

**The Meeting between Civil Society Groups and Japanese ED & Japan Ministry of Finance  
on ADB Annual Meeting 2000  
Minutes**

**Date: 16:00 ~ 18:00, 6th May 2000**

**Venu: The meeting room in the Chiang Inn Hotel (Chiangmai)**

**Agenda:**

**Introduction**

**Session 1. Concerns from Thai groups**

**Session 2. Concerns from NGOs of South Asia**

**Session 3. Concerns from NGOs of Southeast Asia and more concerns from Thai groups**

**Introduction**

**Tamaki (MOF): My name is Rintaro Tamaki. I'm the Director of the International Institutions' Division of the Ministry of Finance (MoF) in Japan. We are in charge of overall ADB policy of the Japanese government. I have 3 years' experience in the World Bank ED's office for Japan, from 1994-1997. With me are Mr. Narita, Japan's ED to the ADB, and Mr. Mae.**

**Hemantha Withanage, Environmental Foundation Limited (EFL), Sri Lanka:**

**Concerns :**

**Japan takes big role in ADB as its share is the biggest in the bank. Unfortunately, we don't see Japanese delegation or Japanese ED take responsibility seriously. Although there are so many issues related to Asian countries. Although here are so many policies to save plants or protect communities in various countries, we don't see its happening practically to prevent things happening in these countries. This has been a serious issue for the past 3-4 years, since Fukuoka meeting, there is a case in my country. I raised this issue several times in the last few years, but nothing is happening. Therefore we are not very happy. I wrote to the government and organizations in Japan to look after this matter, but it was not happening.**

**For your information, I will explain about the project -it is a hydropower project- which is going to produce 15 MW, damming upper stream river. Most large dams in Sri Lanka are not practical and don't generate enough electricity, and they do not support enough irrigation. This dam is a tributary and, therefore, takes water from several rivers which flow into the same big river. There are 7 waterfalls, which are very good waterfalls, which will probably be destroyed. The money is taken from OECF. Although this is nothing to do with ADB, I just show this thing because we have questions about the policies of Japan in other countries. I know you are very good on environmental concerns in your country. But it seems you don't have the same policies for projects in other countries. Also, I'd like to raise other policies, like resettlement policy, inspection policy, information policy, participation policy and conservation policy. These things are not properly happening in the field.**

I brought with me a map of a highway project , the columbo-Matara Expressway project. This one is co-funded by the OECF and ADB. Its resettlement plan was done about 3-4 years back, even before the involvement of the ADB, particular institution which is responsible for the road are pressurizing the people to accept this resettlement plan. This kind of thing is happening and there is no proper monitoring and evaluation in the field on what is happening there. I know my colleagues have similar issues.

The Japanese delegation is a very powerful delegation and has a very big role to play in the bank, and I encourage you take responsibility and do something good for the communities in other countries, and to be responsible to tax payers because your role is very important. Thank you.

#### Session 1: Concerns from Thai groups

Ravadee Prasertcharoensuk, NGO Coordinating Committee on Development (NGO-COD) ,Thailand :

After our presentation, we are going to present a letter written by 38 people's organizations, most of which are demonstrating outside of the (ADB) meetings. We have specific proposal and expect to get a response from the Japanese delegates, as well as from other delegates, by tomorrow afternoon because it is concrete and quite easy for you to make decision.

Anan Vangeung, Thai local group:

Issues and Concerns from Thai poeple's organization :

I'm representative of 38 people's organization. We would like to take this opportunity to express our concern and issues to Japanese delegation. Your money given to ADB, which was given to the Thai government, has created a lot of problems for Thai local people in terms of local economic problem and social/environmental problems. Most concrete programs you are supporting is social adjustment program. Second one is the money you are giving to Klong Dan Water Management Project , which also created a lot of problems to Thai people. First of all we want to tell you about some of the general problems the farmers are facing.

One of the problems is the conditions you attach to the money you give to the Thai government. In the Social Adjustment Program, your condition for giving money is to change hospital and education, which before used to be managed by the governmental, and move it to the private sector. This will cause a lot of problems to the poor people. Normal people would not have access to education or be able to afford treatment in the hospitals.

Another problem is conditions on the agricultural adjustment program that also create a lot of problem. Agricultural program will support and benefit export-oriented, which means that the government has to reduce its role in supporting the farmer, and more promotion for production for the international market. Family farmers will not be able to compete with big, competitive industrial agribusiness. Under this kind of agricultural development, we have to rely on technology that is not available in Thailand.

Under the agricultural program there is also a condition for the government to charge farmers for their water. The government says that this is to pay back the money that was borrowed from you. It is said to be investment of the government, but in fact, investment is not the money from the government. It is the money of the people, because people are paying tax. Since they are borrowing money from IMF and ADB, people have to pay more tax, to use the tax for paying (off the borrowing). So, the money they are borrowing becomes the responsibility of the people to pay.

Since we have borrowed so much money from many sources, all the tax they are collecting is only for the Bank and is not for the people or other development for people. And now, everything in Thailand is very expensive, like gasoline and everything, because of tax that government is taxing from people more and more. Therefore it is very difficult for the normal people to accept ADB loan. Therefore we have our demands and ask you to accept our demands as following.

**Demand:**

1. ADB should not give any of the loan to Thai government at all.
2. ADB should abolish agricultural sector loan immediately.
3. ADB should terminate the conditions set forth for the social sector loan immediately.
4. Stop giving additional money to the Thai government for the Samut Prakarn Wastewater Management Project, because ADB is giving another 80 million US dollar. This project is causing a lot of problems and should be stopped.

For the record, I would like to give you our request letter (handed to Mr. Tamaki). Ravadee (Thai NGO-COD): Regarding Samut Prakarn Wastewater Management Project, we are going to present its case. We highly ask you to stop this project.

**Darwan Chantarahesdee, a villegger of Klong Dan**

I would like to express my sincere thanks for NGOs from Japan and delegations from ADB for your time to listening our problem.

**Project: Samut Prakarn (Klong Dan) Waste water Management Project**

ADB should take responsibility for its any of the policy of environment, poverty reduction program, good governance and corruption. Klong Dan has been traditionally located since long time ago as a fishing community. One day, it just so happened that the biggest waste water management program, funded partly from ADB of 230 million US dollars is being constructed in our village(?). This project does not follow our constitution, because projects never follows process of EIA . It is also considered as illegal project because it never had any of participation process with the people, which is stated in our constitution. It is also considered illegal according the chapter II and after setting up a council, the council also said this project is illegal.

About 525,000m3 of basin water without any treatment for toxic or ..(?) treatment, or this kind of technology, directly flow to the sea. This project destroy whole ecosystem of the area. It is more than

just an environmental problem, it is the whole ecosystem, because the amount of the water that enters the sea will dilute the water of the sea and could affect the whole ecosystem of the sea. It affects richness of resources and livelihood. More than 50,000 people who rely for their livelihood will become very poor. This also means it would destroy food security of the Thai country.

This project has a big corruption in the process of implementing:

1. Buying the land. The land belongs to big influential politician in Thailand.
2. Constructor of the Project also belongs to that politician, too.

Therefore, we request ADB to responsible for your own policy to preserve the environment, against poverty, and transparency. What is happening in this project is upside-down from your policy. Therefore it is your responsibility to look after this project. Therefore we would ask the ADB to immediately stop the rest of the funds for this project. We are waiting for an answer and expect an answer by tomorrow. We expect ADB to take responsibility for Thailand's food security and, also, for what is happening to the Thai people. Doi (Fukuoka NGO, Japan) :We just had a very specific request, demands and proposals from our Thai friends, and would like to ask you to respond.

Response from MoF (Tamaki) :

Hydropower project, Sri Lanka

For the first presentation, by Mr. Hemantha from Sri Lanka. The government of Japan is really trying to take full responsibility, seriously, for the implementation of policies. You referred to OECF and OECF just published environmental guidelines, and OECF is now JBIC (Japan Bank for International Cooperation) and we check and monitor implementation of environmental policies. So I really don't know exactly the cases you refer to Sri Lanka, I will be continuously watching the environmental impacts of these project.

Sumi (Niigata Uni, Japan): After the meeting at Fukuoka this very beautiful falls in Sri Lanka already destroyed by Japanese economic assistance. How do you respond to this kind of problem?

Hemantha (EFL, Sri Lanka): This is not destroyed. We send letters three times by technical committee but because of the political reason government appointed in a higher level . So I raise the issue in Fukuoka, but I didn't get any commitment from OECF. So I'm still asking OECF if it is not technical feasible how can you provide money to destroy the environment . Not only environment , it is not technical feasible. So why are you giving money? Because the government is asking just money. And what if, at the end of the day, within another year, all seven waterfalls are destroyed.

Tamaki (MoF): Mr. Hemantha, as I 've never been in charge of bilateral assistance, I don't know the exactly what is happening since Fukuoka meeting. So I'm sorry. I've been taking care of a multilateral assistance issues I know of course difficulty of balance and relation between development and protection of environment. So this is really difficult issue to challenge for all of us particularly for development assistance agency. I am not in a position to comment on the particular

project, but generally speaking the government of Japan is quite seriously pursuing the environmental policy not only in Japan, but also in foreign countries.

Response to Thai people's organization :

Mr. Vangeung, we have once discussed about Agriculture Sector Program with Japanese NGO perhaps once or twice in Tokyo. We discussed various subjects, but one was about the surcharge on water use and also the change of the legal system of land holding. So the agriculture system change also have a profile and I understand the agriculture system changes how it would have a profound impact over the lives of farmers. It is very difficult for us to judge which type of land holding system is appropriate for particular circumstances and in particular country. This is also the case of culture to use this. So I ask ADB and the government of Thailand to discuss thoroughly, and I am requesting the assurance of full participation. I'm not saying there's no participative process of the people to be affected.

I do not know the changes in hospital and education system imposed by the process of Social Adjustment Program. I understand education and health system would have serious impact over the life in Thailand. Changing economical and social conditions, not only in Thailand, but also globally, and some social system and economic system are not to be maintained or cannot be sustained. So such kind of conditionalities attach to the Program Loans extended by ADB should be fully discussed between the ADB and the recipient government, in this case the government of Thailand with a full participation process.

My answer is almost similar to my answer on Agriculture Program Loans in case of Social Program Loans, the judgment of conditionality is made by the recipient government to insure the ownership of the recipient government. Also ensuring the full participation process of the people included in this program. Assuming such kind of position, we recommend that Japan should be supportive in ADB to provide such loan to Thailand. Of course, additional problems may happen after the approval or in the process of implementation. These problems should be worked out in similar ways. If it causes serious troubles and there are detrimental effects over people in Thailand, those things should be discussed by the government. In case of necessity, those implementation issues may be brought up in the board.

Response to Klong Dan Water Management Project

To the presentation by Madam Darwan, I don't know exact details about Klong Dan Water Management Project. Perhaps we are in the agreement that ADB should execute all the policies, including impact of environment in this area, anti-corruption, etc. In coming to Chaingmai, I was so impressed by the appeal by the people in Thailand in this project. The government of Japan and Japan's ED office at the ADB will look after carefully and watches this project.

Darwan (Thai local group???) : I think you are not directly answering the question. You say you

don't know about the project, but you give these money to ADB to this project, but you seems not be responsible for what is happening. You can say I'm going to stop this project, then you can make review this project. If you say in this way, you demonstrate you are not taking responsibility.

Tamaki (MoF) : I am saying I don't know the details of this project. Problem here is whether the policies are duly executed by ADB or not.

Darwan (Thai local group) : It is very much directly related to ADB, because ADB is giving money for technical assistance program and feasibility study of this project. According to the plan and from the study, they plan to construct the water treatment in these two area. In actual implementation , the project is not being implemented in Klong Dan, but somewhere else. It's easy to say that you give money to make feasibility study in some other area, but you are supporting the construction of Klong Dan, which is the area there haven't been any of study before.

Doi (Fukuoka NGO, Japan): Mr. Tamaki, you said you don't know whether ADB policies are properly executed or not, and I think that's exactly what these people are presenting, that it is not duly executed. Unless, you only listen to Thai government and ADB, you should take what people are saying very seriously and we have to hear your commitment into taking some action.

Tamaki (MoF) : As far as I understood, this project was already approved by the board, so it is the matter of implementation and compliance of the policies.

Ravadee (Thai NGO-COD) : It's easy. You just stop. 80 million is not yet released, and have a look. Say that ADB will not release to approve 80 million dollars until Thai government and people in Klong Dan have cleared all the process. Maybe you also have influence on OECF, because it is another Japanese institution. If OECF and ADB say that we are not going to give another funding to this project, until the government of Thailand (follows proper process.)

Tamaki (MOF): Perhaps I might have misunderstood the discussion. Usually, when we say "compliance with policies," this includes checks of policy compliance situation in particular cases. This is also done after the Board approval. So, perhaps I don't understand what you are...

Ravadee(Thai NGO-COD): We may have the inspection or review process, but they are building while you are doing so. We are saying that you can say "stop giving 80 million to the operation" and then you can do the review process to see whether this project is complied with the ADB policies or not. But if, while you are doing the review, the project is moving ahead every day, that would cause a lot of problems or tension, because we do not know how long you are going to finish the inspection process. So it is a very easy decision for you. We are accepting the review process, but then stop operation of this project. This is what we request, a commitment from you, and it would help us very much.

Tamaki (MOF): As I said, particular projects must be under policy compliance and be checked. All of the projects have to keep up the policies stipulated by themselves. So I do not refer to the particular procedures or particular actions. As I say, I do not know exactly what's happening here in this project, so the government of Japan and the ED office will carefully watch what's happening in this project.

Ravadee (Thai NGO-COD): How long are you going to watch? I think it is important for us. It is our life. It's simple decision to say that the Bank will not release the loan until the review process is completed, and you can make the review. I think it's very easy.

## Session 2: Concerns from NGOs of South Asia

Sarah Siddiqi , CREED, Pakistan:

As a taxpayer, I am sure that the Japanese government is aware that it is funding a Social Action Program in Pakistan.

### (1) Social Action Program Phase II

The program is a US\$1.5 billion loan. The Plan is aimed at improving education, health, drinking water and other issues in the social sector programs in Pakistan. ADB is one of the donors. Phase I ended last year. I wonder if the Japanese government knows that there was no improvement in female enrollment in school, in child and mother immunization, in the taps that bring drinking water to poor people, and no improvement in sanitation. There is certainly something wrong with this program, such as corruption, lack of compliance with the policies of the ADB. We would like you to drop the project and stop pumping in more money. We, as taxpayer in Pakistan, have a question why is the Japanese government through ADB putting its money to the Phase II of this program. We would like to look into the problems, and simply stop funding this program.

I would also like to draw your attention to projects funded by the ADB, which have failed in the past. We would like to know how are we going to be compensated.

### (2) Korangi Wastewater Treatment Project in Karachi

(Note: The project is a US\$100 million loan. There were fundamental flaws in technical and organizational plans. The absence of effective government oversight over its implementing agencies and consultants, and lack of public participation in formulating the project were main problems. Also, the project was to impose unnecessary burden on beneficiary communities both through the additional user charges and the higher taxes. In late 1997, a group of local people approached the Inspection Committee of the ADB Board. The Inspection Committee rejected the petition for independent review on the grounds that NGOs had failed to establish eligibility to invoke the Inspection process. A subsequent petition by residents of the project was filed in mid-1999, which was again rejected by the Inspection Committee. In September 1999 the ADB terminated the loan

agreement after a new provincial government withheld endorsement of the project for over a year. )

### (3) Korangi Fishery Harbor Project

(Note: The One billion -rupee ADB funded Korangi fish harbor project remains idle for past four years. The harbor was built to increase fish production, achieve export of US\$100 million by year 2000, remove prevailing congestion at Karachi fish harbor, promote deep sea fishing, improve fishermen's socioeconomic life and employment opportunities. All these objectives remain to be met. The harbor is gradually heading towards a collapse.)

### (4) National Drainage Program (NDP) and Left Bank Outfall Drain (LBOD).

National Drainage program, which is affecting, adversely, the marine ecology of Pakistan. These are three projects, two of which have failed, and two -the Social Action program and National Drainage program- are still going on. We would like you to stop the funding of these.

(Note: Left Bank Outfall Drain (LBOD) Stage I (1986-1997), the cost escalated from Rs. 8.59 to Rs. 31 billion. ADB was one of the donors. Tidal Link Drain (42 Km) is the last component of the project to carry drainage water to the Arabian Sea for ultimate disposal. Major portion of the Tidal Link has been washed away by the sea tides. It suffers from faulty design besides constructional defects. A new Project called the National Drainage Program (NDP) was launched since January 1998. It carries left over components of LBOD in addition to institutional reforms in irrigation and drainage sector. Initial estimated cost is \$785 million, which is likely to increase.

Understandably the NDP has excluded Tidal Link Drain, Chotiari Reservoir Project and the Right Bank Outfall Drain (RBOD) because all of them have very serious environmental and social problems. Saline drainage water of the damaged Tidal Link has spread over tens of thousand of agricultural land and small lakes. Chotiari Reservoir Project is yet to resolve environmental and resettlement issues. RBOD (Right Bank Outfall Drain) has no ultimate disposal and the drainage water of the entire right bank is going in the Manchar Lake, the biggest sweet water lake of South Asia. It is now filled with highly saline affluent. ADB and other donors cannot avoid their responsibility by simply walking out of the projects they had initiated. OF THE ABOVE MENTIONED FOUR PROJECTS, TWO- 1 AND 4 ARE ON-GOING.)

### (5) Military spending:

Why cannot Japan ask our government (Pakistan) to abolish all the military spending or reduce it drastically AND SPEND MORE ON THE SOCIAL SECTORS ? This (military spending issue) is ONE OF THE MAJOR CAUSES of poverty.

### (6) Inspection Function (IF) of the ADB

JAPAN must insist on ADB to review the flawed Inspection Function (IF) of the ADB. Based on our experience, we can tell you that, as part of that policy, no notice was made of project implementation policy by your group. We would like you to know that there are fundamental laws in the inspection

policy of the ADB.

1. Loan processing and project implementation will continue during the inspection procedure.
2. General taxpayers, have to repay loans to the Bank, cannot protest against the government.
3. Citizens of donor member countries of the Bank, such as Japan, cannot be involved in the Inspection Function process, and we cannot go directly to the Japanese public to tell them that their money is making adverse impacts through the Bank's operations, and
4. we cannot go to the inspection panel of the ADB.

I'd like you to consider these things immediately and seriously. Thank you.

Prem Bahadur Shrestha, Rural Reconstruction Nepal (RRN), Nepal:

Project: Water Supply and Sanitation Project

Concerns:

-Monitoring and evaluation of impact assessment should be done.

(Document information "ADB in Asian Developing Countries -An Unfair Intervention in Nepalese Economy)

Hemantha Withanage (EFL, Sri Lanka) :

Project: Colombo-Matara Expressway (highway) project

The proposed project is a 128 Km long and 6 lane (80 m wide) roadway that connect between Kottawa(Colombo) and Godagama (Matara). The project is co-funded by the ADB and the Japan OECF (now, Japan Bank for International Cooperation, JBIC).

Concerns: Main problem is the resettlement plan. That are:

1. Consultation/information disclosure :they haven't given any information about the plan, also they haven't had any consultation or participation of affected people (although the ADB's resettlement policy states that the Bank should have proper consultation and early information-disclosure)
2. Viable project options: The Bank's policy also states that the Bank/implementing agency should look at viable project option (" Where population displacement is unavoidable, it should be minimized by exploring all viable project options"). In this case, there were viable project options, such as develop a route which will provide only two lanes, or to develop a railway line parallel to the existing railway line. However, the proposed plan is to build six-lane highway, which will resettle over 800 families directly affected by the project.
3. Indirectly affected people: there were more than 2000 people who are indirectly affected by the

project. But the resettlement plan does not consider these people.

4. Legal title to land and discrimination on poor: poor people in the planned area are highly affected and also discriminated due to their lack of legal title to land (although the Bank's policy states that " the absence of a formal legal title to land by some affected groups should not be a bar to compensation.") On the other hand, rich people have been able to change the route (to stop damaging their properties).

5. Public opinion: the public opinion (in Sri Lanka) is that we should not have this project, and we will not help people to reduce their poverty. But there is no consideration given to the problem of poverty, but the ADB and OECF/Japanese government are giving these funds because it was a political pledge to the Sri Lanka government.

6. No informed consent: affected people are being forced to move out from their land without any proper notification and their consent on the resettlement plan.

7. All the problems described above are considered as a serious violation of the Bank's resettlement policy.

(Document information, "Look back to the policy on Involuntary Resettlement, with reference to the proposed Colombo-Matara Expressway, A Case in Sri Lanka", Hemantha Withanage, Environmental Foundation Ltd. 2nd May 2000)

We want the Japanese government, because it is so powerful in the Bank, to just ask people to prepare new resettlement plan, with proper consultation and participation, with the government appointing officers. We need real participation by people from the affected area. Otherwise, it is a serious violation of the policy of the Bank.

Also, this shows that the policy is not adequate, because you have to get the participation of people who are affected indirectly, too. In this case we have analyzed only the directly affected people. There are so many people who are indirectly affected. So we want you to ask the Sri Lanka government to prepare a settlement plan with the proper consultation process with all affected people.

Response from MOF (Tamaki):

This consultation process is very informative and instructive to myself as well as MoF and our ED office, but I'm afraid I don't cover everything in Japan. Quite honestly, without knowing exact what's happening and more details /background of the projects presented, or opinion from the Management side etc., I can say very little to you, so it is very difficult to make commitments. So I really proposing you for future meeting, please give us the agenda and background information beforehand. Without knowing the background before making any concrete commitment, such as

holding/stopping the project.

To concerns in Pakistan:

I took your points in regard to the three projects once funded by ADB. Poor performance of the implementation of the Social Sector Program, we are wondering if international community and we are going ahead with the program. Defense spending is difficult issue for everyone. The government of Japan established the principle (ODA principle) regarding military spending (Japan will not extend ODA to those countries that have excessive military spending). We are serious about this issue and urging (those countries of an excessive military spending) to focus more on poverty alleviation and reduce military spending.

Doi(Fukuoka NGO, Japan): Are you going to take any concrete actions to know more about these projects?

Tamaki (MoF): Without more knowledge about specific problems, I can say little. I would ask in future that you provide information and names of projects to be discussed here.

Doi (Fukuoka NGO, Japan): I think the point is that these people are asking that Japan takes steps to stop projects in progress, so that we can evaluate the projects properly.

Tamaki (MoF): We can't make such decisions based on one-sided arguments. Perhaps we would have to have a presenter from the ADB to explain in line with the procedures of the bank. Without background materials, we cannot halt funding at this stage.

Doi (Fukuoka NGO, Japan): So, are you going to take prompt and concrete actions to find out more about these project?

Hemantha (EFL, Sri Lanka): Can you have a window in your Ministry to pass this information and take actions? We don't have any access to any officer in Japan's government to convey our concerns and discuss these problems. We ask these things because you are very powerful in the Bank, and you should do something good.

Tamaki (MoF): Yes, we have many windows, one is our ED office in Manila, and our division in Tokyo (International Institutions Division of the International Bureau). We would welcome any approach from local NGOs.

Session 3 : Concerns from NGOs of Southeast Asia and more concerns from Thai groups

Ritzki Cahyanto, International NGO Forum on Indonesian Development (INFID), Indonesia:

Project: CSIADCP (Central Sulawesi Integrated Area Development and Conservation Project), Central Sulawesi

This project is regarded by the ADB as a poverty reduction project. The project has 4 main components: 1) Community development, 2) National Park Management, 3) Rural Infrastructure Development, and 4) Project Management and Institution Strengthening.

(Note: The project has been implemented for 2 years by the Government of Indonesia (GOI) expected to be completed by 2005. The total project budget is US\$ 54 million, of which the ADB provided US\$ 32 million (60% of the total) and remains were financed by USAID and The Nature Conservation (6 %), GOI, and others. )

There are clear indications and findings of misappropriation of procedures or even corruption practices (e.g. bidding process, misuse of funds etc), lack of participation/information disclosure for the affected people (who will be resettled through this project), and lack of proper EIA etc.

We ask that the ADB

1. cancel the CSIADCP project,
2. force GOI to stop corruption imposed by the executing agencies, stop the manipulation of transparency and participatory in this project (little information is available for NGOs and affected people), and
3. Katu community, indigenous people who are to be resettled but ignored by the GOI and the ADB, should be fully involved in the project. We are waiting for the response and some immediate action by the Bank, and you (MoF) convey this information to the Bank.

(Document info: "Misappropriation of Procedures on the Asian Development Bank Project: A close Monitoring by Indonesian NGOs on CSIADCP in Central Sulawesi")

Norly Grace Mercado, Legal Rights and Natural Resource Center/ Friends of the Earth Philippines (LRC-KsK), Philippines:

Project: Power Sector Restructuring Project (PSRP)

The project, a US\$ 200 million loan, was approved in November 1998. The program is aimed to "create competitive electricity markets by unbundling generation and transmission and providing open and equal access to transmission and distribution". It aims to privatize the national National Power Corporation(NPC).

Concerns:

1. The privatization for the national power sector will lead to an increase in power rates, which will be due to the additional cost such as stranded costs, loan payments, loan interest payments, etc. The high rates of electricity will be a huge burden for the Philippine people, especially for the poor. In considering the Poverty Reduction Strategy of the Bank, this program contradicts with the strategy.
2. The third trache of the PRSP will not be released to the Philippine government (and the Congress) is under the pressure (from external interests as well as the MDBs) to approve the Bill,

and there was claims that certain private companies who are in favor of privatization, gave bribe money to the Philippine legislators in order to pass the Bill.

#### Request/Demand

I am bringing this issue because Japan is one of the biggest shareholder in both the ADB and the World Bank (these two institutions are both involved in financing the Program). Please urge the Bank to stop putting pressure on the Philippine government in approving the Reform Policy, a policy which has meet extreme opposition from the Filipino people. (Document information: "ADB and the Philippine Power Industry" by Andre Gerard Ballesteros, LRC-KsK )

#### Francis Cruz, Green peace Southeast Asia, Philippines:

One of the ADB poverty reduction strategies in rural area is to provide access to (basic) infrastructure, facilities, energy transport, other social services including waste management. We would like to know the Japanese government's role in promotion of the various technologies for these projects. Japan is not only major contributor to the ADB but also major provider of funding for technologies, through its bilateral ODA. Also, Japan is major exporter of technologies and equipment to DMCs. What is your (Japan's) policy framework regarding exporting and/or financing various technologies? (Note: Green peace demands that the ADB should "veer away from underwriting commercial and destructive energy technologies in the region and allocate greater resources instead to advance clean and renewable energy systems to meet the energy needs of Asia's rural communities". It also calls on the Bank to make more efforts to promote renewable energy and use of cleaner equipment for waste management and pollution control. See, Green peace Southeast Asia Press Release "Green peace Hits ADB Pushing Dirty Projects in Asia")

#### Chainarong Sretthacau, SEARIN, Network of 38 People's Organization, Thailand:

I would like to wrap up our proposal rom the peoples' organization. Our demand/proposal is very clear that we don't want to get any money from ADB loan any more. Answers from MoF do not directly respond to our requests, it is very general. You say that you don't have sufficient information, but you don't really take any responsibility for what is happening. We are very disappointed at not getting anything out of this meeting. Therefore, it is necessary for us, People's organizations, to continue putting our efforts to negotiate with the ADB. We will continue fighting to stop ADB's funding to Thailand.

#### Suchate Kealsangin, Kok Ing Nan River Basin People's Network, Thailand:

##### Project : the Kok Ing Nan Project

I would like to present another project funded by Japan, the Kok Ing Nan River. I will read the letter, after which I will give it to you:

"Letter to Minister of Finance, Japan: We, the people who are affected by the Kok Ing Nan Project, are addressing this letter to you as the representative of the Japanese government, which has supported the feasibility study of the said project. Through the Japan International Co-operation

Agency (JICA), the Nippon Koei Company from Japan got the contract for this project. This project will seriously affect our livelihood, community and culture, as well as the future of our generations who are living in the Kok Ing Nan river basins. We call on your government to stop supporting the said study and ask the Nippon Koei Company to withdraw from the project. We hope that you will be able to respond to our demands in order to secure good relationships between the Japanese and the Thai people."

(Handout : Appeal to stop supporting Kok Ing Nan project, Letter to the Minister of Finance, Japan, Kok Ing Nan River Basin People's Network, May 6th, 2000)

Doi (Fukuoka NGO, Japan) : I hope you understand reason why we are having this meeting so long because we haven't heard anything constructive from you.

Response from MoF (Tamaki):

I am sorry for hearing such a comment from Mr. Doi about our response. I've been trying to be as constructive as possible. You are interested in hearing our commitment to stop funding at this stage. As Mr. Withanage said in his introductory speech, Japan has a powerful presence in the ADB. That is why we are asking sufficient information about the said projects. Our responsibility to other people, Japanese ED could not behave as a dominant at the Board, and also couldn't react to any particular order/demand without knowing exact background and information. I would like to propose you about the procedure of this kind of consultation, to share essence of issues and agenda with sufficient time in advance before the meeting.

With regard to particular cases/projects in Indonesia, Philippines, and Kok Ing Nan in Thailand, I took note what you said. I will convey the letter from the Kok Ing Nan River Basin People's Network to the people concerned in Tokyo.

Ravadee (Thai NGO-COD) : If we give you very detailed information tonight or tomorrow, can you respond to us with constructive answers? At least we could have very constructive answer from you in terms of the process.

Tamaki (MoF) : You are requesting me to establish an opinion of the Government of Japan myself, but I myself have to listen from many stake holders.

Ravadee (Thai NGO-COD) : I should be easy for you, to bring the issues to the Board of Governors Meeting is very concrete step to be taken by you. Could you do that?

Tamaki (MoF) : I would highly appreciate if you could provide us with additional information. Then, I will have to consult with people, including the ADB side, the ED office, and in some cases OECF/JBIC, and we would like to fix the positions of the Government of Japan.

Doi (Fukuoka NGO, Japan): Are you ready to have a meeting or consultation like this, again?

Tamaki (MoF) : My presence here today is an evidence of our readiness.

Sumi (Niigata Uni): It is very disappointing and unhappy results. Because you said you don't know details of the Bank's projects, then you can make no commitment. It is irresponsible answer for not only people affected by the Bank's projects but also taxpayer in Japan.

Tamaki (MoF): I am in charge of all MDBs, including the ADB, but I don't know all the projects (funded by the MDBs). It (policy making of Japan) is shared by ED offices, staff and myself. I am representing Japan, and should be responsible for the Japan's policies on the issues, but it's difficult to make any judgment myself, and without more information and consultation process among our team. I appreciate this kind of meeting to have inputs from you. We (MoF and the ED office) will closely watch what's happening, which means we are not escaping from our obligation.

Ravadee (Thai NGO-COD) : We are facing problem everyday, but we sometimes have to wait too long. Could you make a very clear commitment how long will you take time to give a concrete answer?

Tamaki (MoF): It is a quite difficult question, but we will do our best. I feel so sorry that I cannot respond to you as you expected, because of several constraints before us, such as system of our government or multilateral system, and bureaucratic system etc (in decision-making). I cannot behave as a man who holds power to make a decision. In concluding the session, I assure you that the dialogue we have today was very instructive and constructive for not only the MoF but also the Government of Japan and our ED office as a whole, for future economic assistance in Asia.

END

#### Appendix : Participants

##### Japanese delegation

Yasuro Narita

(Alternate Japanese ED of ADB)

Rintaro Tamaki

(Director of Division of International Institutions, International Finance Bureau, Japan Ministry of Finance)

Toshimasa Mae

(Division of International Institutions, International Finance Bureau, Japan Ministry of Finance)

##### Civil society groups

Ravadee Prasertcharoensuk

(NGO Coordinating Committee on Development, Thailand)

**Anan Vangeung**

**(Thai local group)**

**Darwan Chantarahesdee**

**(a villager of Klong Dan)**

**Suchate Keaslsangin**

**(Kok Ing Nan River Basin People's Network, Thailand)**

**Chainarong Sretthachau**

**(SEARIN, Network of 38 People's Organization, Thailand)**

**Hemantha Withanage**

**(Environmental Foundation Limited, Sri Lanka)**

**Sarah Siddiqi**

**(CREED, Pakistan)**

**Prem Bahadur Shrestha**

**(Rural Reconstruction Nepal, Nepal)**

**Ritzki Cahyanto**

**(International NGO Forum on Indonesian Development, Indonesia)**

**Norly Grace Mercado**

**(Legal Rights and Natural Resource Center/ Friends of the Earth Philippines, Philippines)**

**Francis Cruz**

**(Green peace Southeast Asia, Philippines)**

**Kazuo Sumi**

**(Niigata University, Japan)**

**Toshiyuki Doi**

**(Fukuoka NGO Forum on the ADB, Japan)**

**\*Others from Network of 38 People's Organization of Thailand and Japanese NGOs--about 30**