

## Consultations with Stakeholders in Japan on “Road to 2030”: ADB’s New Strategy Note-to-File

### A. Introduction

1. SPD undertook consultations with government officials and representatives from private sector, civil society organizations (CSOs), and academia during 8–10 November 2016.<sup>1</sup> Participants of the consultations provided useful insights to help ADB define its mission, strategic priorities, and value addition for its new strategy leading to 2030. A list of participants of the consultations is attached.

### B. Key comments from the Government of Japan

2. **Strategic agenda.** The Government of Japan (GOJ) appreciated that ADB had initiated formulation of a new strategy, and broadly supported the proposed outline. Regarding the three strategic agendas (economic prosperity, social inclusiveness, and environmental sustainability), there was a strong opinion that “environmental sustainability” should be replaced with “resilience”. At least the concept of resilience should be included in addition to sustainability. They argued that resilience is a broader concept, covering responses to pandemics, economic shocks and social safety nets.

3. **Graduation policy.** GOJ supported ADB’s proposal to enhance flexibility in the graduation policy. They supported ADB’s approach to upper middle income countries (UMICs), particularly keeping their access to ADB’s supports while focusing on knowledge services and regional public goods. They agreed that introducing differentiated pricing could be an option for UMICs.

4. **Private sector operations.** GOJ supported further expansion of private sector operations. On the other hand, the discussion indicated that many participants did not expect that nonsovereign operations would become as large as sovereign operations even in the medium to long term.

5. **Demand-driven vs. generating demand.** GOJ suggested that ADB strike a right balance. For example, GOJ supported ADB’s initiative to promote high-level technologies in ADB projects, which require proactive marketing to generate demand in developing member countries (DMCs). At the same time, GOJ pointed out that projects and technologies would be accepted and effectively applied only when they are anchored with strong demand in DMCs.

### C. Key comments from the private sector

6. **Improving business environment.** Many participants from the private sector emphasized ADB’s role in improving business environment in DMCs, such as establishing regulatory frameworks, capacity building of civil services, and advices for pro-business policy reforms. It was pointed out that ADB is stronger in these areas compared with new development financial institutions.

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<sup>1</sup> The ADB mission comprised: (i) Strategy and Policy Department–Indu Bhushan, Director General; Tomoyuki Kimura, Deputy Director General; Safdar Parvez, Principal Planning and Policy Economist; and Masayuki Tachiiri, Senior Strategy and Policy Specialist; and (ii) Japan Representative Office: Takashi Matsuo, Representative; and Ushio Tashibu, Senior Partnership and Coordination Specialist.

7. **Interaction with the private sector.** Participants requested ADB to deepen its interaction with private sector in Japan. Japanese private corporations felt that the interaction was so far limited due to language barrier and geographical distance between Tokyo and ADB's headquarters. Participants wished that ADB could disclose more information at an early stage, both for sovereign and nonsovereign projects. It was suggested that private sector be consulted when ADB formulate country partnership strategies.

8. **Credit enhancement.** Participants pointed out that the number of bankable projects are limited compared with available financial resources. They suggested that ADB strengthen its role in credit enhancements and risk mitigations, so that more projects are made bankable for funding from private sector.

9. **Information and communication technology (ICT).** Participants from ICT industry appreciated that the new strategy highlights the roles of ICT in ADB projects. They pointed out that ADB need to expand staff strength in ICT in order to meaningfully engage in the sector. They suggested that ADB hire experts with solid field experiences in relevant public sector works, rather than those working on frontier technologies.

#### **D. Key comments from CSOs**

10. **Social inclusiveness.** The presentation slides highlight gender equality among the issues of social inclusiveness. Participants suggested that other vulnerable groups, such as children, persons with disability and dwellers of urban slums, should not be over-looked in considering social inclusiveness.

11. **Managing social risks.** Participants suggested that as ADB increasingly focuses on private sector development, it should take proactive role in regulating private sector activities to protect vulnerable groups. A participant suggested that ADB conduct careful social risk assessments when promoting public-private partnership projects, including impacts on public sector employees.

12. **Collaboration with CSOs.** Participants suggested closer communication with CSOs in Tokyo as they are not familiar with ADB's operations and procedures. Many CSOs in Tokyo are part of international organizations that have local offices in DMCs. They might facilitate ADB's collaboration with local CSOs.

13. **Thematic approach.** Many CSOs are working on thematic issues, such as climate change and community development. They appreciated that ADB is moving toward thematic approach, rather than stand-alone intervention in a particular sector.

#### **E. Key comments from academia**

14. **ADB's comparative advantage.** Participants expressed their view that ADB's comparative advantage is solid in project implementation. Some participants questioned if ADB has a strong comparative advantage in institutional developments and policy advices in certain sectors and DMCs.

15. **Selectivity.** Participants opined that the proposed outline is comprehensive and covers all important issues, but it is not clear which areas ADB will focus on. They suggested that ADB

be more selective in choosing sectors and areas of operations, depending on its staff size and skill set.

16. **Infrastructure.** The proposed framework suggests that infrastructure remains as ADB's main business. Because private sector is keen in infrastructure investment in growing Asia, a participant suggested that ADB's intervention be more focused on subsectors and markets where private sector's funding is difficult.

17. **Social sectors.** While appreciating ADB's renewed focus on social sectors, participants pointed out that successful interventions in these sectors require skilled staff, network with competent partners, and accumulation of knowledge and experiences. They suggested that ADB strengthen its capacity in order to meaningfully engage in these areas.

18. **Regional flow of knowledge.** Participants suggested that ADB play a more active role in facilitating knowledge flow among less developed DMCs, more advanced DMCs, and advanced nations such as Japan.

19. **Global mega-trends.** While broadly agreeing on the analysis of global mega-trends in the outline, a participant questioned if impacts of innovations and technological changes are over-emphasized. It might take some time for the technological changes to realize their impacts, especially in less developed DMCs.

## List of Persons Consulted

### Government Officials

#### Japan Ministry of Finance (MOF)

1. Mr. Kenji Okamura, Deputy Director General, International Bureau
2. Mr. Akihiro Tsuchiya, Director, MDBs Division
3. Mr. Chishiro Matsumoto, Senior Deputy Director, MDBs Division
4. Mr. Masaharu Makino, Deputy Director, MDBs Division

#### Japan Ministry of Economy, Trade and Industry (METI)

5. Sedai Nakamura, Chief Strategist for Trade Finance, Trade Finance and Economic Cooperation Division
6. Keiichi Isiwata, Deputy Director, Financial Cooperation Division

#### Japan Ministry of Foreign Affairs (MOFA)

7. Keiichi Hara, Director, Country Assistance Planning Division I, International Cooperation Bureau
8. Shinichi Honda, Country Assistance Planning Division I, International Cooperation Bureau

#### Japan International Cooperation Agency (JICA)

9. Mr. Yasushi Kanzaki, Vice-President

### Representatives from Civil Society, Private Sector, and Academia

#### Civil Society

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4. Ishikawa, Chikako	Save the Children JAPAN
5. Kinai, Mariko	World Vision Japan
6. Kubota, Setsuko	
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8. Okuhira, Masako	Japanese Society for Rehabilitation of Persons with Disabilities

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NEC Corporation  
The Japan Electrical Manufacturers' Association  
Remote Sensing Technology Center of Japan  
NTT DATA Corporation  
Kokusai Kogyo Co., Ltd.  
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