. Wegelin says. “Take an extreme case like Metro Manila. We have 17 city governments and 16 municipalities. Local governments either don’t talk to each other or fight with one another.”

Notes Matthew Westfall, director of urban services of ADB’s Central and West Asia Department, “Because urban centers play such a major role in the economy, you have to get them right first.”

Making Deals

In Pakistan’s main urban centers, Karachi and Lahore, local governments are looking at mass rapid transit systems to deal with growing traffic problems. The proposed system in Lahore will be a multibillion dollar large-scale mass transit system with as many as five separate lines.

Lahore, like other Asian cities, is inviting private investors to help foot the bill

and provide quality work. In Indonesia, the central government is embracing public-private partnerships to build infrastructure, such as roads, reservoirs, and power plants, as well as to operate them and to deliver electricity to cities. Some local governments in Indonesia, enjoying the benefits of regional autonomy, are signing their own deals with companies in the private sector.

“For sure, governments are having a harder time trying to meet their infrastructure deficits and put their infrastructure needs in order,” Mr. Westfall says. “When you have... just a government agency building infrastructure, and not managing it and guaranteeing it’s working down the road, you find you have a problem.”

He says the massive floods in Metro Manila in late September that forced the evacuation of hundreds of thousands of people were the result of “many decades of neglect coming to the fore.”

Growing Asian Slums

Analysts also warn that megacities can no longer afford to ignore their urban populations, in particular, the reality of prevailing urban poverty. While the levels and conditions of urban poor vary from place to place, confidence is low that Asian cities

will meet all or, in some cases, most of their Millennium Development Goals by 2015.

“You can say that while many of the Asian countries are good performers in the overall economy, the prevalence of poverty is a big, big concern,” Mr. Steinberg says. “We are still seeing the struggle of the labor force to position itself in the labor markets and [get] benefits for itself. As long as governments don’t recognize the instability that is associated with the prevalence of poverty, development is at risk.”

Mr. Mehta from CEPT says, “Cities are attracting people, but not everybody is able to move out of poverty. So we see more slums in cities of Asia than before.”

According to UN-HABITAT, 47% of Pakistanis, 41% of Vietnamese, and 32.8% of Chinese lived in urban slums in 2005. And it’s not just affecting urban dwellers that are officially classified as poor. In India, the average annual growth rate in urban areas between 1981 and 2001 was 2.9%; but between 1983 and 2004, the urban poor population grew by only 0.6% a year, says Banashree Banerjee, a private urban development consultant in New Delhi.

“But these statistics hide a lot,” she says. “Sixty percent of the population of Mumbai is living in slums. Officially, only 15% are the really poor. You can imagine how difficult it is. The land prices are very high. Even for the middle class, it’s difficult to find anything that’s not in the slums.”

Going Beyond Government

Still, grim realities on the ground have failed to demoralize urban communities and the activists who try to represent them. Civil society is increasingly expressing its views, and the interests of urban dwellers, on how development should proceed. In particular, local nongovernment organizations (NGOs) have taken up causes ranging from protecting the rights of pedicab drivers in Jakarta to demanding access to clean drinking water for Bangkok slums.

“What you see very much in many countries, like Thailand, India, and the Philippines, for example, is the recognition of the role of organizations,” says Claudio Acioly, Jr. of UN-HABITAT.

“Because of the size and urgency and ability of governments to really have the capacity to respond, there has been a recognition that NGOs come on board as a partner,” he says, “or even replace the state.”

However, Mr. Acioly says NGOs in Asia play more of an operational role in urban development rather than being part



BUILDING BOOM Motorists ride past residential buildings under construction in Ho Chi Minh City, Viet Nam.

of the decision-making process. He also says community-based or even individual participation in planning initiatives by Asian governments is lacking, in contrast to Latin America, where the practice is common.

“Cities are a more attractive place to find employment, regardless of all the problems.”

—Emiel Wegelin
Program Coordinator
Cities Development Initiative for Asia

“In Brazil, there are different cities practicing different modalities [of participatory budgeting]. But in more and more cities, residents get together and have a say in how budgets are spent,” Mr. Acioly says. “We don’t see this model working much in Asian cities, mainly because of the different political processes going on.”

He says urban communities in Asia would do well to organize themselves and directly approach governments with their views on urban planning, given that NGOs may not always share the same agenda.

“The true representatives are the community-based groups,” he says.

Going Green by Necessity

Looking ahead, Asian cities face some tough important decisions. Expanding populations will require greater services, but limited land, natural disasters, environmental issues, and climate change will call for more creative solutions, according to analysts.

“In Ho Chi Minh City, half the city is less than 1 meter above sea level, which means that in the next 100 years from now it will be flooded,” says Kosta Mathey, a professor at the Vietnamese–German University there. “Technical and preventive measures, like emergency plans, will have to be there.”

Planning cannot be just about preparing for doomsday, however. Mr. Mathey says cities have more opportunities, thanks to technological advances, to design more energy-efficient buildings and housing, grow food in urban areas, and deploy more fuel-efficient and environment-friendly public transportation.

“Energy-efficient” means to both produce more energy and use less energy,” he explains. “You can shade the façade, have more ventilation. You can also reduce energy consumption by either reducing transportation to work or in transporting [goods].”

In Indonesia, PT Perusahaan Listrik Negara, the state-run electricity provider, says with electricity demand growing by 9.2% per year, Indonesia will need to add 16,183 megawatts by 2010 to curb power shortages and meet increased demand. As a result, the company says it may have to increase rates by up to 30% to finance the planned expansion.

“This means that energy efficiency is an absolute no-brainer,” says Alex Buechi, manager of sustainable construction for Holcim’s operations in Jakarta. “Buildings are the biggest contributor to CO₂ emissions globally, bigger than traffic.”

In Jakarta, Holcim is promoting a European-derived radiation-cooling technology that can keep concrete in warm climates radiating at 23 degrees Celsius. Mr. Buechi says the technology can reduce the energy required to cool buildings and homes by 75%, and is currently being used worldwide, including in the PRC, Egypt, and India.

According to urban planning experts, the path emerging Asian nations take in urban development will need to use all these factors: private sector financing, community support, technological advances, political will, and more if Asia is to leverage its booming urban populations into prosperous participants in the global economy.

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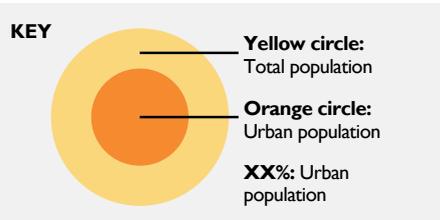
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www.adb.org

Urban Asia

About 40% of Asia's population now lives in cities, compared with 70% in Europe, North America, and Latin America, but the coming decades are expected to bring rapid increases in urbanization. By 2050, with the urbanization of more than two-thirds of the People's Republic of China's population and more than half of India's, Asia's cities are predicted to be home to more than 60% of the world's urban dwellers.

Urbanization

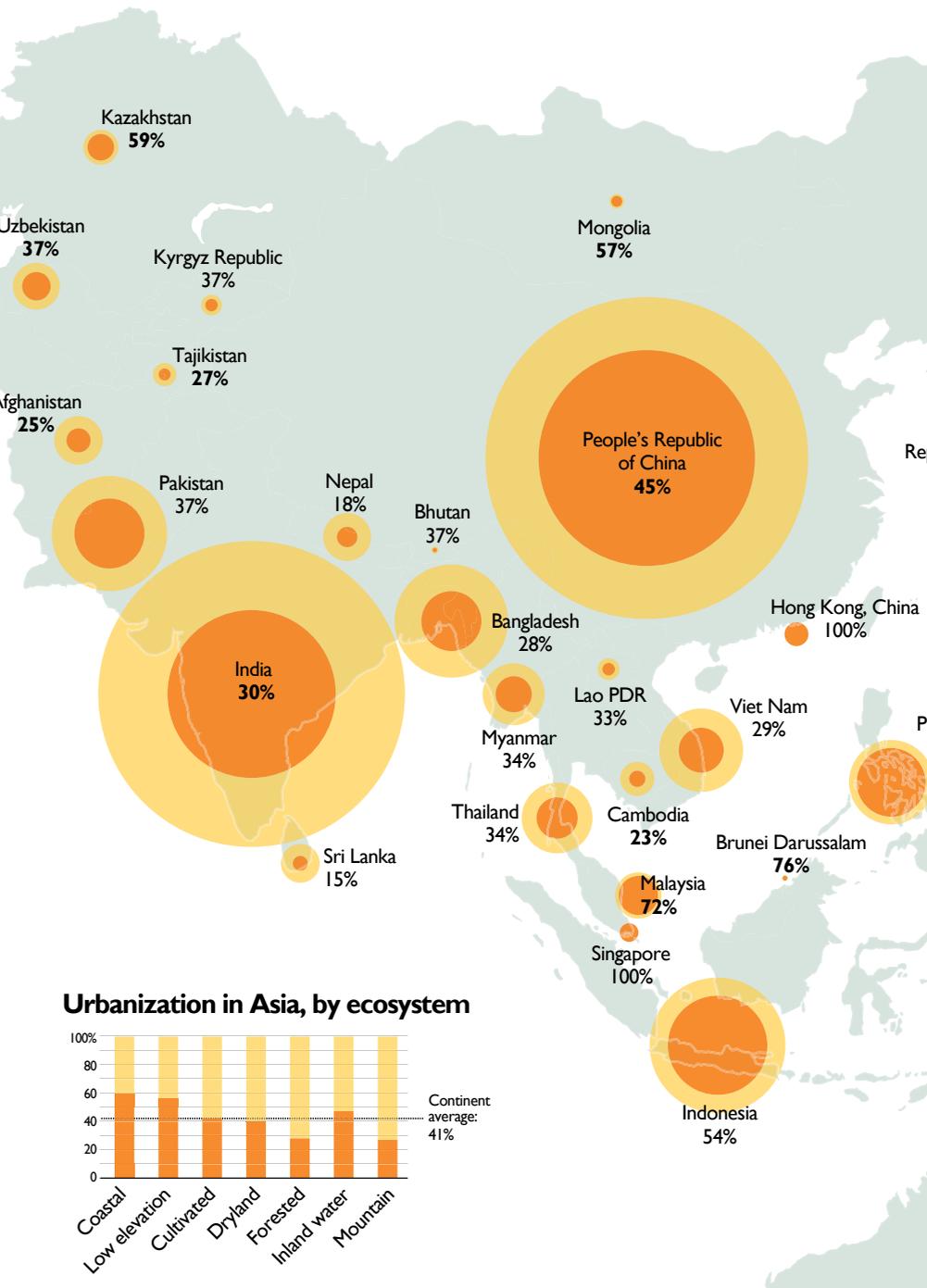
Percentage of population living in cities in 2010



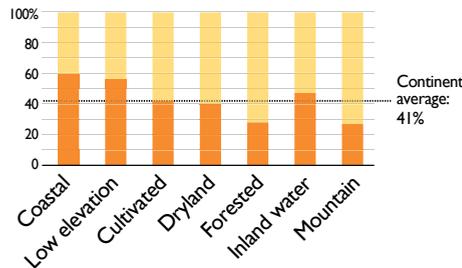
TOTAL POPULATION, BY COUNTRY

In millions, 2010

	Total population	Total population	
PRC	1,351.5	Sri Lanka	19.6
India	1,220.2	Kazakhstan	15.8
Indonesia	239.6	Cambodia	15.2
Pakistan	173.4	Azerbaijan	8.7
Bangladesh	166.6	Hong Kong, China	7.4
Japan	127.8	Tajikistan	7.1
Philippines	93.0	Papua New Guinea	6.7
Viet Nam	90.8	Lao PDR	6.2
Thailand	65.1	Kyrgyz Republic	5.5
Myanmar	50.1	Turkmenistan	5.2
Afghanistan	30.4	Singapore	4.6
Nepal	29.9	Georgia	4.3
Uzbekistan	28.6	Armenia	3.0
Malaysia	27.9	Mongolia	2.7
Republic of Korea	24.0	Bhutan	0.7
Australia	21.4	Brunei Darussalam	0.4



Urbanization in Asia, by ecosystem



Sources: United Nations Human Settlements Programme (www.unhabitat.org/stats); "State of the World's Cities 2008/2009" by UN-HABITAT

Research and design by Mark Blackwell

Intellectual Capital on the Rise

Growing Research

Asia's contribution to research is rising.

SHARE OF WORLD R&D SPENDING

Asia's research and development expenditures, as a percentage of research



SHARE OF WORLD'S RESEARCHERS

Number of researchers in Asia, as percentage of researchers in the world

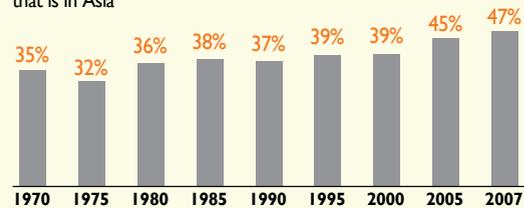


Advanced Education

Asia is home to nearly half of the world's tertiary education students, up from about a third in 1970.

SHARE OF WORLD'S TERTIARY ENROLLMENT

Percentage of the world's total tertiary education enrollment that is in Asia

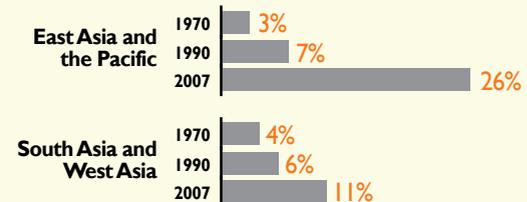


Higher Enrollment

Post-secondary education rates are rising worldwide. Asia's participation rate has climbed dramatically.

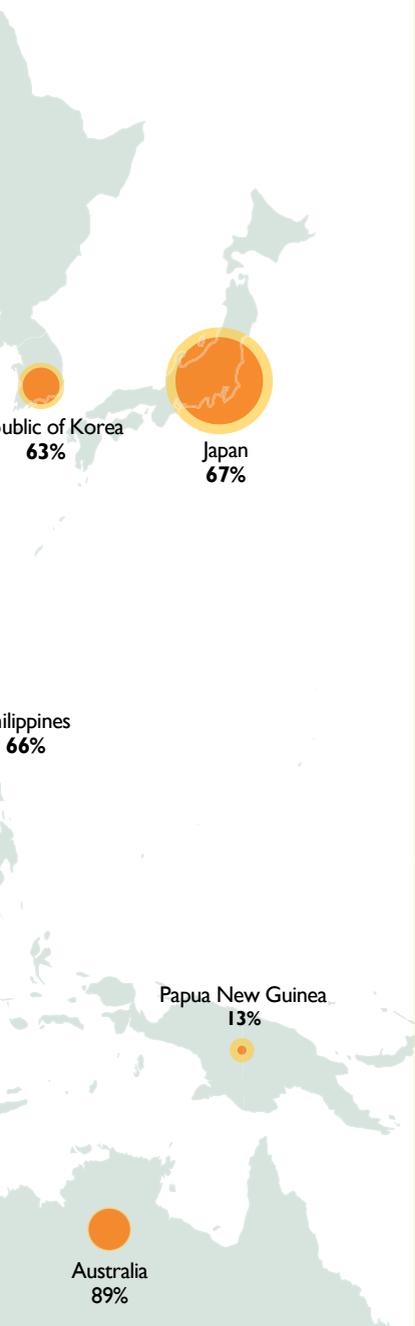
TERTIARY ENROLLMENT

Percentage in tertiary education, among those not more than 5 years beyond the customary age for secondary education.



Photos: AFP

Source: United Nations Educational, Scientific and Cultural Organization (UNESCO)



The Cruel Utility of Slums

By Bronwyn Curran

URBAN POOR The Dharavi slum in Mumbai, made famous by the movie *Slumdog Millionaire*, is home to 57,000 families.

Slum areas are often not prioritized for poverty reduction because they serve an economic purpose

James Masi moved his family from Pakistan's southern Punjab province to the federal capital, Islamabad, 20 years ago in search of domestic work. They are one of 1,500 families living in the city's so-called Christian Colony, a slum area in the heart of Islamabad's affluent sectors. The colony is overcrowded, fetid, without proper sanitation, and ripe for a mass blaze, but Mr. Masi moved his family there after they ran out of live-in job arrangements; it only costs the equivalent of \$50 a month.

No one has title to the land in the Christian Colony. Even the owners of the airless one-room shelters rented out to families like Mr. Masi's are technically squatters, illegally occupying public land. This slum is home to a vast number of Christian domestic workers who cook or sweep Islamabad's wide villas for less than \$300 a month, keeping the lounge rooms and kitchens of the capital's civil servants and diplomats operating.

A Third of the World

Mr. Masi is not alone. Slums currently house one-third of the world's population, reports the United Nations Human Settlements Programme (UN-HABITAT). By 2030, 2 billion people will be living in slums unless substantial policy changes occur, according

to projections by the UN agency. While the proportion of urban residents in slums is highest in African cities, in numbers alone, Asia accounts for some 60% of the world's urban slum dwellers. As of 2001, South-central Asia had the largest slum population in the world, with 262 million slum dwellers or 58% of the region's total urban population.

As large concentrations of poor living together, slums would seem a natural priority for poverty reduction efforts. Yet often they are not, experts say, because slums serve a purpose.

"Slums are the best way found by many countries to provide cheap housing to the urban poor. And cheap housing means a cheap labor force, low-income workers. Slums are the physical expression and condition of urban poverty. In many countries, they are necessary to ensure profitable economic growth," says Daniel Biau, who directs UN-HABITAT's Regional and Technical Cooperation Division.

"Before being a problem, slums are therefore a solution at a particular stage of economic development. They were a solution in Victorian London as they are a solution in Mumbai today. Slums are not a market failure, they are a market success. This is the first thing we should know about slums: they are economically useful, sometimes extremely useful, because they offer low-cost housing options to the poor."

Upwardly Mobile Slum Dwellers

Slums serve as holding stations for rural migrants to cities as in the case of Mr. Masi—filling a desperately needed role as urbanization skyrockets.

Since 1950, the proportion of people working in agriculture in developing countries has declined by 20% to 30%, according to *The Challenge of Slums: Global Report on Human Settlements 2003* by UN-HABITAT.

"The immigrant urban poor have largely moved from the countryside to the cities voluntarily, in order to exploit actual or perceived economic opportunities. Opportunities manifest in part due to the growing urban informal sector, which is most spectacularly visible in the many growing and large-scale informal and squatter settlements in urban centers."

"In many cities," the report continues, "the informal sector accounts for as much as 60% of employment of the urban population and may well serve the needs of an equally high proportion of citizens through the provision of goods and services."

"Asia, which is home to 80% of humanity, is also urbanizing, and currently 36% of Asians live in cities. Asia's megacities—Mumbai, Calcutta, and Bangkok—have over 10 million people, and between one-third and one-half of them live in slums.



Florin Steinhilber

SHANTYTOWN Informal settlements like this thrive astride Manila's business districts.

The rapidity and enormous volume of this rural-to-urban migration intensifies slum formation. City planning and management systems are unable to adequately cope with the massive population influx."

The *Challenge of Slums* report deconstructs the myth that slum dwellers are a burden on the economy.

"While many developing countries have regarded the informal sector as something illegal to be eliminated because it 'undercuts' the formal sector, which is required to comply with labor and safety laws and pay taxes, another school of thought is that reducing onerous regulations and dissolving large, underproductive enterprises can unlock the creative power of microentrepreneurs and provide goods and services at lower costs."

Studies in both developed and developing countries have documented the potential significance of slums as incubators for upward social and economic mobility. "Upward mobility does not necessarily mean that people will move out of slums. On-site physical transformations in slum communities are in many cases evidence of socioeconomic upgrading," the UN-HABITAT report states.

A Model That Works

Given the usefulness of slums, some governments are making progress in improving the lives of those who live in these areas.

The Orangi township, on the edge of Pakistan's port city of Karachi, recently earned the honor of outdoing Mumbai's Oscar-famous Dharavi shantytown, star of the celluloid hit *Slumdog Millionaire*, as Asia's biggest slum.

A report by Mumbai's Brihanmumbai Municipal Corporation, cited in London's *Daily Telegraph*, trumpeted that while Dharavi has 57,000 families living in overcrowded huts with poor sanitation, Orangi is home to 1.5 million people living in poverty.

"Dharavi is not Asia's largest slum; Karachi's Orangi township has surpassed Dharavi," the report claimed.

Like the malodorous streets of its Indian sister, Karachi real estate is gold. Land is the hottest commodity in these twin subcontinental commercial hives surrounded by shantytowns. Property speculators in Mumbai are in a lather, snapping up plots in the Dharavi slum under a 7-year redevelopment plan.

Karachi authorities, for their part, are on a mission to turn the teeming Arabian Sea port of 14 million people into South Asia's Dubai. "Karachi is up for grabs," says Perveen Rahman, head of a nongovernment organization (NGO) that works to upgrade Orangi's sanitation, health,

and education facilities. But thanks to foresight by development organizations such as Ms. Rahman's—and perhaps the lack of money and human resources of the Karachi government—the huts and tiny plots in the 50-year-old Orangi township are not up for grabs by developers.

A process called “notification”—by which Orangi residents receive title to their homes—has been under way since 1986. So far, 40% of residents has received titles to homes; those remaining are in the process of being “notified.”

Getting property deeds for Orangi residents is an offshoot of a broader and highly successful effort by NGOs to upgrade the 1960s-era slum and make them self-sufficient communities.

The Orangi township was established by the local government in the 1960s as a cheap residential colony with subsidized land and low rents for factory workers in the industrial sites next door, a captive pool of cheap labor.

Orangi is now home to 700 private schools, 600 health clinics, 90,000 latrines, and 40,000 microenterprise units, according to the Orangi Pilot Project Research and Training Institute, an NGO operating since 1988 to help Orangi's people help themselves.

The massive sanitation upgrade was carried out by Orangi's own residents for a fraction of the cost of similar projects financed by international development lenders, says Ms. Rahman, who directs the Orangi Pilot Project.

Local government stayed clear of renewal projects in the early years because of a lack of money and manpower.

“It was difficult for government to come in and do the work in supporting the upgrading of Orangi. They always said: ‘We have no money,’” Ms. Rahman says. “But since 1990 the government started taking interest and giving support. The people laid sewer lines themselves, but the government provided the trunk sewers.”

The government, she says, is beginning to recognize that “lifting the self-sufficiency and livelihood of slum-dwellers will be good for the economy.”

In contrast, the case of Dharavi in Mumbai points at attempts to cash in on high land values and use that money to benefit slum residents. The proposal calls for land to be sold to the highest private bidders for upscale development. An important component of the deal, however, will be the guarantee that the 57,000 slum-dwelling families are housed on-site in high-rise apartments at no cost to them or the government. If successful, the experiment will likely set a precedent for cities dealing with urban renewal and informal settlements. ●



LOOKING AHEAD A mother tends to her child outside their dwelling in Mumbai's Dharavi. Residents hope for decent housing under an urban development plan.

Viet Nam Tries to Break

Urban planners aggressively strive to keep the country of

South of Ho Chi Minh City, Viet Nam used to be a vast expanse of rice fields and marginally productive agricultural land. Today, the area is the most modern in the metropolis, with high-end residential zones, international schools, and chic shopping centers employing thousands.

The Saigon South area is one of the most dramatic urban development projects in the country, but it is by no means an isolated case. In urban areas throughout Viet Nam, less glamorous development projects are under way to address the country's burgeoning transportation, housing, sanitation, and myriad other needs.

Viet Nam has been one of Asia's stars in terms of economic expansion. Even during the global economic crisis, the country's gross domestic product (GDP) grew by 3.9% in the first half of 2009, according to the Asian Development Bank's *Asian Development Outlook (ADO)* report. In 2010, Viet Nam's GDP growth is expected to increase to 6.5%.

This rapid economic expansion has put Viet Nam on a similar path as other Asian tiger economies with large, rural populations pouring into the cities seeking work and straining infrastructure.

"The demand for municipal infrastructure in Viet Nam has increased rapidly as the country copes with rapid urbanization, decentralization, and high rates of economic growth," notes Dang Duc Cuong, a senior operations officer with the World Bank, who focuses on urban development in Viet Nam.

According to the World Bank, the population of

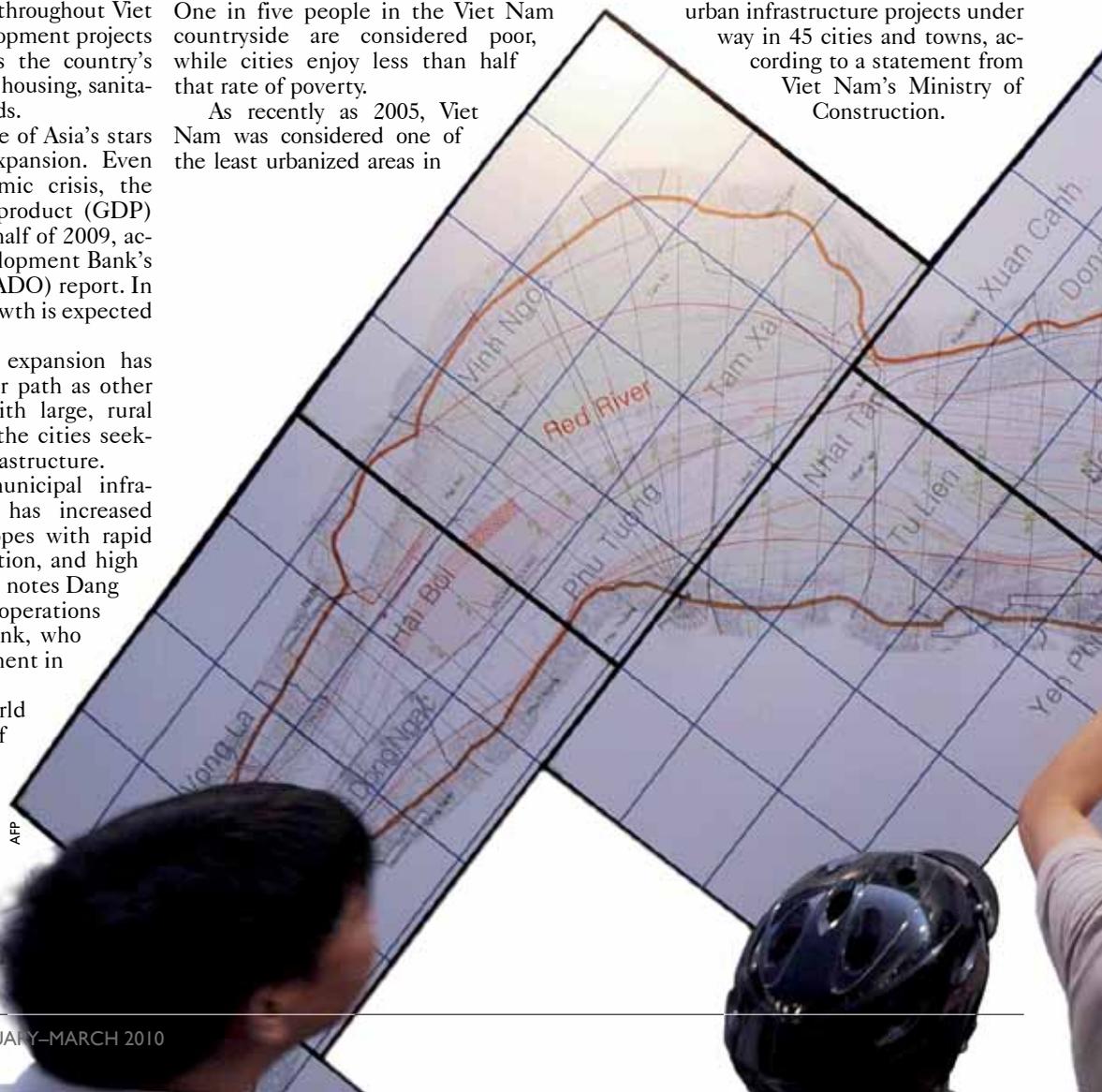
Viet Nam's three largest urban areas—Ha Noi, Ho Chi Minh City, and Hai Phong—is expected to triple by 2020. More than a quarter of Viet Nam's population already lives in cities, according to United Nations data. That is expected to increase to about 35% by 2020.

As in countries across the region, the divide between the poor in the city and those in the countryside is expected to continue to drive migrants toward cities. One in five people in the Viet Nam countryside are considered poor, while cities enjoy less than half that rate of poverty.

As recently as 2005, Viet Nam was considered one of the least urbanized areas in

Southeast Asia. At that time, the government began planning for the massive upgrading of its cities. Government planners put out a call for overseas development assistance, specifically targeting water supply and drainage, transport, environment, and housing for low-income laborers who would be needed to build the country's new urban areas.

Viet Nam had about 500 urban areas calling for investment in 2004, with urban infrastructure projects under way in 45 cities and towns, according to a statement from Viet Nam's Ministry of Construction.



AFP

the Mold

By Floyd Whaley

ff the path of mismanaged urbanization

This foresight and aggressive plea for assistance have paid off. In June 2009, Viet Nam Prime Minister Nguyen Tan Dung announced about \$9.84 billion for urban development programs from 2009 to 2020.

The money will be used to provide housing for low-income residents in urban areas, as well as to improve urban planning by local governments, according to a statement from the prime minister's office.

Viet Nam's goal is for

100% of its people living in urban areas to have access to clean water by 2020, and for 100% of solid waste and sewage to be collected and treated in the same time frame.

With Viet Nam's track record of carefully identifying its urban development needs and aggressively courting the external assistance needed to carry out the programs that address those needs, many experts predict that those ambitious goals will be met, once again. ●



BIG PROJECT
Residents look at the map of a multibillion dollar urban development project in the city of Ha Noi.

Revamping Old Asia



The past 50 years have seen Asia emerge from the ashes of war and colonialism to become one of the most dynamic regions in the world. Asia's emergence has meant not only a dramatic transformation of the world economy, but also a massive boom in urban development as more and more people leave the rural areas for the hope of a better life in big cities.

Today, as glass and steel skyscrapers reign over Asian skylines from Mumbai to Shanghai, many older neighborhoods and historic districts that connected people

urban planning and disaster risk reduction consultant. "What are people coming to look at? They're coming to look at the old traditional areas."

Losing the Charm

Progress in restoring historic areas has been piecemeal. Take Ha Noi, for example, says Paul Schuttenbelt, director of the Ha Noi office of Urban Solutions, a Netherlands-based company that advises the urban sector. "It's very much a matter of preserving individual buildings and monuments rather

were awarded World Heritage Site status by the United Nations Education, Scientific and Cultural Organization (UNESCO).

"Since Georgetown was listed as a World Heritage Site, many more people are now aware of the old city," says Khoo Salma Nasution, a Malaysian historian. "There are certainly more foreign tourists than before, but even Malaysians, who used to take this heritage for granted, are getting down from their cars to wander around the city on foot."

In some other parts of Asia, historic urban centers are being declared heritage

Many Asian nations are discovering that reviving historic areas in their cities not only preserves their cultural heritage but also boosts their economy

Text by Karl Wilson and Joe Cochrane

Illustration by Gerry Castro

to their past are either gone or fading into the urban landscape.

Across the region, officials are attempting to reverse this trend, recognizing historic city centers as vital cultural assets and potential catalysts for economic growth through tourism and related services.

What's more, many Asian governments are attempting to revitalize historic areas and equip them for the challenges of globalization and long-term environmental sustainability, according to a recent study by the Asian Development Bank (ADB). These areas are seen as presenting important opportunities for the financial power of private sector operators to influence the cultural preservation of cities.

"While cities in Asia and the Pacific have been concentrating on their conventional infrastructure requirements, many cities are still discovering how to deal with the challenge of urban renewal in a broader sense," says Florian Steinberg, senior urban development specialist of ADB's Southeast Asia Department. "Many cities in the region have historic inner city areas of considerable historic and cultural value. These city centers are opportunities for revitalization of local economic development and national cultural identity."

Tragically, many colonial buildings in places such as Singapore, Ha Noi, and Hong Kong, China, have been leveled to make room for skyscrapers and other modern structures. Yet the connection between historic restoration and economic revitalization is increasingly being made.

"This whole quest for modernization has been mitigated a bit by tourism," says Earl Kessler, a United States-based

than a townscape," he says. "You can preserve a building or temple, but if you build skyscrapers around it, you lose a lot of the charm."

"They're destroying it at a very rapid pace," he continues. "If you destroy a two-story building and build a 20-story building, you make a lot more money. And I think you and I would do the same thing."

Mr. Kessler is more optimistic about the patchwork of modernity and restoration in Ha Noi. "If you start to look at the revitalization in Ha Noi, it's absolutely phenomenal. If you really walk around and look at what's been done, it's been done tastefully. You enjoy the city for its newness, not just its oldness."

Countering the power of moneyed property developers remains a fairly new concept in much of Asia. Historic quarters of Asian cities have been in the rifle sights of development and real estate speculators for decades. But while historic landmarks and entire neighborhoods have been bulldozed, there has been and continues to be recognition from Beijing to Ahmedabad, India, that there are cultural and economic reasons to preserve a city's past.

Older areas that have been spared the wrecking ball and preserved are popular tourist spots. Sadly, however, many historic areas have already been lost as most major cities in the region spent their boom years tearing down historic buildings in favor of skyscrapers and shopping malls.

The Power of World Heritage

In 2008, Georgetown, the historic capital of Penang, Malaysia, and the city of Melaka

sites as well and protected from developers. Financial support is given to rebuild historic, dilapidated buildings, as awareness campaigns make people understand the value in preserving historic areas.

Singapore tore down much of its colonial past as the island state transformed itself from a poor backwater in Southeast Asia into one of the region's economic success stories. Despite the island's rapid expansion, the city has made a serious attempt to save what remains of its historic past. The city is preserving its historic neighborhoods while adapting older buildings for commercial uses, especially tourism.

Singapore has a colorful, multicultural past that is still evident in scattered pockets of older districts that escaped redevelopment. The government is working to ensure that history does not disappear altogether. Across the island, dilapidated shops and houses have been shored up, window frames repainted in bright yellows, reds, blues, and greens, and the interiors renovated for commercial use.

In Beijing, much of the old city has disappeared but the destruction of old Beijing started well before the People's Republic of China's (PRC) economic miracle began three decades ago. There are now efforts to preserve what is left, especially the *hutong*, the traditional courtyard residence. Since the mid-20th century, the number of *hutong* residences in Beijing has dropped dramatically as these are demolished to make way for roads and buildings. Recently, the government des-



Florian Steinberg

OLD VERSUS NEW Singapore has been a leader in Asia in revitalizing older districts, blending historic areas with modern commercial centers.

ignated a number of hutongs as protected areas in an attempt to preserve this aspect of PRC's cultural history.

In Hong Kong, China, very little remains of its historic commercial past. If you walk through Stanley Market on a Saturday morning and flick through the old black-and-white photographs, you will see just how much of the place has disappeared.

Some buildings have been preserved. One of the more recent was the former Hong Kong Marine Police Headquarters on the Kowloon side built in 1884. Standing on a small hill, it once commanded sweeping views of the harbor. Today, however, the views are obscured by buildings.

Wander around Hong Kong, China, and you will find that some links to the

Historic city centers are being recognized as not only vital cultural assets but also potential engines of economic growth through tourism and related services.

past remain, such as St. John's Cathedral, which was built in 1849, and the nearby Government House, which had been home to a succession of British governors from 1855 until 1997 when the region was returned to the PRC.

The French Mission building still stands as does the old court building that now houses the government of the Special Administrative Region until its new, ultra-modern offices are built on the waterfront overlooking the ever-shrinking harbor.

All that remains of the Kowloon-Canton railway station that once ran along the harbor, where Tsim Sha Tsui is today, is the clock tower next to the Star Ferry. Even the Star Ferry's terminal on the Hong Kong Island side has been relocated to make way for even more harbor reclamation.

Only recently has the move to preserve the past taken on a sense of urgency in Asia. Many countries today see the need to preserve what is left as a window to the past that will help future generations understand and appreciate their origins. Apart from that, historic buildings help define the history of a people; they reflect the values and a way of life that helped shape nations, whether they are Singapore-like city states or major economic powers such as the PRC. ●



RESTORED Diners gather at the De Yuan roast duck restaurant on the Dazhalan Xijie, known as the West Dashilan Street, in Beijing, in the PRC. The 500-year-old Dashilan Xijie commercial street in the city center reopened after a massive renovation.

Dutch Jakarta Left Behind

Despite 16 master plans since 1990, little has been done to revitalize the historic area

By Joe Cochrane

The famous Old Batavia area of North Jakarta, which dates back to the 17th century, is a grimy, run-down neighborhood whose breathtaking colonial buildings are set next to seedy nighttime karaoke bars and spooky, dark alleys.

In the early 1970s, the then-Governor Ali Sadikin put cultural preservation high on his agenda, starting with the renovation of Batavia's Taman Fatahillah Square. The reason was simple: to motivate tourists to spend an extra day in Jakarta before continuing on to the resort island of Bali.

Unfortunately, the governor's broader vision of conserving and promoting Jakarta's cultural heritage did not rub off on his successors; they had other priorities.

Apart from the 1993 opening of the Cafe Batavia inside a 19th century building on the square, not much else has happened, save a few small museums.

"In 1970, we were the pioneers—Singapore hadn't done it and Bangkok had nothing," Soedarmadji "Aji" Damais, an Indonesian cultural expert, told the *Jakarta Globe* in an interview earlier this year for a special report on saving Jakarta's Old Batavia.

"Ten years later, we were left behind," he said. "What we had in mind was like Boat Quay [in Singapore]. It never happened, and [Batavia] is so much nicer than Boat Quay."

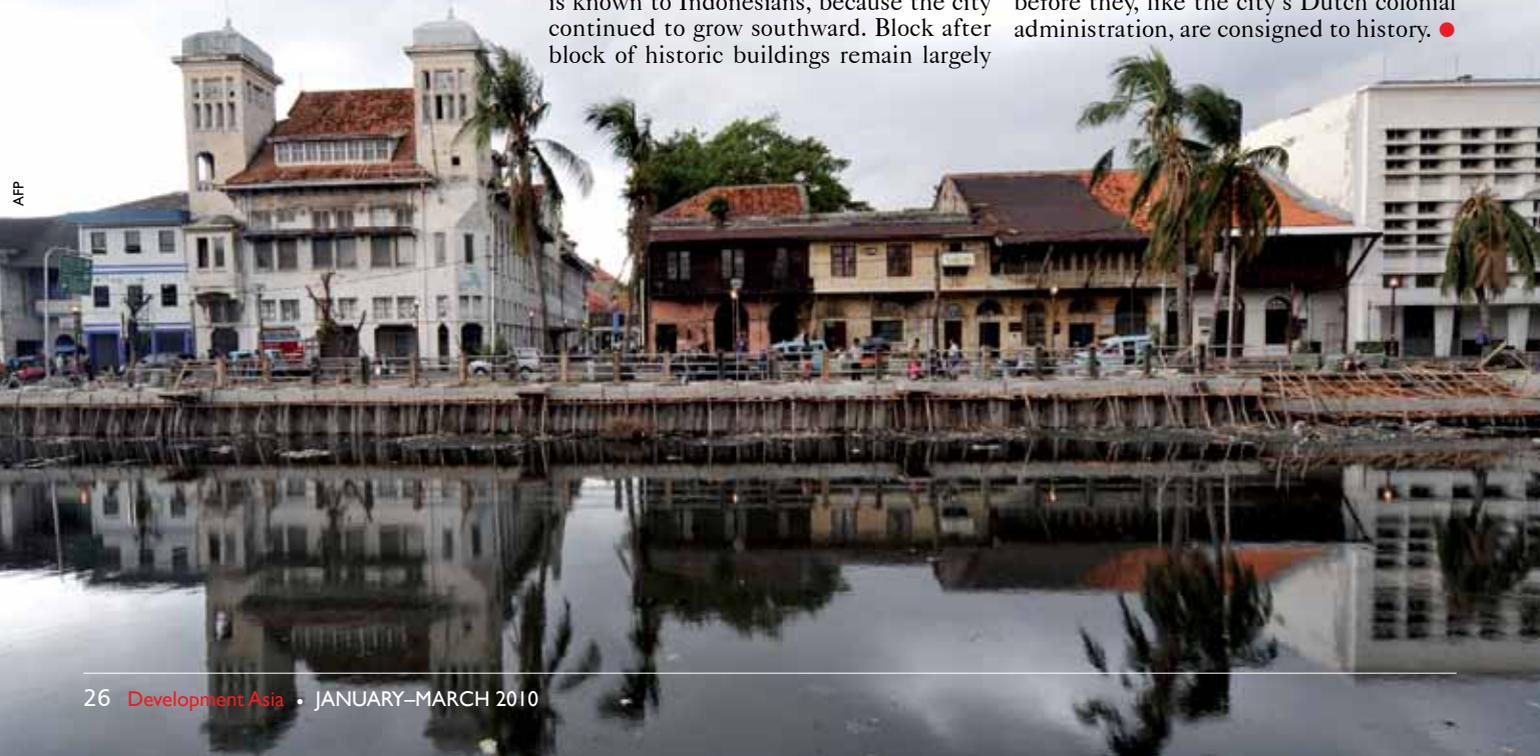
North Jakarta is far from a lost cause, however. Property developers never needed to target Old Town, or *kota tua* as it is known to Indonesians, because the city continued to grow southward. Block after block of historic buildings remain largely

intact, albeit in various stages of decay, unlike many old historic quarters in Asia.

Jakarta Governor Fauzi Bowo says renovating Old Batavia into a historic, cultural, and tourism scene will not only be a money-spinner but also create an economic renaissance in North Jakarta, now a shadow of its old glory.

Last month, the Jakarta city administration signed an agreement with the Ministry for State-Owned Enterprises so that more than 20 government-owned buildings around Taman Fatahillah Square may be leased for commercial use as part of a revitalization master plan—the 16th such plan since 1990.

A group of building owners has been working with city officials for months to find a way to save Old Batavia's buildings before they, like the city's Dutch colonial administration, are consigned to history. ●





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of Red Cross and Red Crescent Societies

A Pearl in Need of Polish

Manila's historic buildings still suffer from wounds inflicted during World War II

By Karl Wilson

Manila, Philippines, often described in the early 20th century as the “Pearl of the Orient” or “Paris of Asia,” never recovered after the heavy fighting toward the close of World War II. Almost 90% of the city was destroyed, including the historic 16th century walled city of Intramuros along with its magnificent Manila Cathedral and Fort Santiago. The only building that survived was the Church of San Agustin.

Strategically located on Manila Bay at the mouth of the Pasig River, Intramuros was the heart of the Spanish Empire's east–west trade with Mexico. But the site itself pre-dates the Spanish colonial period and goes back to the 13th century when it was a Muslim trading post.

Work on rebuilding the city started in 1966 but was slow and lacked funds. Restoration accelerated during the period of late President Ferdinand

Marcos when the cathedral, Fort Santiago, and the city's walls were rebuilt and fortified, but the enthusiasm has waned since then.

The 18th century Plaza Mayor de Manila no longer exists, but wandering around the city, you can still get a feel of what it must have been like. As with so many things in Manila, poor urban planning, lack of funds, and the absence of a determined commitment to restoration have meant that any work is undertaken at a snail's pace.

The empty shell of San Ignacio church today stands derelict along Arzobispado Street, stripped of its marble and brick. Inaugurated in 1889, the neo-Gothic church was one of the finest in its day.

The Aduana or customs house built in 1832 stands abandoned with trees growing from its walls. Renovated after the war, it was abandoned in 1979 and left derelict.

At the corner of Aduana and Cabildo Streets is the Ayuntamiento or Casas Consistoriales, which was once the seat of the Manila City Council during Spanish rule. The Ayuntamiento witnessed the change of colonial power at the end of the 19th century, follow-

ing the end of the American–Spanish War. The terms of capitulation of Manila was signed here by American officers led by General Wesley Merritt and Governor-General Fermín de Jaudenes.

During the early American period, the building was used as the offices of the American military governor until the change to a civil government in 1903. The session room was used by the First Philippine Assembly in 1907 and was a meeting place of the Philippine Legislature. The Bureau of Justice and the Philippine Supreme Court also held office here. Destroyed during the Battle for Manila in 1945, all that remains are the building's four walls.

Although Intramuros is a popular tourist attraction, the revenue it generates is not enough to continue restoration, and private investors are loath to invest in an area where many illegal settlers occupy prime real estate within the city's walls. According to the Asian Development Bank, between 1990 and 2005, the number of illegal settlers in Intramuros more than doubled from 7,512 to 16,116.

MANILA'S PAST RECAST

Within Manila's historic walled city of Intramuros, tourism thrives. Schools, museums, and churches abound, but much of the area awaits revival.



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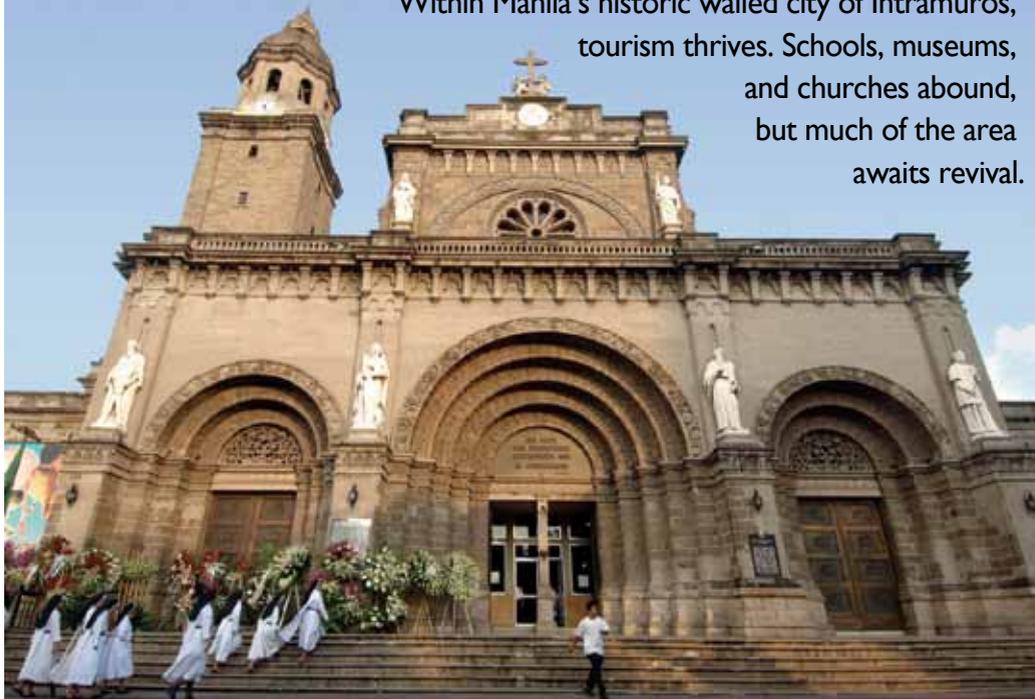
Detail, 1898 map of Manila

Inside the walls

Established in the 16th century, Intramuros—literally meaning “within the walls”—was the heart of the powerful center in East–West trade until its near-total destruction in World War II.

Although institutions such as schools returned after the war, the government did little to restore the area, and the poor and displaced found Intramuros a prime spot for make-do housing. Despite several government relocation efforts, most residents continue to be illegal settlers—some 16,000 at the most recent official count, compared to about 3,000 legal residents.

Government agencies began restoring the ancient fortifications in the 1960s. Now the walls are almost complete, and the fortifications are popular tourist draws.



Above: Manila Cathedral is one of the architectural anchors of historic Intramuros.

AFP

Land use in Intramuros

Parks, walls, a golf course, and institutions occupy about 70% of the land. Of the 30% remaining for businesses and homes, nearly half is vacant or underutilized.

Institutional 21%

Churches, government buildings, schools, and other institutions occupy most of the blocks near the walls.

Commercial, mixed-use 15%

Businesses dominate central lots; some serve as residences as well.

Residential only 1%

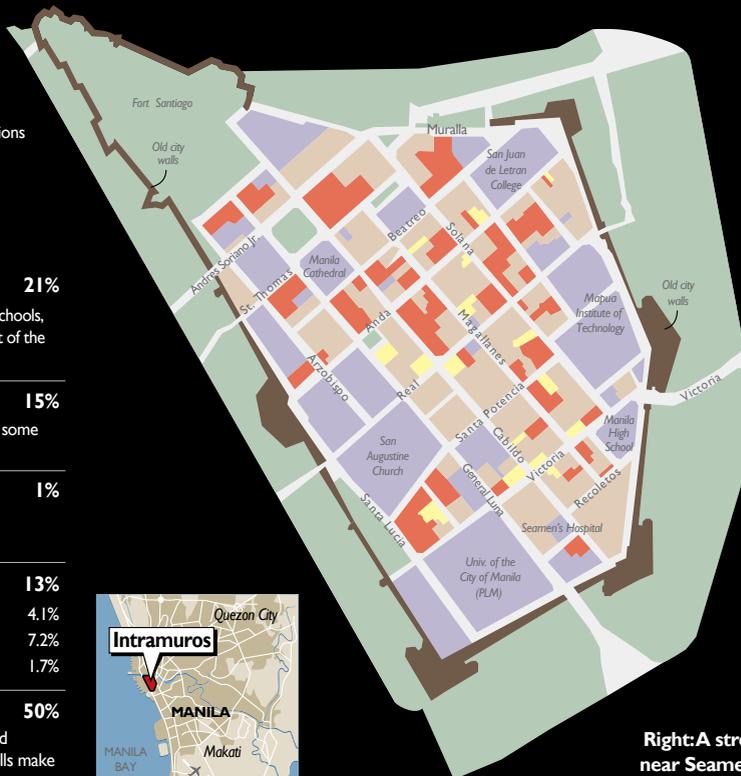
About 1% of land is used solely for housing.

Unused, underused 13%

- Parking or vacant 4.1%
- Abandoned structures 7.2%
- Illegal settlers 1.7%

Parks, walls, golf course 50%

The grounds of Fort Santiago and a golf course along the outer walls make up most of the park area in Intramuros.



AFP



US National Archives

World War II left Intramuros mostly ruins and rubble.

Other large-scale restoration has focused on institutions such as schools, government offices, and churches.

Still, experts say the large population of illegal settlers continues to be the most formidable obstacle to attracting high-value investment.



Right: A street near Seamen's Hospital

Design: Mark Blackwell

Source: Revitalization of Historic Inner-City Areas in Asia, by Florian Steinberg

Just a short walk from Intramuros, a few buildings from Manila's past, such as the National Museum, Post Office Building, and Manila Metropolitan Theatre which is now abandoned, still stand. A short taxi ride away is Escolta, once an exclusive shopping district in Southeast Asia. During the final years of the Spanish era, Escolta Street had the reputation for being the best of the trade centers in Binondo, the Chinese merchant district in the capital.

No attempt has been made to try to restore this corner of the city. In the years following World War II, Manila grew at breakneck speed but paid scant attention to urban planning. Gated communities were established around the former airfield that is now Makati City, leaving places like Escolta to slowly die. ●



WHEN THE DUST SETTLES Volunteers clean up Manila's historic walled city of Intramuros in the Philippines. Although Intramuros is a popular tourist attraction, the revenue it generates is not enough to continue restoration, and private investors are loath to invest in an area where many illegal settlers occupy prime real estate within the city's walls.



16TH CENTURY CHURCH Binondo Church in Manila is one of the oldest churches in the Philippines. It was founded by the Dominicans in 1596 to serve converts from the Chinese community to Christianity. Binondo is the Chinese merchant district in the capital.

Some solutions for climate change stare you right in the face



As a climate-changing greenhouse gas, methane is more than 20 times more potent than carbon dioxide. Unfortunately, methane emissions from livestock waste are growing, and increasing fastest in developing countries. ADB offers funding for biogas technology that uses animal waste for generating clean energy for cooking and electricity. Providing renewable energy for thousands of poor households. And switching Asia on to a low carbon growth path.

ADB. Investing in climate change solutions for Asia and the Pacific.

Asian Development Bank **ADB**
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Terrifying Insurance

When bridges, hotels, and other structures are hit by bomb blasts, not only do media show up but also insurance adjusters as more and more political risk policies now cover terrorism

By Keith Rosenblum



Illustration by Gerry Castro

In conflict zones, few investors are eager to back the building of roads, bridges, and other vital infrastructure needed to bring peace and stability. Not only are such harsh investment climates unpredictable, but they are also literally deadly.

Political risk insurance, an increasingly important part of the portfolio of major international financing organizations worldwide, was designed to address these problems by protecting investors against every kind of ominous scenario that might plague an unstable host country, except the vagaries of the market.

After the terrorist attacks of September 2001 in the United States, political risk insurance was expanded. Today, when bridges, hotels, and other structures are hit by bomb blasts, not only do media show up, but also insurance adjusters are increasingly likely to be on the scene as more and more political risk policies now cover acts of terrorism.

One example is the 5-year-old Afghanistan Investment Guarantee Facility (AIGF). The \$60 million fund, offered through the Multilateral Investment Guarantee Agency (MIGA), which is part of the World Bank Group, is one of a few of its type. Covered under the plan are expropriation, sabotage, terrorism, civil disturbances, war, inability to convert local currency, and, in some cases, breach of contract.

“We are saying to investors, ‘Don’t worry about the political situation or any events that may lead to a loss—just come and concentrate on your merchant abilities,’” says Nabil Fawaz, MIGA’s sector leader for agribusiness, manufacturing, and services. “Our job is to create the same comfort level the entrepreneur feels elsewhere. People swoop in and sell 10,000 air-conditioning units, but what we want is the assembly plant.”



TERRORISM RISK PROTECTION Pakistani bystanders and rescue workers are seen beside a huge crater outside the burning facade of The Marriott Hotel in Islamabad on September 20, 2008, following a powerful bomb blast. The blast triggered a variety of claims associated with political risk insurance that covers acts of terrorism.

Political Violence

MIGA and its US counterpart, Overseas Private Investment Corporation (OPIC), as well as some private insurers, have settled numerous claims for terrorist acts; the types and amounts of settlements are rarely disclosed.

Some confusion persists regarding the classifications of settlements. OPIC, for example, pays its political risk insurance under the following categories: inconvertibility (of currency), expropriation, war damage, and political violence.

In the broad “political violence” category, OPIC has paid out about two claims a year over the past decade or so. Included are those specifically classified as “terrorism”—sabotage of a gold mine by Revolutionary Armed Forces of Colombia, or FARC, and a rash of vehicles destroyed in Iraq and Afghanistan.

Political risk insurance was first offered in Afghanistan in July 2004, a year after the country joined MIGA. Its initial sponsors included the International Development Association, a World Bank entity that contributed \$5 million; the Asian Development Bank, which contributed a

\$5 million “soft loan”; and MIGA, which contributed \$10 million. With additional support from private insurers, coverage tripled to \$60 million.

In addition to the International Home Finance & Development, LLC (see sidebar), beneficiaries of the plan to date include MTN Group Limited, a cell phone enterprise based in South Africa; the Afghanistan Project for Cotton and Oil Development, a French cotton gin project; and ShoreCap International Ltd., a banking venture based in the Cayman Islands.

Investments under AIGF may originate in any of MIGA’s 168 member countries and may extend to additions to ventures and acquisitions of state industry. Coverage is available for 7 years, though longer terms may be obtained through MIGA coinsurance. MIGA insures up to 90% of equity investments and 450% of an initial investment to cover earnings directly attributable to it.

Coverage has made a difference in investment possibilities in Afghanistan, as signs of expatriate and newcomer investment alike have appeared throughout the country of 30 million people.

Afghans have logged record advances in living standards since 2001, largely due to the fact that conditions bottomed out for most people. Afghans dispersed throughout the West have led the charge both in numbers and dollars to help rebuild what the World Bank labels a “post-conflict” nation.

The business climate, for most, hardly suggests a “post-conflict” society. Even MIGA will not back loans in many of Afghanistan’s 34 provinces. Officials from the World Bank and international organizations, including the US Department of State, depict a dangerous atmosphere with a tenuous investment climate, where investors are subject to physical danger, corruption, excessive bureaucracy, and few legal guarantees. Some official briefs even warn investors against flying into Kabul, let alone investing.

Drinking a Lot of Tea

A key to bringing foreign investment to Afghanistan is making the right pitch to the public ideologically and business-wise—emphasizing that investments will be protected, says Jeff Raleigh, who

OPIC Political Risk Insurance Payments (FY2000–FY2009)

Types of Claims: ■ - Inconvertibility ■ - Expropriation ■ - War Damage ■ - Political Violence

Investor	Country	Type of Claim	Industry	Settlement Amount
FY2000				
MidAmerican Energy Holdings	Indonesia	■	Power	\$217,500,000
F.C. Schaffer & Associates	Ethiopia	■	Manufacturing	\$9,563
Citibank, N.A.	Sudan	■	Banking	\$1,055,607
TOTAL				\$218,565,170
FY2001				
Citibank, N.A.	Sudan	■	Banking	\$3,750,000
TOTAL				\$3,750,000
FY2002				
Sector Resources/Sector Capital	Colombia	■	Mining	\$2,369,736
TOTAL				\$2,369,736
FY2003				
Sector Capital Corp.	Colombia	■	Mining	\$514,410
Bank of America	India	■	Banking	\$28,139,505
TOTAL				\$28,653,915
FY2004				
Ben Dabhol Holdings Ltd.	India	■	Power	\$31,744,922
GE Capital Project Finance	India	■	Power	\$31,803,775
Sector Capital Corp.	Colombia	■	Mining	\$265,757
Shelter for Life International	Afghanistan	■	Services	\$29,857
Bank of America, NA a/b/	Colombia	■	Power	\$7,600,000
Bechtel India Power Investment a/c/	India	■	Power	\$9,995,000
GE EFS India Holdings a/c/	India	■	Power	\$9,995,000
Offshore Power Production CV a/c/	India	■	Power	\$400,000
Scientific Applications International Corp.	Venezuela	■	Services	\$5,875,000
AES Corporation a/	Colombia	■	Power	\$3,200,000
TOTAL				\$100,909,311
FY2005				
Ponderosa Assets LP	Argentina	■	Oil and Gas	\$50,000,000
TOTAL				\$50,000,000
FY2006				
Western Wireless International Corp.	Haiti	■	Telecom	\$54,209
Team Technology Inc.	Eritrea	■	Manufacturing	\$91,875
ABI Group, Ltd.	Afghanistan	■	Manufacturing	\$19,970
Caterpillar Financial Services Corp.	Venezuela	■	Transportation	\$2,644,989
TOTAL				\$2,811,043
FY2007				
Sector Resources, Ltd.	Colombia	■	Mining	\$75,548
TOTAL				\$75,548
FY2008				
Uniworld Holdings, Ltd.	Serbia	■	Services	\$1,980,000
TOTAL				\$1,980,000
FY2009				
International Rescue Committee	Democratic Republic of Congo	■	Services	\$36,232
International Rescue Committee	Afghanistan	■	Services	\$38,257
International Rescue Committee	Chad	■	Services	\$130,680
International Rescue Committee	Afghanistan	■	Services	\$1,000
TOTAL				\$206,169

Source: Overseas Private Investment Corporation (OPIC), www.opic.gov

a/ Without determining that expropriatory action had occurred, OPIC and the investor agreed on a negotiated sum in settlement of the claim, avoiding a contest over complex, ambiguous legal and factual issues.

b/ The settlement amount includes a provisional payment in the amount of \$4,372,492 made on 27 November 2002, which was made final by the terms of the settlement.

c/ These three payments were all in settlement of the claim of Offshore Power Production CV, an affiliate of Enron Corp.

MIGA War and Civil Disturbance Payments

Guarantee Holder	Country	Industry	Settlement Amount
FY2005			
Undisclosed	Nepal	Power	\$144,600
FY2009			
Kibos Sugar and Allied Industries Ltd.	Kenya	Manufacturing	\$491,100
Louvre International Ltd.	Madagascar	Tourism	9,273 euros (\$12,824)
TOTAL			\$648,524

Note: MIGA has paid only five claims since its inception in 1998.

Source: Multilateral Investment Guarantee Agency (MIGA), www.miga.org

recently returned to the US after 4 years in Afghanistan, first as a foreign service officer then as a private communications worker.

“We have done a terrible job in explaining the invasion and liberation. We need to learn from that and do a better job explaining why the country now needs foreign investment,” he says. Mr. Raleigh has developed a fondness for the country’s highly personal business networking. “I drank a lot of tea and made new friends while I was waiting and waiting and waiting.”

One area not ripe for new investment is online commerce, he cautions. “Once people online see an internet protocol address from Afghanistan, you’re basically blocked out: no one will ship to you.”

Regardless of incentives, there are limits to what political risk insurance alone can accomplish in a nation’s development.

Louis T. Wells, a Harvard Business School professor and coauthor of *Making Foreign Investment Safe: Property Rights and National Sovereignty*, notes that MIGA and OPIC help create initial investment and pave the way for private risk providers.

“There are two simple questions: ‘Will it work and at what cost?’ There are potential moral hazards here. An investor can find himself in trouble for whatever reason, political or otherwise, and then move in and collect,” he explains.

Since public risk insurance providers have the backing of government, they can instruct the host government to reimburse claims paid out, which can create the potential for fraud, he explains. “It’s the commercial equivalent of burning down your own house.”

Robert E. Svensk is a political risk insurance veteran who started his career at OPIC, then built AIG Political Risk Inc. from a \$500,000 annual business at inception to a \$55 million business in 7 years. He sees the current public risk insurance entities as good pilot projects.

Adjusting for inflation, the amounts guaranteed by MIGA or OPIC are actually less than decades ago, he says, pointing to the inevitability of business going to the dozens of political risk insurers that have sprung up in the past 20 years. Nothing will ever replace the “nimbleness” of the private sector, he says, because private companies “don’t have to prepare 800 politically mandated labor, environmental, and workplace studies before taking action.”

In the public sector, Rod Morris, OPIC’s current vice-president of insurance, says a government-backed insurance entity can be especially vigilant at

guarding against contract violations by foreign governments, including “creeping expropriations.”

“There are lots of ways to deprive you of your investment rights,” he says. “Breaches don’t always [occur] suddenly with a gunboat.”

For development prospects in Afghanistan and other fledgling free-market economies, however, the public versus private insurers debate is a moot point.

These countries offer “bonanzas” and “heartbreak,” says Emily L. Walker, a London-based consultant who has held positions in financial services, government, and humanitarian agencies.

“One of the best ways to combat terrorism is job creation—even if it’s in a dangerous area,” says Ms. Walker, who has served on a Department of Homeland Security (DHS) advisory council. “Jobs give kids something to do other than plan killing kids on the other side of a border.”

If a problem arises with a MIGA-backed project, she says, “They pick up the phone and have a direct line with a secretary of finance. That’s an excellent mechanism.”

Businesspeople are in deals to make money—not to collect on insurance, Ms. Walker explains. “Afghanistan is a long way to Tipperary. No one is there to make what they can make at home; they want to be rewarded.” ●



RECOUPING LOSSES A massive bomb ripped through the downtown area of the troubled Afghan city of Kandahar in August 2009. Some bombings in Afghanistan are being covered by an innovative form of political risk insurance that covers acts of terrorism.

Answering the Plea

Political risk insurance helps bring Afghans home to invest

Rafaat Ludin has answered the plea that invariably finds its way across continents to the ears of every member of the Afghan diaspora.

The messengers are as varied as diplomats and nongovernment organizations, chambers of commerce and religious organizations. But the plea is always the same: come back and give the homeland a boost.

In Mr. Ludin’s case, answering the plea means a trek every other month that begins with Los Angeles traffic and, 48 to 60 hours later, ends in Kabul—home to “The GreenMachine” and the 45-year-old entrepreneur’s dreams of lifting beleaguered-but-eager compatriots up another notch.

The odyssey has paid dividends: business is good. The GreenMachine, a patented, 1-ton, diesel-powered brick-making device, is a hit with Kabul home-builders and United States military personnel alike. The GreenMachine has built a small mosque at the Ministry of Education. Response to production from the three existing machines, airlifted to Afghani-

stan from the US, has been so enthusiastic that Mr. Ludin plans to manufacture another 10 in Kabul, he says. “With a trained workforce, there should be no difference whatsoever in quality.”

The challenges of doing business in a country devoid of services, lacking in training programs, and scarce of infrastructure, is nothing new for Mr. Ludin. In fact, the German-educated businessman, whose family left Afghanistan when he was 12, has embarked on his own Afghan reconstruction mission as a less stressful alternative to his former career in German industry, which he blames for a mid-life stroke.

Today, Mr. Ludin and partners hold interests in an array of Afghan renewable energy projects, and he moves, always with his Blackberry, from the West to Afghanistan and back like a migratory bird.

In many ways, The GreenMachine venture is the embodiment of the project so desperately sought by architects of Afghanistan’s reconstruction. In a single package, the machine weds a wanting population to affordable housing, manufacturing jobs, and ecologically sensitive technology.

Yet, for as smoothly as this venture has gone, the remarkable truth is just how close a logical, commercially viable project came to never existing at all.

Were it not for political risk insurance—which adds from 1.75% to 3.5% to the cost of doing business—there would be nothing today. “I might have looked at doing this myself, but it was going to take the insurance to convince investors,” he explains.

Mr. Ludin says the machines in Kabul and at a US military base could be targeted by militants at any time. Knowing they are financially protected is “a relief,” he says, that allows him to concentrate on the tasks of running the business.

He rattles off a list of daily concerns: low temperatures freeze The GreenMachine’s oil in the winter; software issues have repeatedly crippled one of the machines; silt, clay, and cement supply issues always crop up in Kabul....

These problems—and not potential loss of patrimony—are the issues that happily concern Mr. Ludin. ●

The Art of the

Things are pretty quiet over at the International Monetary Fund's (IMF) Facebook page. On the world's largest social media website—where 300 million people worldwide can be found communicating, debating, and donating—the global monetary authority has less than 150 followers.

IMF “fans,” as they are called on Facebook, include people represented by photos of a cigar-smoking monkey, a dog, a fairy, two tattoos, three barrels of oil, and Clarke Gable. Facebook pages for the Asian Development Bank, Inter-American Development Bank, and African Development Bank are all similarly sleepy, or nonexistent.

Hundreds of millions of people worldwide—in

developing countries and wealthy nations alike—use social media websites, such as Facebook, MySpace, and Twitter, to form opinions and get news. Facebook alone is available in 70 languages and boasts that 7 out of 10 of its users live outside the United States.

Despite this global explosion of social media, the world's established development organizations are struggling with the new medium. Monolithic institutions have used social networking for narrow tasks such as internal collaboration, but truly dynamic and creative use of the new media lags far behind that of smaller organizations that have fewer bureaucratic constraints, different organizational cultures, and more outspoken management.

Clay Shirky, internet guru and author of *Here Comes Everybody*, describes the advent of social media as “the largest increase in expressive capability in human history.” During a speech to the World Bank in 2008, he challenged large development institutions to change the way they think and embrace existing social media platforms, which are largely “transaction costs-lowering machines.”

Speak Outs

Among the international financing institutions, the World Bank is leading the

way in mastering social media and the web. Visitors to the World Bank website can link to countless video clips on YouTube—covering wide-ranging development-related subjects, view its picture galleries on Flickr, listen to its podcasts, and read surprisingly frank staff-written blogs on a wide range of issues, including one on the role of information technology development in the delivery of development aid, with contributions from some of the world's foremost experts.

There are only 206 “fans” of the official World Bank Facebook site, but hard-core followers can join the “World Bank Publications” Facebook site, where 3,593 members get together to participate in “Speak Outs”—online conferences in which they exchange in Facebook texts their reaction to recently released official reports and publications, or link to YouTube clips.

One corner of the vast social media universe that lends itself to com-

munications by development organizations is Facebook's Causes. It was launched in May 2007 by a group of young grassroots political activists, computer engineers, and entrepreneurs. Over 240,000 causes have since been created on the site by users on every topic from breast cancer research to stopping genocide to supporting local parks. Of these, almost 3,600 are dedicated to international development and relief.

Facebook Causes has raised almost \$11 million to date and half this amount had been raised in the past 6 months. Considering that the number of people who support these causes is registered at 70 million, this is not such a staggering amount. As Facebook Causes notes in its blog, “Causes rise and fall according to how well leaders keep their communities engaged and mobilized.”

How the world's large development organizations would compete in this kind of marketplace of ideas is an open question. For various reasons, few have risen to the challenge.

In some cases, it is a question of resources and timing. Explains Ann Quon, principal director of ADB's Department

While small, more nimble development organizations exploit

“Tweet”

By Jenny Forster

of External Relations: “Like other international organizations, we recognize the value of social networking sites and are exploring them as another avenue to enhance people’s understanding of development issues. At this time, however, we are focusing our efforts and resources on more targeted options for dissemination of our knowledge products.”

Leveraging the Web

The power of social media does not need to be explained to the small nonprofit development organization called “charity: water.” It has 58,053 members on its Facebook Causes page. It has raised \$80,114 there alone—and another \$10 million in funds in the past 3 years toward 1,300 development projects in 14 countries by leveraging new technology—a complex network of services known as Web 2.0, beefed up with slick marketing, public relations savvy, and a youthful outlook and approach.

The organization is not just into fund-raising. It proclaims that it is using “new technology and the internet to prove the

work they do, connecting donors to projects.” The organization uses Google Earth to track the water wells they build. They are taking transparency to the extreme, using something along the lines of nearly real-time updates to show donors that their money is being spent effectively.

“There appeared to be a growing movement of people disenchanted with charity and had lost faith in it,” says spokesperson Nicky Yates. “We wanted to show them that charities do good work, and you can see that. So, charity: water is centered on transparency. We post GPS [global positioning system] coordinates, photos, and community information on every completed project to show our donors exactly where their donations go.” This approach sounds expensive, yet charity: water says that 100% of donations go to support its projects.

Founded in New York 2006 by a

young American, Scott Harrison, who had worked as a nightclub promoter, the charity’s media campaign started with a high-profile media blitz in the US and the United Kingdom (UK), showing New Yorkers traipsing through the streets with yellow plastic fuel containers and queuing to fill them with murky water from a dirty lake in Central Park. The actress Jennifer Connolly is filmed nonchalantly pouring the dirty water for her children.

As the organization has demonstrated, building up a substantial following on Facebook or Twitter—where it has more than 760,000 followers—is not enough. “Social media is a great tool, but it’s merely that—a tool. It’s one way to reach the people who want to help,” Ms. Yates says.

The United Nations of Beer

The United Nations (UN)—which would appear by its global nature and budgetary constraints to be a perfect candidate for embracing social media—seems as flummoxed by the fast-moving medium as other international organizations. The UN’s official Facebook site came up on page five of 500 pages of listings for “United Nations” during a recent search. It sat alongside “the United Nations of Beer” and “the United Nations of Ninjas.” The official UN page does not have a lot of fans—a mere

7,500 or so—but that’s pretty good since it is simply a home for the organization’s mission statement and links to its home page.

What neither the UN website nor its Facebook page is good at is linking to other sites, including other social media, that highlight aspects of the organization’s multifaceted roles and involvement. One answer could be to tap the 63-office UN Information Centre (UNIC), which fulfill its media and communications role, and which is described as “key to the Organization’s ability to reach the peoples of the world and the ability to share the United Nations story with them in their own languages.” If communication were their business, however, one would expect

a more savvy PR approach to this task, like a link to Twitter, where the organization is in fact featured and has 4,494 followers.

Some UN agencies of the United Nations have discovered the world of social media. The United Nations Children’s Fund (UNICEF) uses Facebook, MySpace, YouTube, and Flickr to expedite and communicate about its work within and outside its network. The UNICEF office in the UK tweets to 3,822 followers about programs and issues. UNICEF is also listed as a Facebook “Cause,” where it has the impressive number of 1.94 million members. It has raised \$76,954 on one site alone—and a total of 131 sites set up by other parties dedicated to raising funds in UNICEF’s name. ●

social media, the Goliaths continue to come up short



Blu



BEWARE OF CYBER CRIMINALS

Just like a bad part of town where you keep your hand on your wallet or clutch your handbag, internet users need to beware of cyber criminals who lurk on dark side roads of the information highway trolling via unsolicited e-mails for unsuspecting victims.

ffing Aid

By James Hutchison

Development organizations are battling scammers on the internet who usurp their organizations' names and programs to offer bogus jobs and grants... for a price

Global Builder Sandra J. has an interesting offer for you. Not only does she promise work with the Asian Development Bank's (ADB) Water for All program in her e-mail message, but she also says you can do it from home. The best part is that you will get paid every 2 weeks! You have to agree with Sandra: opportunities like this don't come by every day. This is no get-rich-quick scheme, she assures, and it must be genuine, because her e-mail includes a link to ADB's website.

As generous as Sandra's offer is, you might want to consider an even better e-mail offer of a six-figure salary as an environmental officer with the World Health Organization.

But does a job like that make sense when you can have your very own development grant, supported by the African Development Bank, the United Nations (UN), the World Bank, and even the European Commission?

Keep all this mum as the West African gentleman involved insists the matter remain strictly confidential. But really, why bother with grants and jobs when he is willing to pay a couple of million dollars for your help? It seems he is having a terrible time trying to move a few million out of an African Development Bank account and just needs your bank account details and some paltry processing fees to get the job done.

If that sounds illegal, you might want to take advantage of another amazing e-mail deal from the UN and the World Bank. At a closed meeting, these two development

a website supported by the US Federal Bureau of Investigation or FBI (www.lookstoogoodtobetrue.com) are sad stories of people like Jackie. Contacted by someone in

West Africa regarding a bank draft for \$400,000, she sent the required \$200 service fee plus insurance for the draft of \$1,000 only to be told the draft had been seized by a money-laundering squad. She sent another \$4,000 to get it back. Then the crooks strung her along for more fees, document stamps, and taxes totaling over \$11,000. When a further \$11,000 was requested, she and her friends investigated. She was devastated to realize she had lost over \$16,000 to a classic internet advance fee fraud, one of the most lucrative, cruel, and least prosecuted of cybercrimes.

Just like a bad part of town where you keep your hand on your wallet or clutch your handbag, internet users need to beware of cyber criminals lurking on dark side roads of

the information highway who troll via unsolicited e-mails for unsuspecting victims. Advance fee scams that trick internet users into sending money for promises of cash, jobs, free trips, and lottery winnings are almost as old as the internet and, before that, were perpetrated by letter, phone, and fax. One version known as "The Spanish Prisoner" is thought to date from as far back as the 16th century and bares a remarkable similarity to scams reinvented in digital form that caught Jackie.



"Although there is no financial loss to the bank, these crimes impact our reputation and image."

—William Godbout
Chief Security Officer
African Development Bank



organizations have approved a contract payment in your name for \$8.3 million. Who knew the World Bank and the UN gave away that kind of money? And all they need is your banking information!

Money for Nothing

Every year, thousands of internet users hit "reply" instead of "delete" or follow links in such unsolicited e-mails and wind up scammed out of millions. Posted on

The best known internet scam is the Nigerian Letter or 419 scam, the number relating to the Nigerian criminal code that the fraud violates. This type of fraud is famously perpetrated by Nigerian scam artists on a near industrial scale. But like all internet crimes, it transcends borders and can originate in newly evolved forms from the Russian Federation to the Philippines. Scammers are innovative and constantly changing. They use convincing pitches featuring official-looking e-mails purportedly representing a foreign government or agency to con victims. Once hooked, they are so desperate to recoup their losses, they keep sending money in the hope that the false promises will turn out to be real.

A recent twist is the fraudulent use of development organizations to add authenticity to hoaxes, some featuring cloned websites, stolen official letterheads, and logos as well as the names of real senior officials. The World Bank, International Monetary Fund, UN, and ADB are just a few targeted by online scammers. All post alerts on their websites with links for reporting scams.

William Godbout, chief security officer at the African Development Bank, reported an exponential increase in the volume of online criminal activity using the bank's trademark at the 6th German Anti Spam Summit in October 2008. "Although there is no financial loss to the bank, these crimes impact our reputation and image," he says.

Cheeky scam artists are even using the names of Interpol and the FBI to snare victims. Internet experts at Microsoft say the growing problem of internet scams not only undermines the image of legitimate organizations but also damages the credibility of the internet itself as a trustworthy source of information and commerce.

At the same summit, Tim Cranton of Microsoft's Worldwide Internet Safety Programs noted that scams can be so creative and plausible that internet users simply do not know who they can believe. Commenting on a recent rise in advance fee fraud scams promising lottery win-

nings, he says: "Lottery scammers prey not on software but on the hope of their victims." Although some of the scam e-mails are crude, littered with spelling and grammatical errors, and are from free e-mail accounts such as Yahoo! instead of a domain and website that match the organization's name, others are so clever and slickly produced that it is hard to tell that they are not genuine.



AS UNLIKELY AS A DOWNPOUR OF MONEY Scam artists weave elaborate get-rich-quick schemes, promising their victims easy money in exchange for their banking information.

An independent survey of European internet users, commissioned by Microsoft in 2008, showed that 1 in 44 had lost money to internet fraud in the last 12 months. Over half of the 4,930 people interviewed said internet scams made them more reluctant to purchase goods online, with 36% more reluctant to use the internet.

A Dubious Invitation

One development e-mail scam in circulation mas-querades as an invitation to a confer-ence. Successful applicants

are informed their travel will be paid for but that they must pay additional costs and expenses up front. After payment, the money and the conference vanish.

Especially vulnerable to e-mail scammers are those facing a tough financial situation. With the global recession putting millions out of work, there has been a surge in scammers setting their sights on exploiting job seekers, a trend showing up in fraudulent schemes promising jobs at development organizations for an advance fee.

Also thought to be increasing because of the economic downturn is a spike in "phishing" attempts, whereby internet users are unwittingly directed via spam e-mail to malicious websites posing as legitimate organizations or companies where they provide sensitive bank and personal information. Such sites can also install malware on their computers. Another common way to steal information such as passwords and account details on phoney websites is through requests to update billing or membership information. Criminals then empty victim's accounts or purchase goods on stolen credit card numbers.

Canadian cyber cops who specialize in fighting internet crime estimate that less than 10% of internet users who are scammed report such crimes because of embarrassment. Crime does pay on the internet, and it is cheap: all criminals need is an online connection, a computer, and lists of e-mail addresses to spam hundreds of thousands of accounts. If they snare just one in a thousand, they reap huge profits. It is no mystery why cyber fraud is booming with billions of dollars being stolen from internet users and near-zero chance of thieves being caught due to the anonymous and borderless nature of the internet. The amount of fraud in each case is too small to trigger an international investigation so criminals have little to fear.

And for development organizations that have their name used in such scams, the e-mails that go out are thousands of tiny cuts in their reputations. ●

Fighting Back

The key to defeating cyber criminals is educating internet users

Jupiterimages

With varying national jurisdictions, law enforcement, and resources between countries, it is difficult to create a single global organization dedicated to cybercrime. The Council of Europe's Convention on Cybercrime, which came into effect on 1 July 2004, was the first international treaty to attempt to harmonize national laws, improve investigative techniques, and increase cooperation among the 28 nations that signed the treaty.

A growing number of government organizations, affected industries, and law enforcement agencies are forming alliances to shut down online criminals.

In an effort to combat fraudsters who counterfeit trusted brands, the African Development Bank announced in October 2008 the formation of the Advance Fee Fraud Coalition with Microsoft, Yahoo! Inc, and Western Union Company with the goal of raising global awareness among internet users of the threat posed by hoax e-mails.

Since development organizations are not directly involved in the fraud—they are simply having their names hijacked—the key to defeating the cyber crooks is educating internet users to better protect themselves against fraudulent activity.

Organized online vigilantes sites such

as 419 Eater (www.419eater.com) invite internet users to the cybersport of scam baiting—fighting back and having fun turning the tables on internet criminals. The goal of scam baiting is not only to string scammers along and waste their time and money but to get them to stand in front of a web camera holding ridiculous signs or appearing in outrageous poses. In these counter-scam operations, the often-humiliating and hilarious pictures and videos of online crooks are posted on the site's Trophy Room.

Experts agree that cyber fraud is not going away anytime soon, and the best way to defend against it is awareness. The best tool against online criminals is to use the delete button when you receive unsolicited e-mail "offers." If you do not communicate with crooks, they cannot scam you. Spam and junk mail filters help reduce the number of unsolicited emails.

Ensure you are using a secure website when submitting personal or financial details. Check to make sure the lock icon is showing on your browser that indicates your information is secure during transmission. Do not click on links on an e-mail message, text, pop-up, or instant message, and never open unexpected attachments that may contain viruses, malware, and other executable programs designed to steal information or perpetrate other

crimes. Microsoft advises users to update and install the latest security updates and turn on the automatic update feature.

On the information highway, skepticism is your best friend: if it sounds too good to be true, it probably is. Should you not be suspicious of a request for up-front money or that the United Nations or the World Bank is so delighted to be offering you great jobs or invitations to meetings?

Real organizations give their employees internal e-mail addresses. They do not use free ones such as Yahoo, MSN, or even Google. Be suspicious of e-mails asking for personal information, particularly bank or credit card account numbers, passwords, or personal identification numbers, or e-mails requesting you to update billing or membership information. When in doubt, contact the company directly by phone to confirm the correspondence. Do not fall for e-mail scammers who use your real family name to inform you of an "inheritance" or the like from a long lost relative. It is surprisingly easy to find surnames on the internet.

Almost all development organizations have a contact on their websites where you can report e-mails misusing their domain names. Reporting e-mail scammers helps stop fraud by alerting others and allowing organizations to pass details onto authorities. ●

The Dark Side of Remittances

By Wendy Doromal

Development organizations that support the use of remittances for poverty reduction have a responsibility to workers sent

Many in the international development community have come to see remittances—the money sent home to their families by overseas workers—as something of a panacea for reducing poverty. Loving family members working in wealthy nations send money directly to those who need it most in the world’s poorest countries.

But the relationship is not that simple. Asian countries have become dependent on human exports to sustain their economies through remittances. The World Bank estimates that 190 million migrants remitted \$397 billion in 2008. Remittances to India were \$52 billion that year; the People’s Republic of China, \$40.6 billion; and the Philippines, \$18 billion. Even Viet Nam, which is relatively new to the labor-exporting game, received \$7.2 billion.

“Workers flow out, money flows in” has become a mantra for Asian nations. The money sent to countries through banks is counted as part of the home country’s dollar reserves and helps strengthen the bid for loans. Remittances have also been credited with lowering poverty levels in labor-exporting countries. Foreign workers not only serve their employers but also their home countries.

Commodifying People

The exportation of labor has a social and human cost that is often ignored or minimized. Across the globe, stories of exploitation and abuse have cast a dark shadow on the economic gains of labor-exporting countries. These countries are responsible for protecting the dignity and



rights of their citizens who work overseas and for maintaining the social fabric of their society. These workers are often regarded more as commodities rather than as valued citizens.

Family relationships are severed as a parent or parents work overseas. Ironically, many female overseas workers serve as domestic helpers who raise other families’ children while relatives raise their own children. Years of separation also weaken marriages and relationships with the children.

The majority of the workers who go abroad expect to experience some cultural and language difficulties. Unfortunately, that may be the least of their worries. Vulnerable workers, who are often little more than indentured servants, find themselves systematically dehumanized. Employers hold their passports and restrict their

freedom by confining them to their living quarters. Many work for free in the first year because they need to pay back fees for recruitment, passports, and other required paperwork.

The first place to stop abuses is in the country of origin. Sending laborers abroad is a highly profitable business for recruiters, and manpower agencies. Government employees have been accused of helping minors and others sneak past immigration officials with fake documents resulting in dire consequences. Minors who were promised jobs as waitresses have found themselves trafficked into the sex trade.

Kickbacks and commissions have resulted in an oversupply of workers as companies enlist more people than they can employ. Scammed workers who paid thousands of dollars to work abroad

have found themselves jobless once they reached their destination. Such was the case of an estimated 1,000 workers from Bangladesh, India, and Sri Lanka who paid recruitment fees of \$2,000 for a chance to earn between \$600 and \$800 a month in Iraq. Their passports were withheld and they received no pay. In December 2008, the men protested in an abandoned Iraqi airport where they were housed in tents.

Each year, tens of thousands of expatriates across the globe find themselves victims of labor abuse, unpaid wages, and other contract violations. Living as a disenfranchised underclass, they endure the most stoic of living conditions, sacrificing to fulfill their moral obligation to send money home to their families.

Giving Workers a Voice

One such worker, Buddhi Lal Dhimal, a Nepalese foreign worker in the US Commonwealth of the Northern Mariana Islands, went to the Department of Labor repeatedly to request help in getting the \$2,400 owed to him by an unscrupulous employer. He needed to send the money to his family, according to his daughter Pabitra Dhimal. Finally, after he was told that he would be deported without the money, he doused himself with gasoline outside the labor office and set himself on fire. He died a month later.

In some extreme cases, in which workers have been hanged, beheaded, tortured, or wrongfully imprisoned, governments have spoken out and attempted to intervene. However, for the tens of thousands of workers who suffer daily, instead of outrage, the labor-exporting nations that sent them overseas turn a blind eye to abuses or remain silently complacent. Abused workers have fled to their foreign embassies or consulates only to be returned to their employers. Maintaining diplomatic relations while nationals suffer rather than risk losing remittance funds is not acceptable.

Development organizations, which promote labor exportation as a measure to reduce poverty, share in the responsibility of protecting workers. They should use their influence with the labor-exporting countries to enact and enforce stronger regulations to protect these workers, or restrict or stop the flow of workers overseas entirely when abuses occur.

Many of the workers come from the lowest stratum of society and possess little political power or influence. It is therefore up to all of us to give voice to this situation to ensure that laws and public policy protect citizens whose rights must not be secondary to their economic contributions. ●



1 billion people potentially affected by climate change



75 percent of the world's illiterates



620 million people living on less than \$1 a day

Reduce poverty in Asia and the Pacific
by reducing these numbers



Asian Development Bank

FIGHTING POVERTY IN ASIA AND THE PACIFIC

www.adb.org/poverty

Working Between the Navel and t

By Floyd

Mechai Viravaidya—popularly known as “Mr. Condom”—is on a mission to help people think about poverty

When the HIV/AIDS epidemic swept through Thailand in the early 1990s, the government took a risk.

They looked to an unusual group—the Population and Community Development Association (PDA) and its founder, Mechai Viravaidya—for help in solving the daunting and complex dilemma of how to stop the spread of the deadly new virus.

“We were already working in the area between the knees and the navel” when the AIDS crisis hit Thailand, says Mr. Viravaidya. After some prodding, the government recognized PDA’s expertise in addressing issues of reproductive health and population control. Health officials also took a chance on Mr. Viravaidya, whose methods were controversial and unconventional, but effective.

Born in Australia to a Scottish mother and a Thai father, Mr. Viravaidya obtained a degree in commerce from Melbourne University before moving to Thailand in the mid-1960s to work as a government economist. He quickly recognized that Thailand’s rapid population growth was stymieing the country’s economic development and increasing poverty.

In 1974, the average Thai family had seven children, and the country maintained a 3.3% population growth rate. “There was no future in this,” he said. “It needed to change.” In response, he founded the PDA and redefined the concept of family planning with a model that is now replicated around the world.

A doctor’s prescription was required to obtain birth control pills. In Thailand at the time, that was no easy task in a country with nine doctors per 1 million



AFP

een the Knees

Whaley

larly known as Thailand's
quest to change the way
erty and development

people. With PDA's support, nurses and midwives were trained to prescribe "the pill"—a move that expanded coverage to 20% of the nation's villages. And that was only the beginning.

Mr. Viravaidya's group worked with the government to allow village shopkeepers to sell birth control pills. Even hairdressers were later allowed to distribute the medicine. This provided access to birth control for 100% of Thailand's women and, more importantly perhaps, put the birth control decision in women's hands.

To further support Thai women's control of their future, PDA offered microcredit programs for women who were not pregnant. This innovative program in 1975 was a forerunner to the now-popular conditional cash transfer programs, a form of development assistance that makes payments subject to social conditions, such as immunizations or family planning.

Vasectomy Festivals

Mr. Viravaidya and his group did not focus only on the pill. They simultaneously attacked the stigma of condom use by training 320,000 teachers in 5 years on the benefits of condom use for family planning. PDA even organized competitions in which school children blew up condoms into balloons and received a Snakes & Ladders family planning game.

On the male side of the equation, PDA innovatively addressed the fear of men to undergo a vasectomy. The nongovernment organization (NGO) organized a Millionaire Vasectomy Festival in coordination with the national lottery bureau, which gave a free lottery ticket to all men who



ROLE MODEL These mannequins were decorated with condoms for an anti-AIDS campaign at MechaiViravaidya's Cabbages & Condoms restaurant in Bangkok. The founder of the Population and Community Development Association is known for using creative ways in addressing reproductive health and population control issues.

were vasectomized. PDA also organized a mobile vasectomy bus that would roll into villages around Thailand to provide the free service.

At the Father's Day Vasectomy Festival, PDA enlisted wives and children to encourage men to have the procedure done. A vasectomy offered the family a better life and a bigger inheritance. PDA even included foreign men in this effort, with a vasectomy party on the United States Independence Day and a Kangaroo Vasectomy Festival on Australia's National Day.

To address religious concerns about population control and family planning, Mr. Viravaidya enlisted the support of Buddhist monks, who publicly blessed contraceptives with holy water before they were distributed to the public.

The fruits of these labors were dramatic. The average number of children per family fell from 7 in 1974 to 1.2 in 2005. The population growth rate during that same period fell from 3.3% to 0.5%. The rate has remained stable and low ever since.

"We've reached the point in Thailand where most families don't want to have too

many children," says Mr. Viravaidya. "They are educated. They understand the implications of family planning. Now, all we have to do is maintain the services to support them."

Captain Condom

In the late 1980s, HIV/AIDS slammed Thailand, and the government appeared ill-prepared to deal with the looming crisis. "Denial was the order of the day while thousands of Thais were being infected," says Mr. Viravaidya. "No AIDS-related news was permitted on radio or TV."

Mr. Viravaidya circumvented this government policy by going straight to the country's powerful military, which controlled 300 radio stations and two television stations. By 1990, Mr. Viravaidya had convinced the head of Thailand's military to air AIDS education commercials on the military stations. The rest of the government fell in line a year later.

In 1991, Thailand's Prime Minister was named chairman of the country's National AIDS Endeavor, which elevated the problem above the limited role and



“We’ve reached the point in Thailand where most families don’t want to have too many children. They are educated. They understand the implications of family planning. Now, all we have to do is maintain the services to support them.”

power of the country’s Ministry of Health. A 50-fold increase in the government budget for HIV and AIDS followed. Once unleashed, Mr. Viravaidya and his group used the same aggressive, controversial, yet effective tactics they had sharpened in the battle to bring down Thailand’s population growth rate.

While the government mandated that a 30-second HIV/AIDS educational announcement be made during every hour of broadcast on 488 radio stations and six television stations, the nation—with Mr. Viravaidya’s group taking a leadership role—was mobilized to address the issue through the use of condoms.

Condoms were distributed at bus stops, toll booths, banks, shopping centers, nightclubs, and even in hotel mini-bars. Gas stations offered a free box of condoms with a full tank of gas, and one of the world’s largest fast-food chains offered condoms with their hamburgers. Even Thailand’s police were drafted into service. Under the “Cops and Rubbers” program, traffic violators received a condom with their citation or warning.

As always with PDA, there was no shortage of fun added to the process. A Captain Condom and Miss Condom beauty pageant was held, as were condom-inspired fashion shows. The group promoted condom coin purses and the use of condoms to keep mobile phones dry in the rain.

In a landmark program that has been replicated around the world, Mr. Viravaidya’s group offered small business loans to people with HIV/AIDS on the condition that they partner with someone who does not have the disease. This highly successful program—91% of loans were paid back on time—discouraged stigmatizing people with the ailment. Mr. Viravaidya’s group also encouraged companies to offer workplace education on HIV/AIDS with the slogan: “Sick staff can’t work. Dead customers don’t buy.”

Thailand’s anti-HIV/AIDS program has been a globally recognized success. By 2004, the country experienced a 90% reduction in new HIV infections. The World Bank estimated in 2005 that the country’s efforts had saved 7.7 million lives and \$18 billion in treatment costs. Though a catastrophe was averted, Thailand today is dealing with some of the same problems of complacency that many countries are struggling to address regarding HIV/AIDS, says Mr. Viravaidya.

Surviving on Begging

PDA has grown into a diverse development organization with more than 800 staff and 12,000 volunteers working in 18 regional development centers in 15 provinces throughout Thailand. Most notably, PDA

operates 18 private companies—including the popular Cabbages & Condoms restaurants and resorts—to support its development work.

Mr. Viravaidya sees this blending of private sector ownership and not-for-profit development work as the model for the future, adding that he has no fear of development organizations losing focus and turning into profit-driven enterprises.

“The Catholic Church owns a lot of land but that doesn’t make it a property developer,” says Mr. Viravaidya. “Our companies don’t define our work. They support it. Most NGOs are beggars, and that is not sustainable. You can’t expect to survive on begging alone.”

Mr. Viravaidya was appointed ambassador to The Joint United Nations Programme on HIV/AIDS (UNAIDS) in 1999. He has also received the Ramon Magsaysay Award for Public Service and the United Nations Population Award. Most recently, he won the Bill and Melinda Gates Award for Global Health and the Skoll Award for Social Entrepreneurship, each of which included a cash prize of \$1 million.

Despite the global acclaim, the greatest recognition of his work is likely something heard every day in taxicabs, hotels, stores, and bedrooms throughout Thailand: “Mechai” has become the Thai nickname for condom. ●

Some solutions for climate change

...really do grow on trees

Climate change endangers all living things. The loss of forestland contributes greatly to the problem. Plants breathe carbon dioxide, making forests natural carbon storehouses. Unfortunately, cutting trees causes as much as 20% of all greenhouse gas emissions. Forest degradation contributes emissions as well.

A global forest carbon market is proposed to arrest deforestation by compensating developing countries for conserving their forests. This would generate billions of dollars in new funding for rural development and environmental management under the scheme of Reduced Emissions from Deforestation and Forest Degradation (REDD).

ADB supports pilot activities developing this approach in the People's Republic of China, Indonesia, Lao People's Democratic Republic, the Philippines, Thailand, and Viet Nam. Trees are our friends. Helping save them is one of the many strategic actions ADB is taking in the fight against climate change.

HALF THE SKY

Turning Oppression Into Opportunity for Women Worldwide

By Nicholas D. Kristof and Sheryl WuDunn
Knopf

\$27.95

In *Half The Sky*, Pulitzer Prize winners Nicholas D. Kristof and Sheryl WuDunn tell the stories of women in Africa and Asia who struggled against oppression and how a

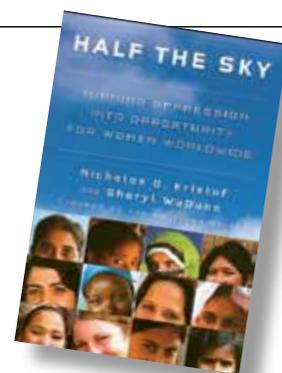
little assistance changed their lives.

The authors argue that the best strategy for fighting poverty is to recognize women's rights and their potential to contribute to the economy.

Mr. Kristof and Ms. WuDunn are the first married couple to win a Pulitzer Prize in journalism. They won for their coverage of the People's Republic of China as *New York Times* correspondents. Mr. Kristof won a second Pulitzer for his op-ed columns in the *Times*.

"These Pulitzer Prize-winning authors see the treatment of women in developing countries as the great story of this century, a moral issue, sure, but also as an economic one. What if, by oppressing half their population, countries in Africa, Asia, and the Middle East have been shooting themselves in their collective foot?"—Carolyn See, *The Washington Post*

"In this passionate yet practical book, the



authors argue that the struggle for gender equality is 'the paramount moral challenge' of our era. It is also a development challenge: unleashing women's energy, they argue, is a key to economic success."—Martha Nussbaum, *The New York Times*. ●

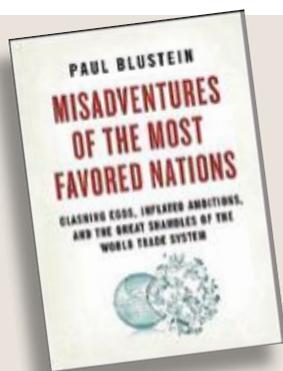
MISADVENTURES OF THE MOST FAVORED NATIONS

Clashing Egos, Inflated Ambitions, and the Great Shambles of the World Trade System

By Paul Blustein
Public Affairs

\$27.95

Financial journalist Paul Blustein takes on the task of recounting the high-stakes negotiations at the World Trade Organization (WTO) and their impact on the global economy and the common man in a style and language accessible to a wide range of readers.



Mr. Blustein is journalist in residence at the Global Economy and Development Program at the Brookings Institution. He wrote for *The Washington Post* for 20 years, covering business and economic issues. His work has won several prizes, including the Gerald Loeb Award.

"Mr. Blustein uses his account of the tribulations of the Doha Round to argue that the prospect of a retreat from multilateralism in trade in favor of protectionism (or even haphazard bilateral deal making) is something that should bother people who care about

poverty and development. He is good at fleshing out the lives and concerns of the (often impoverished) people who stand to gain from reducing particular trade barriers, as well as the worries of those who oppose change."—*The Economist*

"His conclusions are sensible without being startling: pass a stripped-down version of Doha and declare a moratorium on the bilateral and regional trade deals that complicate the world trading system. The future could consist of 'coalitions of the willing,' making smaller deals rather than requiring every country to sign up to every agreement."—Alan Beattie, *Financial Times*

"Blustein has thoroughly mastered the craft of breathing life into intrinsically dull material with compelling thematic narrative and delicious character studies. And it doesn't get much duller than meetings of the WTO and the General Agreement on Tariffs and Trade (GATT), which can include hours of dickering over the difference between 'must' and 'can.'"—William Bernstein, *The Washington Post*. ●

KEYNES

Return of the Master

By Robert Skidelsky
Public Affairs

\$24.95

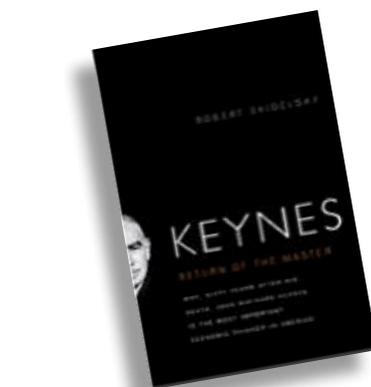
Robert Skidelsky's latest book on John Maynard Keynes celebrates the return of Keynesian economics. It discusses the enduring relevance of ideas put forward by the great British economist during the Great Depression in the 1930s. The current global financial crisis only proves Mr. Keynes right: markets are not self-correcting, and government intervention is needed.

Mr. Skidelsky is emeritus professor of political economy at the University of Warwick. His three-volume biography of Mr. Keynes (1983, 1992, and 2000) received recognition,

including the Lionel Gelber Prize for International Relations and the Council on Foreign Relations Prize for International Relations. He also wrote *The World After Communism* in 1995. He was made a life peer in 1991, and was elected Fellow of the British Academy in 1994.

"This book is provocative in its discussion of the moral aspect of Keynes's thinking. He had the curious and refreshing idea that financial institutions have a duty to the public interest as well as to shareholders. He worried about the pursuit of money at the expense of all else. What ethical value, he asked, attends a life of 'moneymaking and bridge'?"—Dwight Garner, *The New York Times*

"An important contribution at a time of soul-searching.... You don't have to agree with everything Skidelsky says to find this a wonderfully stimulating book, one that reflects the author's unparalleled erudition. We're living in the second Age of Keynes—and Robert Skidelsky is still the guide of choice."—Paul Krugman, *New York Times* columnist, economist



and winner of the Nobel Prize for Economics in 2008, *Observer* (UK)

"Explaining the present-day relevance of [Keynes'] theories is executed superbly by Skidelsky.... Skidelsky's book excels. It's a passionate polemic that makes a strong case for economists and policy makers to reread their Keynes."—*BusinessWeek*. ●

GODDESS OF THE MARKET

Ayn Rand and the American Right

By Jennifer Burns
Oxford University Press

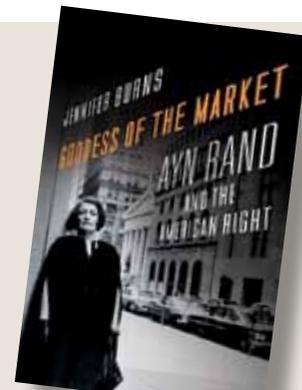
\$27.95

Goddess of the Market chronicles the life of the late novelist and philosopher Ayn Rand, and her impact on political thought. The book's release is quite timely since Ms. Rand's *The Fountainhead* and *Atlas Shrugged* enjoyed a surge in sales during 2009.

The book highlights two facets of Ms. Rand's work: her promotion of capitalism and the freedom of the individual, and her defense of limited government. Among the references that author Jennifer Burns used were Ms. Rand's private papers and the original, unedited versions of her journals.

An assistant professor of history at the University of Virginia, Ms. Burns has published extensively on the history of conservative thought.

"As Ms. Burns successfully demonstrates, Ms. Rand's ideas have remained an important part of the American ideological mix, especially in how she honored the creative powers of American business in a free market to improve human lives. Ms. Burns' readers will see Rand still has the power to instruct on the meaning and scary implications of government growth in the age of Barack Obama."—Brian Doherty, *The Washington Times*



"*Goddess of the Market*...examines Rand's natural attraction for conservatives—Alan Greenspan was a member of the Saturday-night salon she held in her New York apartment."—Mark Sanford, *Newsweek*. ●

RESTORING FINANCIAL STABILITY

How to Repair a Failed System

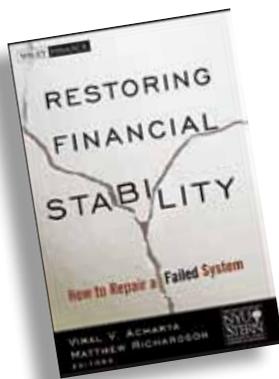
Edited by Viral V. Acharya and
Matthew Richardson
John Wiley

\$49.95

Restoring *Financial Stability* presents an independent view of the financial crisis, drawing on the expertise of 33 academics from New York University's Leonard N. Stern School of Business (NYU Stern). It features executive summaries of 18 policy papers that look at the causes of the crisis and

offer financial policy alternatives and courses of action to repair and reform the global financial system.

Representing fields of finance, economics, and accounting, these 33 professors, led by Dean Thomas Cooley and Vice Dean Ingo Walter, sent copies of the policy papers to Washington in December 2008.



The book was edited by Viral Acharya and Matthew Richardson. Mr. Acharya is professor of finance at NYU Stern. He is academic advisor to the Federal Reserve Banks of New York and Philadelphia and academic director of the Coller Institute of Private Equity at London Business School. Mr. Richardson is the Charles E. Simon Professor of Financial Economics and the Sidney Homer Director of the Salomon Center for the Study of Financial Institutions at NYU Stern.

"...the book that best combines history, analysis and prescription is *Restoring Financial Stability*, a series of essays by academics at New York University's Stern School of Business. The 60-page prologue is packed with telling facts and sophisticated analysis, and alone is worth the steep cover price. The individual chapters deal methodically with the myriad issues raised by the crunch, and the policy changes that will be needed, covering everything from the American mortgage market to the need for international cooperation in regulating finance. The Stern book may be careful to avoid academic gobble-dy-gook and complex equations, but it cannot be described as a light read."—*The Economist*. ●

THE STORM

The World Economic Crisis & What It Means

By Vincent Cable
Atlantic Books

\$24.65

British politician and economist Vincent Cable explains how and why the global financial crisis developed in *The Storm*. He discusses how the West should respond to the crisis and warns against resorting to isolationist and protectionist policies.

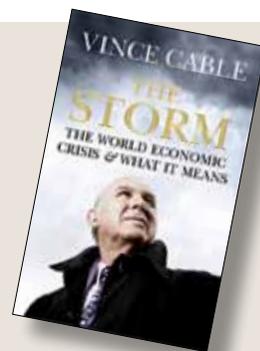
Mr. Cable is Member of Parliament for Twickenham. He was elected Deputy Leader

of the Liberal Democrats in March 2006 and has been the party's chief economic spokesperson since 2003. He served as chief economist for Shell from 1995 to 1997.

"As an account of what happened and why, it is both admirably clear of befuddling jargon and authoritative in its range and detail."—*The Economist*

"This 181-page book will not disappoint his fans. It is a lucid guide to the present mess, faltering only at the final turn. Cable is treasury spokesman for the Liberal Democrats and when analysis turns to prescription, he is afflicted by the same confusion and indecision as everyone else. This perhaps makes his book an even more authentic record of these wretched times."—Simon Jenkins, *The Sunday Times*

"When a catastrophe like this happens, it is tempting to hunt for villains. In his sensible overview, Vince Cable, a trained economist although slightly dodderly prose stylist, tracks how we



reached this 'Alice in Wonderland world,' where governments reward reckless and greedy borrowers while penalizing thrifty depositors. He shows it was a systemic failure in which everyone played their role, not least ordinary investors."—Nicholas Shakespeare, *Telegraph*. ●

“The millennium goals, for those of you who don’t know, are a persistent nag of a noble, global compact.”

Bono in an opinion column published by *The New York Times* in October



“Girls get to eat last. Pregnant women already have weakened immune systems, so their babies suffer and die. This is a human crisis, not just a financial crisis.”

Ngozi Okonjo-Iweala, managing director at the World Bank and a former finance minister of Nigeria, on the impact of the global economic crisis on women

“A Congolese woman told me: ‘For you in the West, the financial crisis is a change in lifestyle. For us it is a matter of life and death.’”

Iraqi-born **Zainab Salbi**, founder of Women for Women International, speaking at the fifth Women’s Forum in France in October. The Washington-based group helps survivors of war, civil strife, and other conflicts



“What you do from this day forward will write, or rewrite, the story of AIDS across Africa.”

Michel Sidibé, Joint United Nations Programme on HIV/AIDS (UNAIDS) executive director, to South African President Jacob Zuma, just before Mr. Zuma announced that the country would treat all HIV-positive babies and expand testing. South Africa has the most HIV-infected people in the world

“Never again should we face the deadlock that threatened to pull down those talks; never again should we let a global deal to move towards a greener future be held to ransom by only a handful of countries.”

Gordon Brown, British Prime Minister, after four days of negotiations at the climate change summit in Copenhagen in December 2009



“I have the feeling of dread we are on the *Titanic* and sinking fast. It’s time to launch the lifeboats.”

Ian Fry, a delegate from Tuvalu at the Copenhagen summit in December. Tuvalu, an archipelago of tiny islands in the South Pacific, is threatened by rising sea levels caused by global warming

“Our targets are tough. Air transport is the first industry to commit to carbon-neutral growth at the global level, and we have done it with an aggressive timeline of 2020.”

Giovanni Bisignani, International Air Transport Association director general and CEO, on efforts to cut CO₂ emissions





Typhoons Ondoy and Pepeng

POST-DISASTER NEEDS ASSESSMENT Philippines

The Philippines Post-Disaster Needs Assessment (PDNA) provides a comprehensive and thorough assessment of the damage, losses, and the economic and social impacts resulting from the Ondoy and Pepeng typhoons. This report also provides a basis for determining the country's needs for post-disaster recovery and reconstruction.

For more information, visit www.pdf.ph.

The PDNA is a joint initiative of the Government of the Republic of the Philippines, representatives of the private sector and civil society organizations, multilateral development partners--the Asian Development Bank, European Commission, United Nations, and the World Bank Group--in the context of their global cooperation agreements and bilateral development partners, including Japan International Cooperation Agency, and the governments of Australia, Canada, Germany, Netherlands, and the United States.





Our ecosystem exists in a miraculous balance. For now that is...



WWF works to ensure a balance for all life on Earth. Join us at www.panda.org.

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