

UPDATED SECOND EDITION

ADB and JAPAN



by Tomoyo Saito and Kyoko Ishida

Revised by
Yuki Tanabe and Rupa Gupta

March 2007

ADB and Japan
by Tomoyo Saito and Kyoko Ishida
Revised by Yuki Tanabe and Rupa Gupta

March 2007
UpdatedSecond Edition

© NGO Forum on ADB

The content of this publication can be reproduced totally or partially without prior authorization. However, the authors and NGO Forum on ADB should be duly accredited and notified of any reproduction.

Printed in the Philippines

Cover: The Bonsai plant reflects the stunted development promoted by the Asian Development Bank in Asia and the Pacific. The use of its silhouette symbolizes the non-transparency of the Bank in terms of its operations. The background color bespeaks of the “wilting” relevance of the Bank in the region.

Cover Concept by: Angela Don, Romil Hernandez, Ronald Masayda, Lai Mendoza and Hemantha Withanage

Copyediting by Angela Don

Layout by Romil Hernandez

UPDATED SECOND EDITION

ADB and JAPAN

by Tomoyo Saito and Kyoko Ishida

Revised by
Yuki Tanabe and Rupa Gupta



March 2007

FOREWORD

Japan plays a pivotal role in steering the institutional roadmap of the Asian Development Bank. It is one of the most influential entities that fields top-level and key posts, such as the Board of Governors which is the highest decision-making body within the Bank. Without a doubt, Japan wields immense power within the ADB. Surprisingly, there is not much public awareness on the leading role of Japan in ADB. At the Banks' end, not much is placed on the importance of public information disclosure. There is very limited access to information which curtails the participation of the people, especially at the community level.

In line with its thrust and concern for sustained and pro-active information facilitation that brings to fore issues and concerns surrounding ADB, the NGO Forum on the ADB, since 1992, has consistently published guidebooks on ADB's areas of operations throughout Asia and the Pacific. In fact, this guidebook is the first in a series of guidebooks published by the FORUM. This guidebook was first published in April 2001.

After six years, with a new ADB president and coinciding with the conduct of ADB-Annual Governors' meeting in Japan, it is only fitting and timely to come out with an updated version of 'ADB and Japan' guidebook.

This guidebook is a reference material that provides explicit and relevant answers for people and institutions that are, at varying degrees, working on the issues surrounding the ADB, particularly its policies and projects. This is FORUM's modest attempt to provide people practical information on the key role that Japan assumes within the ADB. Therefore, this is a

way of popularizing the responsibility of accountability of Japanese government for the ADB.

Finally, it is hoped that this guidebook will stimulate discussions and encourage more people and groups to engage the Bank.

March 28, 2007

HEMANTHA WITHANAGE
Executive Director
NGO Forum on ADB

Table of Contents

Foreword

Table of Contents

List of Acronyms

1. Introduction	11
2. Overview	12
2.1 Japan's Presence at the ADB	
2.2 Japan's Financial Contributions to ADB	
3. Special Funding Transferred by Japan	16
3.1 Japan Special Fund	
3.2 Japan Fund for Poverty Reduction	
3.3 ADB Institute Special Fund	
3.4 Japan Fund for Information and Communication Technology	
3.5 Japan Fund for Public Policy Training	
4. Japan's participation in ADB Policies and Operations: Key Players	21
4.1 Ministry of Finance	
4.2 Japanese Executive Director	
5. Advocacy by Japanese NGOs on the ADB	23
5.1 Japanese NGOs Working on ADB Reform Campaign	
5.2 Regular Meetings Between MoF and NGOs	
5.3 How to Raise Your Concerns	

List of Acronyms

ACCSF	Asian Currency Crisis Support Facility
ADB	Asian Development Bank
ADB I	Asian Development Bank Institute
ADF	Asian Development Fund
DMCs	Developing Member Countries
FoE	Friends of the Earth
HNSP	Health, Nutrition and Social Protection
ICT	Information and Communication Technology
IFI	International Financial Institution
IMF	International Monetary Fund
JACSES	Japan Center for a Sustainable Environment and Society
JATAN	Japan Tropical Forest Action Network
JBIC	Japan Bank for International Cooperation
JFICT	Japan Fund for Information and Communication Technology
JFPPT	Japan Fund for Public Policy Training
JFPR	Japan Fund for Poverty Reduction
JICA	Japan International Cooperation Agency
JRO	Japanese Representative Office
JSF	Japan Special Fund
JSP	Japan Scholarship Program
MDB	Multilateral Development Bank
MoF	Ministry of Finance, Japan
MoFA	Ministry of Foreign Affairs, Japan
NGO	Non-Governmental Organization
NMI	New Miyazawa Initiative
OCR	Ordinary Capital Resources
ODA	Official Development Assistance
TA	Technical Assistance
TASF	Technical Assistance Special Fund

UPDATED SECOND EDITION

ADB and JAPAN

by Tomoyo Saito and Kyoko Ishida

Revised by

Yuki Tanabe and Rupa Gupta



March 2007

1. Introduction

Today, Japan is the world's second largest donor of bilateral Official Development Assistance (ODA), and is also the second largest donor to international financial institutions, such as the International Monetary Fund (IMF) and Multilateral Development Banks (MDBs), after the United States.

The Asian Development Bank (ADB) is one of these MDBs offering loans and technical assistance to developing countries in Asia and the Pacific, with the goal of promoting their social and economic development. Japan, along with the United States, is the largest donor to ADB, and wields a wide-ranging, powerful influence over its financing and policy-making processes. In addition to the ADB's Ordinary Capital Resources (OCR) and the Asian Development Fund (ADF), Japan contributes large amounts of funds through the Japan Special Fund (JSF) and the Japan Fund for Poverty Reduction (JFPR). The role Japan plays in ADB is more like that of the United States in the World Bank. Japan has provided its presidents ever since its establishment. The Ministry of Finance (MoF) of Japan has a great influence in the selection of the ADB president.

Clearly then, Japan has immense influence on the course plotted by ADB regarding its development policies and the quality of the projects supported by its loans. However, in spite of the huge influence wielded by Japanese public funds through ADB, public awareness in Japan on ADB issues is very low. Moreover, although Japan wields great power within ADB, it still has a long way to go towards the demonstration of the leadership in the area of environmental and social accountability of ADB for its loan projects.

In this guidebook, Japan's relationship with ADB is discussed, focusing on issues such as the flow of Japanese funds to ADB and its various channels; Japan's involvement in ADB policy-making, advocacy activities carried out by Japanese Non-governmental Organizations (NGOs).

2. Overview

2.1 Japan's Presence at the ADB

Japan has been a major donor to ADB ever since its establishment and has provided all of its presidents (see Table 1). The United States and Japan are the two largest shareholders in ADB, with each holding 15.625% of the subscribed capital, and hold the largest voting shares, each with 12.803% as of July, 2006. The voting share of an ADB member country is a direct reflection of its shareholding. Together, the United States and Japan, the two largest donor countries, control approximately 26% of the ADB's total voting shares, reflecting the immense influence these two countries have in the decision making process of the ADB Board of Directors.

Table 1: ADB Presidents (1966 - 2007)

	NAME	PERIOD
1	Takeshi Watanabe	November 24, 1966 - November 24, 1972
2	Shiro Inoue	November 25, 1972 - November 23, 1976
3	Taroichi Yoshida	November 24, 1976 - November 23, 1981
4	Masao Fujioka	November 24, 1981 - November 23, 1989
5	Kimimasa Tarumizu	November 24, 1989 - November 23, 1993
6	Mitsuo Sato	November 24, 1993 - January 15, 1999
7	Tadao Chino	January 16, 1999 - January 31, 2005
8	Haruhiko Kuroda	February 1, 2005 - Present

In addition to contributions from shareholder countries and borrowings from private capital markets, ADB directly manages several funds. Here also, Japan provides approximately half of the funds for the Asian Development Fund (ADF), and is the largest contributor to special funds such as the Japan Special Fund (JSF, a fund for technical assistance grants for development studies) and the Japan Fund for Poverty Reduction (JFPR, a fund for small scale projects to combat poverty) among others.

In terms of personnel, Japanese nationals hold many important posts in the ADB Management (see Table 2). Also, 117 Japanese personnel (13% of the total expert staff) are working as expert staffmembers.

Table 2: Japanese Nationals holding Senior Staff Positions at ADB in

POSITION	NAME
Treasurer, Treasury Department	Mikio Kashiwagi
Director General, Strategy and Policy Department	Kazu Sakai
Director General, Budget, Personnel and Management Systems Department	Kensaku Munenaga
Director, Infrastructure Finance Division 2, Private Sector Operations Department	Jo Yamagata
Director, Agriculture, Environment and Natural Resources, Central & West Asia Department	Katsuji Matsunami
Director General, South Asia Department, South Asia Department	Kunio Senga
Director, Transport and Communications, South Asia Department	Kazuhiko Higuchi
Director, Country Coordination and Regional Cooperation, South Asia Department	Yukiko Kojima
Country director, India Resident Mission, South Asia Department	Tadashi Kondo
Country Director, Vietnam Resident Mission, Southeast Asia Department	Ayumi Konishi
Senior Advisor, Southeast Asia Department	Kuniki Nakamori
Country Director, People's Republic of China Resident Mission, East Asia Department	Toru Shibuichi

The official positions of the Government of Japan are reflected in the ballots cast by the Executive Director for Japan at the ADB's Board of Directors meetings. The real decisions are made at the Development Institutions Division, International Bureau of the Ministry of Finance (MoF), which is the Japanese governmental branch in charge of MDB affairs. The seat held by the Japanese Executive Director and many important positions in ADB have traditionally been held by former bureaucrats.

Although the ADB President is elected by the Board of Governors (usually serves a five-year term), this election process has been criticized for its lack of transparency. It is said that the nominee is invariably a former high-ranking MoF official or someone with close ties to MoF. Judging from the facts, it can be noted that important functions of the ADB are under the authority of a Japanese national, including overall strategy (Strategy

and Policy Department), borrowing/fund-raising (Treasury Department.), budget and staffing (Budget Personnel and Management Systems Department) in addition to operational aspects.

Japan holds an important position within ADB that an ADB Executive Director has remarked, "*The ADB is an institution funded by the Japanese, controlled by the Japanese, and ran by the Japanese.*" The MoF, in particular, is heavily involved.

2.2 Japan's Financial Contributions to ADB

ADB's financial resources consist of Ordinary Capital Resources (OCR) and special funds. It consists of capital contributions from shareholder governments, loans obtained from the private capital market, and accumulated retained income, which constitutes the reserve funds. For the subscribed capital provided by shareholder countries, Japan and the United States each contributes 15.625 % of the total share (see Table 3).

Table 3: Top 10 Shareholders of ADB (as of 24 July 2006)

	COUNTRY	SHAREHOLDING (Share in total %)	VOTING SHARE (%)
1	Japan	15.625	12.803
1	United States	15.625	12.803
3	China	6.451	5.464
4	India	6.338	5.374
5	Australia	5.793	4.937
6	Indonesia	5.452	4.665
7	Canada	5.237	4.493
8	Korea	5.043	4.338
9	Germany	4.331	3.768
10	Malaysia	2.726	2.484

The special funds, set up for the purpose of providing loans with concessional terms, are furnished mainly in the form of contributions made by donor member countries. Examples of such funds include the Asian Development Fund (ADF), Technical Assistance Special Fund (TASF), Japan Special Fund (JSF), ADB Institute (ADBI) Special Fund, and the Japan Fund for Poverty Reduction (JFPR).

Japan is the largest contributor to these special funds set up by ADB. Japan has provided US\$ 1.12 billion for ADF IX (2005-2008), which is 35% of the total amount in the form of new contributions by the donors. As of December 2005, Japan's cumulative contribution to JSF since its inception in 1988 amounted to US\$ 904.2 million. Also, as of December 2005, Japan's cumulative commitments to ADBI Special Fund reached US\$ 110.1 million and its TASF contribution reached US\$ 205.32 million. Japan Scholarship Program (JSP) is funded by Japan and administered by ADB. Between 1988 and 2005, Japan contributed US\$ 76.2 million to it. Since 2000, Japan has contributed US\$ 344.9 million to JFPR. In March 1999, the Japanese government set up a special fund, called the Asian Currency Crisis Support Facility (ACCSF) in the amount of US\$ 3 billion. This was used to co-finance loans to provide capital resources for private financial institutions in countries affected by the Asian currency crisis.

3. Special Funding and Trust Funding Transferred by Japan

3.1 Japan Special Fund (JSF)

JSF is used to provide funds (on a grant basis) for technical assistance projects and private sector development projects. The JSF Annual Report states that the fund has been used for policy reforms, infrastructure development, good governance, regional economic cooperation, financial sector promotions and environmental protection. In particular, a considerable portion is spent on technical assistance (TA) needed during the planning stage projects, such as feasibility studies for telecommunications, road construction and agriculture or natural resource development. In 2005, the JSF provided approximately US\$28.4 million for 48 country-specific TAs and regional TAs. The JSF for 2005 was about 14% of ADB's TA Program for that year. From 1988 to 2005, US \$919.5 million was committed under the JSF to finance 1,518 TAs.

Table 4: Japan Special Fund Technical Assistance by Sector, 2005

SECTOR	LOAN AMOUNT (US\$ million)	% OF TOTAL
Transport and Communications	6.8	24
Finance	5.9	21
Agriculture and Natural Resources	3.3	12
Law Economic Management and Public Policy	3.0	11
Energy	2.8	10
Water Supply, Sanitation and Waste Management	2.4	8
Education	2.0	7
Industry and Trade	1.0	3
Health, Nutrition and Social Protection	0.7	2
Multi-sector	0.5	2
TOTAL	28.4	100

3. Special Funding and Trust Funding Transferred by Japan

JSF's pending disbursement may be invested by ADB under the agreement between ADB and Japan. The Japanese government deposits the revenue from an investment into an ADB account held at the Bank of Japan. This may be used to pay for costs incurred in the administration of JSF (e.g. payment for services, transportation costs, costs to cover participation by Japanese government officials in feasibility studies). JSF accounts are handled separately from ADB's other financing accounts, and the ADB must submit audit quarterly and financial reports on JSF to the Executive Director for Japan.

The main beneficiaries of JSF are China, Indonesia, Sri Lanka, India, Philippines, Bangladesh, Pakistan and countries in the Greater Mekong Sub-region (Vietnam, Laos). In recent years, JSF funds have been frequently used to support technical assistance for regional development projects. JSF publishes an annual report on its activities and projects.

While JSF is used to draw up many projects and conduct various studies, some of these projects and studies have been questioned by NGOs as to their objectives and outcomes. In particular, JSF funds have been used to support the planning or preparatory studies of large-scale development projects that are likely to have serious environmental and social impacts.

Column: Japan's ODA Charter

The first ODA Charter was created in 1992 and was revised in 2003. The New ODA Charter states that the objective of Japan's ODA is to contribute to the peace and development of the international community, and thereby help ensure Japan's own security and prosperity, with the following four principles:

1. Environmental conservation and development should be pursued in tandem.
2. Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
3. Full attention should be paid to trends in recipient countries' military expenditures, their development and production of mass destruction weapons and missiles, their export and import of arms, so as to maintain and strengthen international peace and stability, and from the viewpoint that developing countries should place appropriate priorities in the allocation of their resources on their own economic and social development.
4. Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the protection of basic human rights and freedom in the recipient country.

In accordance with the ODA Charter, a new Mid-Term ODA Policy was formed which sets forth Japan's positions and actions, focusing mainly on issues that Japan needs, to present its position at home and abroad with a view to implementing ODA more strategically.

Details regarding the ODA Charter, the Mid-Term ODA Policy, Country Assistance Programs, and others, are available on the Website of the Ministry of Foreign Affairs at <http://www.mofa.go.jp/policy/oda/index.html>.

The Ministry of Finance of Japan controls the JSF funding for technical assistance and private sector projects. First, a list of projects that require JSF funding is submitted by the ADB's Office of Cofinancing Operations (JSF Coordinator) via the Japanese Executive Director to the Ministry of Finance, which then distributes copies to the Ministry of Foreign Affairs, the Japan Bank for International Cooperation (JBIC) and the Japan International Cooperation Agency (JICA). After deliberation, those projects that are approved for funding are notified back to ADB. In some cases, advice and/or suggested changes to be made in the proposed project are returned. According to the Ministry of Finance, the submission of a project list by ADB and subsequent approval by the Government of Japan normally takes place once a month. The Government of Japan claims that the criteria for JSF funding approval lies on whether the proposed project satisfies the Japanese ODA Charter.

3.2 Japan Fund for Poverty Reduction (JFPR)

In May 2000, the Japan Fund for Poverty Reduction was established as a trust fund to support poverty reduction and social development activities. It is used as a grant aid to ADB developing member countries (DMCs). From an initial contribution of US\$ 90 million, Japan contributed a total of US\$ 360.36 million (as of March 2006). In 2005, 19 projects in the amount of US\$ 28.4 million were approved.

In 2005, in terms of sector distribution of JFPR, Multi-sector projects led with an approved amount of US\$8.80 million (23%). Health, Nutrition, and Social Protection (HNSP) followed with an approved amount of US\$8.49 million (22%). MS projects in the amount of US\$5.9 million (15%), (See Table 5).

In 2006, JFPR has approved 11 projects in the amount of US\$ 23.39 million. It has provided US\$ 5 million each for (i) Immediate support to low income and vulnerable households devastated by the 2005 earthquake in Pakistan and (ii) Restoration and diversification of livelihoods for tsunami-affected low income and marginalized people in the states of Tamil Nadu and Kerala in India.

3.3 ADB Institute Special Fund

The ADB Institute Special Fund was established in 1997, to carry out research on development strategies for ADB. The ADBI Fund was set up when the Government of Japan decided to provide funds to establish and run the

3. Special Funding and Trust Funding Transferred by Japan

Table 5: Grant Amount by Sector in 2005 - Government of Japan Approvals

Sector	No. of Projects	Amount (in Millions of US Dollar)
Agriculture and Natural Resources	4	5.90
Education	2	2.50
Finance	3	4.40
Health, Nutrition and Social Protection	5	8.49
Transport and Communication	2	2.80
Water Supply, Sanitation and Waste Management	2	3.00
Multi-sector	3	8.80

ADB Institute. All operating expenses of ADB Institute come from the ADBI Special Fund. As of 31 December 2005, Japan's cumulative commitments amounted to US\$ 13.2 billion, excluding translation adjustments. Out of the total contributions received, US\$ 93.6 million have been used till the end of 2005, mainly for research and capacity building activities (including organizing symposia, fora, and training; preparing research reports, publications and websites) and for associated administrative expenses.

3.4 Japan Fund for Information and Communication Technology

The Japan Fund for Information and Communication Technology (JFICT) was established in July 2001 to harness the full potential of information and communication technology (ICT) and to bridge the growing digital divide in Asia and the Pacific. This fund was financed by the Government of Japan, with an initial contribution of about US\$ 10.7 million for a three-year period. The JFICT, on a grant basis, will support ICT-related activities that promote ADB's poverty reduction strategy, encourage private sector participation in ICT development and improve regional and international cooperation through ICT applications.

3.5 Japan Fund for Public Policy Training

The Japan Fund for Public Policy Training (JFPPT) was established in March 2004 as a trust fund to enhance capacity building. The Fund's main aim is to assist institutions of DMCs to build capacity for public policy management, initially concentrating on economies in transition. The fund helps to set up partnerships with local training and research institutions and to enable DMCs to acquire assistance from foreign academics to join develop and conduct training programs, primarily in local languages. Each training

program is targeted at mid-career to senior-level government officials engaged in economic management at national and sub-national levels. The program has been initiated in Vietnam. Initially, JFPPT was under the administration of ADBI. During the 4th quarter of 2005, the administration was transferred to ADB. Since its inception, Japan has contributed approximately US\$ 15.3 million, and out of which, US\$ 2 million has been spent on program support.

4. Japan's Participation in ADB Policies and Operations: Key Players

4.1 Ministry of Finance

In Japan, the Development Institutions Division, International Bureau of the Ministry of Finance is in charge of all matters related to policies on MDBs, including ADB. This division has only 15 officials and they handle all of the world's MDBs. Three (3) of them are in-charge of ADB matters, particularly, they handle matters pertinent to ADB policies and loan projects that need decision-making by the Government of Japan.

The seat held by the Japanese Executive Director and many important positions in ADB have traditionally been held by former bureaucrats. Those bureaucrats temporarily transferred from the MoF and former officials of government affiliated development/financial institutions that have close ties with the MoF. Although the ADB President is elected by the Board of Governors (usually serves a five year term), this election process has been criticized for its lack of transparency. It is said that the nominee is invariably a former high-ranking MoF official or someone with close ties to MoF.

<p>Ministry of Finance (Japan)Development Institutions Division, International Bureau3-1-1, Kasumigaseki, Chiyoda-ku, Tokyo 100-8940 JapanTel: +81-3-3580-3238</p>

4.2 Japanese Executive Director

Japan has approximately 12.8 % of the total voting share at the Board of Directors, which is entrusted by the Board of Governors to conduct the daily decision-making regarding ADB policy and loan approvals. Since the voting shares of other countries, except the United States, are at most 6.45 % (China), 6.34% (India), the vote cast by the Japanese Executive Director wields a large power in the ADB Board of Directors' overall decision-

making process. In most cases, an official or ex-official of the MoF is appointed as the Japanese Executive Director. Although it is the Executive Director who votes at the Board of Directors, it is the Ministry of Finance that makes the decisions. For this reason, it is important to be heard by the Japanese Executive Director as well as the Ministry of Finance of Japan when trying to raise an issue on ADB policies and operations.

The contact information for the Executive Director for Japan can be found at the Bank Information Center's website at <http://www.bicusa.org/en/Article.111.aspx>

5. Advocacy by Japanese NGOs on ADB

5.1 Japanese NGOs working on ADB Reform Campaign

Japanese NGOs began their lobbying activities when Japan Tropical Forest Action network (JATAN) attended the 1989 ADB Annual meeting in Beijing. The 1997 ADB Annual meeting held in Fukuoka, Japan provided an impetus for the NGOs based in Japan, to set up study groups and initiate advocacy activities aimed at the ADB. In recent years, Japanese NGO activities on the ADB reform campaign have mainly been carried by the NGOs profiled below:

Mekong Watch

2F Maruko Bldg., 1-20-6 Higashi-ueno, Taito-ku, Tokyo 110-0015
Japan

Tel: +81-3-3832-5034, Fax: +81-3-3832-5039

E-mail: info@mekongwatch.org

Mekong Watch is a Japanese NGO based in Tokyo. Its activities focus on the environmental and social problems resulting from development projects in the Mekong Region that involve funding from the Japanese Government. Mekong Watch has monitored ADB-funded projects such as Theun-Hinboun Hydropower Project and Nam Theun 2 Hydroelectric Project in Laos, Samut Prakarn Wastewater Management Project in Thailand, and Phnom Penh to Ho Chi Minh City Highway Improvement project in Cambodia. Mekong Watch discusses these issues with decision-makers in Japan, advocates for changes in the relevant policies and plans, and creates channels for local people's participation in decision-making processes.

Friends of the Earth Japan (FoE Japan)

3-30-8-1F Ikebukuro, Toshima-ku, Tokyo 171-0014 Japan

Tel: +81-3-6907-7217, Fax: +81-3-6907-7219

E-mail: finance@foejapan.org

Friends of the Earth Japan (FoE Japan), is an international NGO, which deals with environmental problems at the global level. Tapping resources available through its international network, FoE Japan, mainly through its Public Finance and Environment Program, makes policy proposals so that socially and environmentally problematic projects do not receive financing by public money. FoE Japan is working on the ADB-funded, Southern Transport Development Project in Sri Lanka. FoE Japan has developed networks in Southeast Asia, especially in the Philippines and Malaysia and works on projects in areas other than the Mekong region and South Asia.

Japan Center for a Sustainable Environment and Society (JACSES)

401 Sanshin Bldg., 2-3-2 Iidabashi, Chiyoda-ku, Tokyo 102-0072 Japan

Tel: +81-3-3556-7323, Fax: +81-3-3556-7328

E-mail: jacsces@jacsces.org

JACSES is a Japanese NGO based in Tokyo, which aims to create a sustainable environment and society in Japan and around the world through broad participation and cooperation of citizens and professionals. For this, JACSES monitors and assesses Japan's ODA and international financial institutions (IFIs), in terms of environmental and social impacts. JACSES is working on ADB-funded projects in South Asia such as, the Chashma Right Bank Irrigation Project Stage III, the Melamuchi Water Supply Project in Nepal, Phulbari Coal Project in Bangladesh.

5.2 Regular Meetings Between MoF and NGOs

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, the issue of MDBs is rarely taken up by the Diet today, because few Diet members are interested in MDBs and the government is under no obligation to report on the MDB activities to the Diet. The result is that the policies are drawn up by the Ministry of Finance (MoF)

bureaucrats constitute official Japanese decision-making regarding ADB policy.

Consequently, Japanese NGOs, which sought accountability by the MoF on MDB policies, requested that quarterly regular meeting be held with MoF. As a result, the NGOs have, since 1997, held regular meetings with the Development Finance Division, International Bureau of the MoF to discuss policies on projects by ADB and other international financial institutions.

The purposes of these meetings are: (1) To 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) To increase transparency regarding the Government of Japan's (MoF) policy making; and (3) To see that development schemes take sufficient consideration on such issues as the environment, human rights and gender.

The following is a list of the topics on ADB policy and projects, covered during the current regular meetings between the MoF and the NGOs.

Topics on ADB's Policies:

- Revision of ADB's Inspection Policy and the New Accountability Mechanism
- Revision of ADB's Disclosure Policy
- Revision of ADB's Forestry Policy
- Revision of ADB's Operations Manual
- The ADB's President Election Measures
- The meeting on ADF IX in Lisbon
- Review of ADB's Safeguard Policies

Topics related to ADB's projects:

- Nam Theun II Dam Project in Laos
- Samut Prakaran Sewage Processing Project in Thailand
- Chashma Right Bank Irrigation Project Stage III in Pakistan
- Southern Transport Development Project in Sri Lanka
- Melamchi Water Supply Project in Nepal
- Chong Khneas Environmental Improvement Project (Tonle Sap Lakeport Facilities Construction) in Cambodia
- National Highway #1 Project in Cambodia
- Industrial Afforestation Project in Laos
- Phulbari Coal Project in Bangladesh

5.3 How to Raise Your Concerns

Advocacy targeted at the Executive Director for Japan and MoF officials

As could be noted, Japan plays a very important role in influencing the policies and daily operations of ADB. Along with the United States, Japan has the highest voting share, and together they take up more than one-fourth of the total. Thus, when one wishes to call for certain improvements in ADB policy or operations, or when there are concerns or problems associated with certain ADB projects, it is important to not only contact the ADB Secretariat but also to go directly to the Executive Directors for Japan as it wields enormous power in the decision-making process of the Board of Directors.

First, one should submit a letter, by fax or e-mail, to the Japanese Executive Director in Manila, Philippines and point out the problems or concerns connected with an ADB project. The contact information for the Japanese Executive Director can be found at the Bank Information Center's website (see Section 4.2). It is important also at this juncture to send a copy of this letter to the Development Institutions Division, International Bureau of the MoF (see Section 4.1). When sending such letters or petitions, it is important to point out specifically what the problems or concerns are, and to state clearly the demands of the organization.

Making Contact or Requests to Japanese NGOs

It is also important to seek the cooperation of Japanese NGOs working on ADB issues. In particular, if there is an ADB-financed project which is facing opposition from the local residents in one's country, or there exist specific concerns, one can communicate the relevant information in as much detail as possible to Japanese NGOs and ask them to make demands directly to the Japanese Executive Director and MoF.

As stated earlier, Japanese NGOs meet with the MoF officials every three months, where they can point out the project's problems and/or convey the local residents' demands. They can help in making ADB more responsive to these problems.

The NGO Forum on ADB is an Asian-led network of Civil Society Organizations (CSOs) that support each other to amplify their positions on the Asian Development Bank's policies and projects affecting the environment, natural resources and local communities.

The Forum neither accepts money from the ADB nor is it in any way part of it.

Since 1992, it has promoted community involvement in the ADB decision-making through advocacy. The Forum is involved in information sharing, capacity building and the sharpening of public debate on the ADB.



NGO Forum on ADB Inc.
85-A Masikap Ext., Central District,
Diliman, Quezon City, 1101 Philippines

Phone: +632 436 1858
Fax: +632 921 4412
Email: secretariat@forum-adb.org
Website: <http://www.forum-adb.org>