

## **Annual Report of the EXAMINERS FOR ENVIRONMENTAL GUIDELINES (FY2007)**

### **1. Introduction**

#### **(1) Outline of the OBJECTION PROCEDURES<sup>1</sup>**

The Objection Procedures (“Procedures”) stipulate their objectives as follows:

- (i) To investigate JBIC’s compliance/non-compliance with the GUIDELINES FOR CONFIRMATION OF ENVIRONMENTAL AND SOCIAL CONSIDERATIONS<sup>2</sup> (“the Guidelines”) and to report the findings to the Governor; and
- (ii) To promote a dialogue between the parties concerned and, based on their consent, to quickly solve specific conflicts over environmental or social issues related to JBIC-financed projects which have emerged due to non-compliance with the Guidelines.

The Procedures call for the Examiners to conduct an independent and impartial investigation when objections are submitted by the people affected, such as local residents, in line with the Procedures, and to report the results to the Governor of JBIC. The Examiners also contribute to the speedy solution of problems by fostering dialogue between the concerned parties.

The Procedures were established in October 2003 in advance of other export credit agencies or bilateral aid agencies and go beyond even the “common approach” environmental review recommendations adopted by the OECD.

#### **(2) Publication of the Annual Report**

The Annual Report publishes the Examiners’ activities of the previous fiscal year in line with the Objection Procedures.

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<sup>1</sup> Summary of Procedures to Submit Objections Concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations

<http://www.jbic.go.jp/en/about/environment/guideline/disagree/index.html>

<sup>2</sup> JBIC Guidelines for Confirmation of Environmental and Social Considerations

<http://www.jbic.go.jp/en/about/environment/guideline/confirm/index.html>

## **2. Report on Activities in FY2007**

### **(1) Objections**

There was one objection submitted during the course of FY2007 (from April 2007 to March 2008) as follows;

Name of project: Delhi Mass Rapid Transport System Project

Name of country: India

Summary of objection:

“The project which has been taken up by the Delhi Metro Rail Corporation, India, and funded by JBIC, does not consider the benefit of Clean Development Mechanism (CDM), which could have resulted in substantial decrease in the fares being charged by the Delhi Metro. The benefits of CDM through the UNFCCC approved methodology could easily be passed on the commuters once the project is verified and certified by the DOE (designated operational entity). By not availing the benefit of CDM in this project, the cost of the project has been taken in a higher direction which could otherwise be reduced by the CDM and CERs occurring out of the benefits of the project. Also once the DMRC project is completed with the existing financial grants, the latest technologies could have been purchased which would have more impact into the environmental considerations.”

The result of preliminary investigations by Examiners:

Objection was dismissed.

Reason for dismissal:

“The term or the concept of “Clean Development Mechanism” (“CDM”) is set forth nowhere in any of provisions, clauses or check lists of “GUIDELINES FOR CONFIRMATION OF ENVIRONMENTAL AND SOCIAL CONSIDERATIONS” (“Guidelines”). Apparent failure to refer to the “CDM” implies that the “Guidelines” does not require the Bank, the Borrower or the Project Proponent to take “CDM” into consideration in the course of planning, execution or monitoring of Bank-sponsored projects.

Therefore the Requester’s claim as to the “CDM” cannot be regarded as a statement of any possible violation of the “Guidelines” by the Bank.”

### **(2) Public Relations Activities**

Details of the Objection Procedures are explained in both English and Japanese on the JBIC website. The backgrounds of the two Examiners are also introduced on the website. The full printed text of the Objection Procedures in English and Japanese is available at the Head Office, Osaka Branch, and at the overseas Representative Offices.

In order to enhance proper understanding of the Objection Procedures, in 2006 the Examiners conducted several workshops about the Objection Procedures for JBIC staff

in the loan departments and for the middle-class management officers of the recipient countries.

### **(3) Communication with the World Bank's Inspection Panel and other institutions**

Multilateral Development Banks such as the World Bank have successively introduced accountability mechanisms over the last decade which are similar to JBIC's Objection Procedures. The World Bank's Inspection Panel, established in 1993, has received more than 50 objections, and thus has experience and know-how regarding the processes compared to other international and bilateral financial institutions.

The World Bank's Inspection Panel initiated the Meeting of Accountability Mechanisms in International Financial Institutions and Related Institutions and held annual meetings from 2004. In June 2007, the fourth meeting was held by the European Bank for Reconstruction and Development (EBRD) headquarters in London, United Kingdom with the participation of several international financial institutions and bilateral institutions.<sup>3</sup>

At this meeting, some organizations reported several issues related to accountability mechanisms, including the building of relationships with civil societies/stakeholders, expected role and tasks, activities of each organization and ensuring enforceability, based on their case studies and experiences, with active discussion and opinion exchanges among participants.

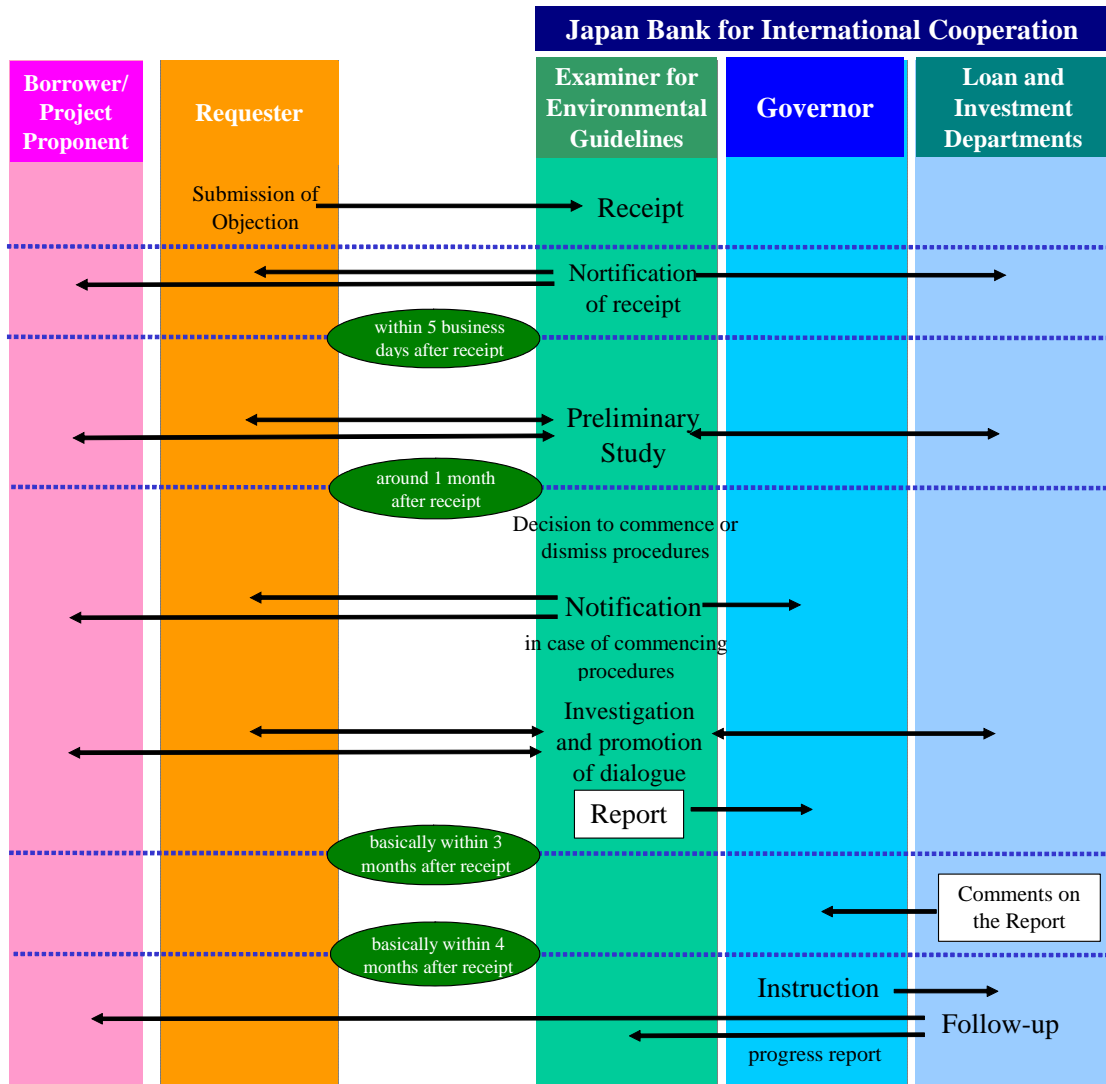
Through the above activities, the JBIC Examiners have proactively conducted exchanges of views on how to ensure fair and appropriate implementation of the processes of the Objection Procedures, including the desirable procedural steps in practice.

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<sup>3</sup> Participants: World Bank Inspection Panel, IFC Compliance Advisor/Ombudsman, EBRD Compliance Officer, ADB Compliance Review Panel and Special Project Facilitator, IDB Independent Investigation Mechanism, AFDB Compliance Review and Mediation Unit, European Investment Bank Inspector General, Export Development Canada Compliance Officer, OPIC Office of Accountability, Commission for Environmental Cooperation, NEXI Examiner for Environmental Guidelines Evaluation, and JBIC Examiner for Environmental Guidelines.

### 3. Objection Procedures

#### (1) Flow of the Objection Procedures



#### (2) Submission of Request

A request to raise an objection needs to be sent to the Examiners.

(postal address) 4-1, Ohtemachi 1-chome, Chiyoda-ku,  
Tokyo 100-8144 JAPAN

Examiner for Environmental Guidelines,  
Japan Bank for International Cooperation

(fax number) +81-3-5218-3946

(e-mail) sinsayaku@jbic.go.jp

(website)

<http://www.jbic.go.jp/en/about/environment/guideline/disagree/index.html>

[THE END]

(Sample)

Request

Date: \_\_\_\_\_

To: The Examiner for Environmental Guidelines  
Japan Bank for International Cooperation

(A) Names of Requester:

(B) Place of contact of the Requester:

[if the Requester uses an agent]

(Name of the agent)

(Place of contact of the agent)

We wish to keep our names not disclosed to the Project Proponent

Yes / No (circle either one)

(C) Project with respect to which the objections are submitted:

- Name of country
- Project site
- Outline of the project

(D) Substantial damage actually incurred by the Requester or substantial damage likely to be incurred by the Requester in the future as a result of the Bank's non-compliance with the Guidelines with regard to the Project which the Bank provides funding

(E) Relevant provisions of the Guidelines considered by the Requester to have been violated by the Bank and the facts constituting the Bank's non-compliance alleged by the Requester

(F) Causal nexus between the Bank's non-compliance with the Guidelines and the substantial damage

(G) Resolution desired by the Requester

(H) Facts concerning the Requester's consultation with the Project Proponent

(I) Facts concerning the Requester's consultation with the Bank's Operational Department

(J) If a Request is submitted by an agent, the Requester must set forth the necessity to submit the Request by an agent and evidence must be attached that the agent has been duly authorized by the Requester.

The Requester hereby covenants that all the matters described herein are true and correct.

[THE END]