

Japan Center for a Sustainable Environment and Society (JACSES)

Sustainable Development and Aid Program (SDAP)

Negative environmental and social impacts have been arising from development activities funded by Multilateral Development Banks (MDBs) and Japan Bank for International Cooperation (JBIC). In the process of project implementation, the rights of affected people to raise their concerns have not been fully ensured. Even when clear harms arise, responsibilities of development agencies have often not been clear and rehabilitation measures have been inadequate. Therefore, it is especially important to reform these development institutions. Ultimately, it is the interests of people who live and are affected by development projects that we wish to uphold through our activities.

Japan Center for a Sustainable Environment and Society (JACSES) is an independent, non-profit research center promoting the realization of an environmentally sustainable and socially equitable society in Japan and throughout the world. Its aid reform program, Sustainable Development and Aid Program (SDAP), has a goal to eliminate environmentally and socially destructive projects, and to promote environmentally and socially sustainable development in the South. To accomplish the goal, JACSES has focused on mainly four sets of objectives;

1. **Avoid/minimize socially and environmentally negative impacts caused by development projects funded by MDBs and JBIC in South Asia, and reflect the views of affected people;**
2. **Strengthen institutional and legal mechanisms of MDBs and JBIC to improve accountability, ensure social and environmental considerations and protect the rights of affected people;**
3. **Strengthen the role of civil society in the reform of MDBs and JBIC through policy dialogues with key decision-makers, and;**
4. **Facilitate the dissemination of information and analysis concerning development policies and projects in order to increase the capacities of NGOs and improve the public's understanding of MDBs and JBIC.**

1. Avoid/minimize harmful impacts in projects

Recently, MDBs and JBIC are increasing their funding to South Asia. For example, India became the biggest borrower of Japanese ODA finance in 2003, overtaking China. There are deep concerns about the recent growth of funding by MDBs and JBIC for huge infrastructure projects, such as dams, pipelines and power plants, which many fear will cause environmentally and socially negative impacts, especially in South Asia. It is an urgent issue to eliminate destructive projects and avoid/minimize socially and environmentally negative impacts in this region.

Over the past few years, JACSES looked into the following projects, which have/are likely to have significant negative environmental and social impacts:

- **Chashma Right Bank Irrigation Project Stage-III (Pakistan)**, which is financed by ADB and was brought to the attention of its inspection panel in 2002, due to its environmental and social problems.
- **Omkareshwar Multipurpose Dam Project along the Narmada River (India)**, for which the Indian Government is considering making requests for financing to JBIC, Nippon Export and Investment Insurance (NEXI) and other institutions.
- **Melamuchi Water Supply Project (Nepal)**, which is funded by ADB and JBIC and was brought to the attention of its Accountability Mechanism (inspection panel) in

2004. This project aimed to build a water pipeline and promote private participation in Kathmandu's water management.

- **Orissa Forestry Sector Development Project (India)**, which is funded by JBIC. There is a high possibility that project will cause degradation of forests, and will affect people who depend heavily on forestry products.
- **Rengari Irrigation Project (India)**, which is funded by World Bank and JBIC. people and their fields are continuously attacked by stressed elephants that cannot migrate due to the construction of steep canals.

JACSES conducted field research by visiting the project areas and meeting affected/potentially affected people. JACSES has questioned key decision-makers through meetings, and by submitting recommendation papers and reports to them. (e.g. *Report on Facts and Concerns regarding Chashma Right Bank Irrigation Project and Grievance Redress and Settlement Committee* [May 2003], *The Omkareshwar Dam in India: Closing Doors on Peoples' Future* [July 2004] and *Social and Environment Impact of Melamchi Water Supply Project* [August 2004].) In order to increase public awareness and understanding, we distributed these reports to key decision-makers, mass media, academics, etc, and made presentations on project issues at public seminars and workshops.

2. Strengthen institutional and legal mechanisms of MDBs and JBIC

Since the early 1990s, MDBs and Japanese development institutions have established/revised their policies and guidelines regarding environmental assessments, human rights, and participation of civil society. However, these policies and guidelines have not ensured that social and environmental factors are fully taken into account in the decision-making process. In fact, negative environmental and social impacts have still been arising in the implementation of development projects funded by MDBs and JBIC. Meanwhile, these institutions have recently been trying to weaken their policies. Therefore, there is a continuing need to enhance social pressure to keep standards improving. In addition, it is also important to ensure the views of NGOs and affected people are more fully reflected in the implementation of these standards.

The following are our specific targets, which will have significant implications for accountability of development finance:

- World Bank Group: Safeguard Policies, Disclosure Policy and Inspection Mechanism
- ADB: Safeguard Policies, Disclosure Policy and Accountability Mechanism
- JBIC: Social and Environmental Guidelines and Objection Procedures

3. Strengthen the role of NGOs through policy dialogue

In Japan, Ministry of Finance (MOF) historically holds the real power over Japan's financial contributions to and policies toward MDBs and JBIC. The presidency and key posts of ADB have also been filled by former MOF officials. Given that legislative oversight and articulated policy on Japanese Export Credit and ODA hardly exist in Japan, direct and constructive dialogue with MOF and JBIC officials are, at the moment, effective means by which NGOs can influence policies of MDBs and Japanese Export Credit and ODA from the perspective of civil society. In this regard, meetings with MOF and JBIC play vital roles in our efforts to effect policy and project reform.

MOF-NGO meetings were started in 1997. Since then, JACSES has sought to improve

the accountability of MOF through our role as a coordinator of quarterly regular meetings between NGOs and MO. The MOF-NGO meetings contribute to establish the JBIC-NGO meeting in April 2001. JACSES have also served as one of the coordinators of the JBIC-NGO meetings, and have assisted in arranging agendas and organizing NGO strategy meetings.

4. Facilitate the dissemination of information and analysis

In seeking to enhance and maximize the effectiveness of policies and projects, JACSES has raised awareness on issues in development finance through the following activities.

- **JBIC-Watch:** Until now most of JBIC's information has been available only in Japanese on their website. "JBIC-Watch" (<http://www.jbic-watch.net>) supported NGOs/groups affected/potentially affected by JBIC financing, by providing information in English, including early warnings of projects for which JBIC is considering an Environmental Impact Assessments (EIAs).
- **Skill-sharing workshops on policies of MDBs and JBIC:** JACSES has coordinate/attend workshops in South Asian countries, working closely with South Asian NGOs, to enhance skills and knowledge about how to obtain detailed project information from World Bank, ADB and JBIC, and how to file a complaint through the World Bank's Inspection Function, ADB's Accountability Mechanism, or JBIC's Objection Procedures.

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