

FORUM BRIEFER 01-07

ADB and Japan

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The ADB is an institution funded by the Japanese, controlled by the Japanese, and run by the Japanese. Japan -- along with the United States -- is the top donor to ADB, and wields a wide-ranging and powerful influence over its financing and policy-making process.

Japan's financial contributions. On top of Japan's contributions to the ADB's ordinary capital resources (OCR) and the Asian Development Fund (ADF), Japan is also the largest contributor to special funds administered by ADB:

- Japan Special Fund (JSF) the main beneficiaries of which are China (Peoples' Republic), Indonesia, Sri Lanka, and countries in the Greater Mekong Subregion (Viet Nam, Laos, Cambodia, etc.)
- ADBI Fund set up in 1997 to provide funds to run the newly-established ADB Institute based in Tokyo;
- Asian Currency Crisis Support Facility (ACCSF) -- amounting to \$3 billion -- created in March 1999 to co-finance loans and provide capital resources to private financial institutions affected by the Asian currency crisis;
- Japan Poverty Reduction Fund (JPRF) created in May 2000 with an initial \$90 million funding.

Japan's co-financing operations. Japan is the largest official donor of cofinanced loans with ADB, mainly through the then OECF, then EXIMBank (now merged to become the JBIC) and JICA. In 1998, Japan contributed 90% of the resources coming from loans by official bilateral donors that are cofinanced with ADB.

The New Miyazawa Initiative (NMI), committed by the MOF in the order of \$30 billion, was set up in 1997 to assist the stabilization of the financial sector and economic recovery of countries most-hit by the Asian crisis. Much of these funds were provided in cofinancing arrangements in ADB loans. NMI funds were used in a JBIC/ADB cofinancing loan for an Agriculture Sector Program Loan (Thailand), Health and Nutrition Sector Development Program (Indonesia) and a Power Sector Restructuring Program (Philippines).

MOF's influence. Japan has provided ADB's presidents ever since its establishment in which the Japanese Ministry of Finance (MOF) wields great power in the selection. The seats held by the ADB President, Japanese Executive Director (ED) and many important positions in ADB have traditionally been held by former bureaucrats or of those with close ties to the MoF; this process has been oft-criticized for its lack of transparency. Japan's official positions are reflected through the ballots cast and statements made by the Japanese ED at ADB Board of Directors meetings. The real decisions, however, are made at the MOF's Development Institutions Division, International Bureau.

ADB President 1966-2001

1	Takeshi Watanabe	1966 - 1972
2	Shiro Inoue	1972 - 1976
3	Taroichi Yoshida	1976 - 1981
4	Masao Fujioka	1981 - 1989
5	Kimimasa Tarumizu	1989 - 1993
6	Mitsuo Sato	1993 - 1999
7	Tadao Chino	1999 to date

ADF VIII APPROVED -

Japan Emerges as Main Contributor

Twenty-five donor member countries of the Asian Development Bank agreed in September 2000 to the seventh replenishment of the Asian Development Fund (ADF) -- amounting to \$5.65 billion -- following five successive rounds of negotiations. Japan remains the largest donor with commitment amounting to more than \$1.06 billion. The United States agreed to pitch in \$412 million, EU member countries \$860 million, and Australia \$185 million. ADF concessional loans carry a 1 to 1.5 percent interest charge; ADF-financed loans, moreover, do not require a 'commitment fee'.

ADF VIII features several developments-- (a) inclusion of Singapore and Portugal in the list of contributing member countries; (b) East Timor and Azerbaijan are the latest additions to ADF-availing countries; (c) creation of a Development Effectiveness Committee (DEC) to enhance the impact of ADB's operations in its DMCs.

ADF VIII will also continue: the installation of a more robust performance-based allocation system for ADF loans; stronger support for good governance in the region; and increased focus on gender equality, environmental protection and regional cooperation among developing member countries. - Eileen Rillera, *NGO Forum on ADB*

In terms of personnel, Japanese nationals hold many important posts in the ADB Management. As of February 2000, about 80 Japanese personnel (or 12% of total) are working as the expert staff.

* EXCERPTS from: *ADB and Japan*, Guidebook series published by NGO Forum on ADB. EXCERPTS prepared by the NGO FORUM ON ADB (FORUM), a network of diverse non-governmental organizations (NGOs), peoples' organizations (POs), community-based organizations and other public interest groups with advocacy and campaigns relating to the Asian Development Bank (ADB). The Manila-based Secretariat can be reached at: Room 402, 107-A Kalayaan Avenue, Diliman, 1101 Quezon City, Philippines; Telefax: +632 9297987; E-mail: forum@pacific.net.ph. Visit our homepage: www15.brinkster.com/ngoforum.

Japanese Nationals holding senior staff positions at ADB

Director of Strategy and Policy Department	Shoji Nishimoto
Director of Program West Department	Yoshihiro Iwasaki
Director of Budget, Personnel and Management Systems	Masakazu Sakaguchi
Treasurer	Shinji Ichishima
Director of Agriculture and Social Sectors Department (Program West)	Satoshi Seki
Deputy General Counsel, Office of the General Counsel	Eisuke Suzuki
Manager of Forestry and Natural Resources Division, Agriculture and Social Sectors Department (Program West)	Toru Shibuishi
Program Manager of Division East 2- Indonesia, Malaysia, Philippines, Singapore, Program East Department	Ayumi Konishi
Program Manager of Division West 2 Bangladesh, Bhutan, India (Program West)	Kazu Sakai
Manager of Transport and Communication Division, Infrastructure, Energy and Financial Sectors Department (Program West)	Tadashi Kondo
Manager of Budget and Management Services Division, Budget, Personnel and Management System Department	Kunio Chiga

Beneficiary companies and consultants. Japanese corporations and consulting firms are also actively engaged in the implementation of ADB technical assistance and loan projects.

Major Japanese Contractors involved in ADB Projects (1995-1999)

Contractor/Supplier	Sector	Contract Amount (US\$ million)
Mitsui & Co., Ltd	Multisector	167.98
Mitsubishi	Multisector	83.78
Mitsui Engineering and Shipbuilding	Energy	35.28
Itochu Corporation	Energy	33.25
Marubeni Corporation	Multisector	22.42
Ube Industries	Industry and Finance	19.28
Kumagai Gumi	Transport and Communications	15.22
Sumitomo Corporation	Multisector	15.22
Nissho Iwai Corporation	Transport and Communications	11.93
Asahi Glass Co., Ltd.	Energy	11.93

Major Consultants involved in ADB Projects (1995-1999)

Consultant	Number of Contracts	Contract Amount (US\$ million)
Japan Overseas Consultants Co., Ltd.	4	18.33
Nippon Koei	4	13.45
Pacific Consultants International	3	8.15
Nippon Jogessuido Sekkei	1	3.08
Electric Power Development Co.	1	1.34

^a Includes only contracts with values above US\$1 million.

Major Japanese Consultants involved in ADB Technical Assistance projects (1995 - 1999)

Consultant	Number of Contracts	Contract Amount (US\$ million)
Padeco Co., Ltd.	12	5.86
Pacific Consultants International	3	2.27
Japan Overseas Consultants Co., Ltd.	3	1.34
Sanwa Research Institute Corporation	2	1.14
Nippon Jogesuido Sekkei Co., Ltd.	1	0.58
Chodai Co., Ltd.	1	0.23
Association for Promotion of International Cooperation	1	0.15

JAPANESE NGOs ADVOCACY ON THE ADB

Japanese NGOs began their lobbying activities for ADB when Japan Tropical Forest Action Network (JATAN) attended the 1989 ADB Annual Meeting in Beijing. Since then, an increasing number of Japanese NGOs and prominent

academics. The ADB's 30th Annual Meeting in Fukuoka,

Japan in 1997 provided an impetus for NGOs based in the Kansai (around Osaka) region and Fukuoka prefecture, in addition to those in Tokyo, to set up study groups and initiate

advocacy activities aimed at the ADB.

Regular meetings with the MOF. Ideally speaking, reporting and discussions on Japanese policies and official views regarding MDBs, including multilateral assistance through the ADB, should take place during Diet sessions, as it is the highest representative body of the Japanese people. Unfortunately, however, the issue of MDBs is rarely taken up in the Diet because few Diet members are interested in MDBs and the government is under no obligation to report on its MDB activities to the Diet. Hence, policies drawn up by MOF bureaucrats in effect constitute official Japanese decision-making regarding ADB policy. Consequently, Japanese NGOs requested that regular meetings be held with MoF. Since 1997, the NGOs have held meetings four times a year with the MoF to discuss policies on and projects by ADB and other international financial institutions.

The purpose of these meetings is to 1) facilitate an exchange of views and information between the government and citizens regarding Japan's aid policy on and projects carried out by MDBs and the IMF; 2) increase transparency regarding the Japanese government's (MoF) policy making; and 3) see that development schemes take sufficient consideration of such issues as the environment, human rights, and gender.

Consultations with ADB. ADB set up its Japanese Representative Office (JRO) in November 1996, and through JRO the first consultation between NGOs and ADB took place in March 1998. Although ADB had sought to restrict discussions to matters of policy, the NGOs demanded they be allowed to bring up specific issues related to individual projects. The result has been that the consultations begin with individual projects and move on to issues related to general policy. In the two consultations that have taken place so far, the NGOs have seen some improvement in the areas of information access and communication with ADB. It is hoped that greater numbers of concerned citizens and NGOs will participate in the future, thus raising the general public's awareness on ADB issues.

A FEW TIPS FOR NGOS

✦ **Advocacy targeted at the Japanese Executive Director and MoF officials** Transmit a letter by fax, telephone, or e-mail to the Japanese ED (NAOYUKI SHINOHARA; Phone: (632) 632-6095; Fax: (632) 632-6176; Email: nshinohara@adb.org) at ADB Headquarters in Manila stating your concerns with an ADB project or policy. It is important also at this juncture to send a copy of this letter to the Development Institutions Division, International Bureau of the MoF. When sending such letters or petitions, it is important to be specific and state clearly the demands of the NGO. Follow-up by making a phone call or e-mail inquiry to incite some response by the Executive Director.

✦ **Making contact or requests to Japanese NGOs** It is also important to seek the cooperation of Japanese NGOs working on issues on ADB policies and projects. Your concerns can be conveyed at the regular MOF-Japanese NGO meetings. Any inquiries or proposals on agenda topics should be directed to JACSES (email: VZR02520@nifty.ne.jp). Minutes of the meetings are available on the JACSES Website (<http://www/jacs.es.org>).