

Annual Report of the EXAMINERS FOR ENVIRONMENTAL GUIDELINES (FY2017)

1. Introduction

(1) Outline of the Objection Procedures¹

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

- (i) To investigate facts as to whether or not the Japan Bank for International Cooperation (“JBIC”) has complied with the Guidelines for Confirmation of Environmental and Social Considerations² (the “Guidelines”) and Guidelines for Confirmation of Information Disclosure Considerations for Nuclear Sector Projects³ (the “Information Disclosure Guidelines”), and to report the results to the Executive Committee to ensure that JBIC complies with those two Guidelines; and
- (ii) To promote dialogue between the parties concerned and, based on their consent, to quickly solve specific conflicts concerning environmental or social issues related to JBIC-financed projects which have emerged due to non-compliance with those two Guidelines.

The Procedures call for the Examiners for Environmental Guidelines (the “Examiners”) to conduct an independent and impartial investigation when objections are submitted by affected parties, such as local residents, in line with the Procedures, and to report the results to the Executive Committee. The Examiners also contribute to the speedy solution of problems by promoting dialogues between the parties concerned.

JBIC established this system of the Procedures in October 2003 in advance of other export credit agencies and prior to the adaptation of the “common approach” environmental review recommendations adopted by the Organization for Economic Co-operation and Development.

In January 2015, JBIC revised the Summary of Procedures to Submit Objections concerning the Guidelines (the “Summary”), which was originally enacted in July 2012, due mainly to the reflection of the revision of the Guidelines. In addition, with JBIC’s institutional change in June 2017, the text of the Summary was partly revised. Furthermore, due to the establishment of Information Disclosure Guidelines in December 2017, we made

¹ Summary of Procedures to Submit Objections concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations and Guidelines for Confirmation of Information Disclosure Considerations for Nuclear Sector Projects

https://www.jbic.go.jp/en/business-areas/environment/disagree/images/procedure_02_en.pdf

² JBIC Guidelines for Confirmation of Environmental and Social Considerations

https://www.jbic.go.jp/wp-content/uploads/page/2013/08/36442/Environmentl_Guidelines2015.pdf

³ Guidelines for Confirmation of Information Disclosure Considerations for Nuclear Sector Projects

<https://www.jbic.go.jp/en/business-areas/environment/images/consultation02.pdf>

additional revisions to the text of the Summary in the same month.

(2) Publication of the Annual Report

The Annual Report details the Examiners' activities during the previous fiscal year in line with the Procedures.

2. Report on Activities in FY2017

(1) Objections submissions and Preparations/Publications of Reports

(A) Objections submissions

There was one objection submitted during the course of FY2017 (April 2017 to March 2018):

Date of Acceptance: May 24, 2017

Name of Project: Cirebon Coal-Fired Power Plant Project - Unit 2 in West Java

Name of Country: Republic of Indonesia

Present status (August 2018): Temporary Suspension of the Procedure

Soon after receiving the objection, the Examiners first suspended the decision to commence the procedure as related lawsuits were filed with the local court. On September 25, 2017, however, they made the decision to commence the procedure and carried out the needed actions including the investigation over the project's compliance or non-compliance with the Guidelines. The procedure is currently temporarily suspended, as aforementioned, due to another lawsuit newly filed with the local court.

(B) Preparations and Publications of Reports

Regarding the objection over the Central Java Coal-Fired Power Plant Project which the Examiners received during the last fiscal year, they have reported to the Executive Committee on June 19, 2017. The report⁴ has been published on the JBIC website, after confirmation that it does not contain any individual or corporate information or any other information, the disclosure of which is not permitted by statutes.

(2) Public Relations Activities

Details of the 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 Procedures in English and Japanese is available at the Head Office, West Japan Office and at overseas Representative Offices.

⁴ "Examination Report on Objection to Central Java Coal-fired Power Plant Project, Central Java, Indonesia"

https://www.jbic.go.jp/wp-content/uploads/page/2017/06/57363/20170619ExaminationReport_en.pdf

(3) Communication with the World Bank Inspection Panel and Other Institutions

Multilateral development banks such as the World Bank have successively introduced objection procedures, similar to JBIC's Procedures, as well as examining bodies which act in accordance with the procedures, over the last twenty-plus years. Their names vary by agency, but they are recently becoming generally known as Independent Accountability Mechanisms ("IAMs"). The World Bank's Inspection Panel, established in 1993, has received a total of over 100 objections and thus has the longest history among all accountability mechanisms of various organizations.

Based on the proposal by the World Bank's Inspection Panel, international finance and bilateral institutions have held the Annual Meeting of the Independent Accountability Mechanisms Network (the "IAMs Network") since 2004, as an opportunity for those various institutions to share information and views. The fourteenth meeting was hosted by the Black Sea Trade and Development Bank (BSTDB) and was held between 28 and 30 of August 2017 in Thessaloniki, Greece.⁵ The IAMs Network has been expanding, as several participation requests from new international and bilateral institutions continue to be received.

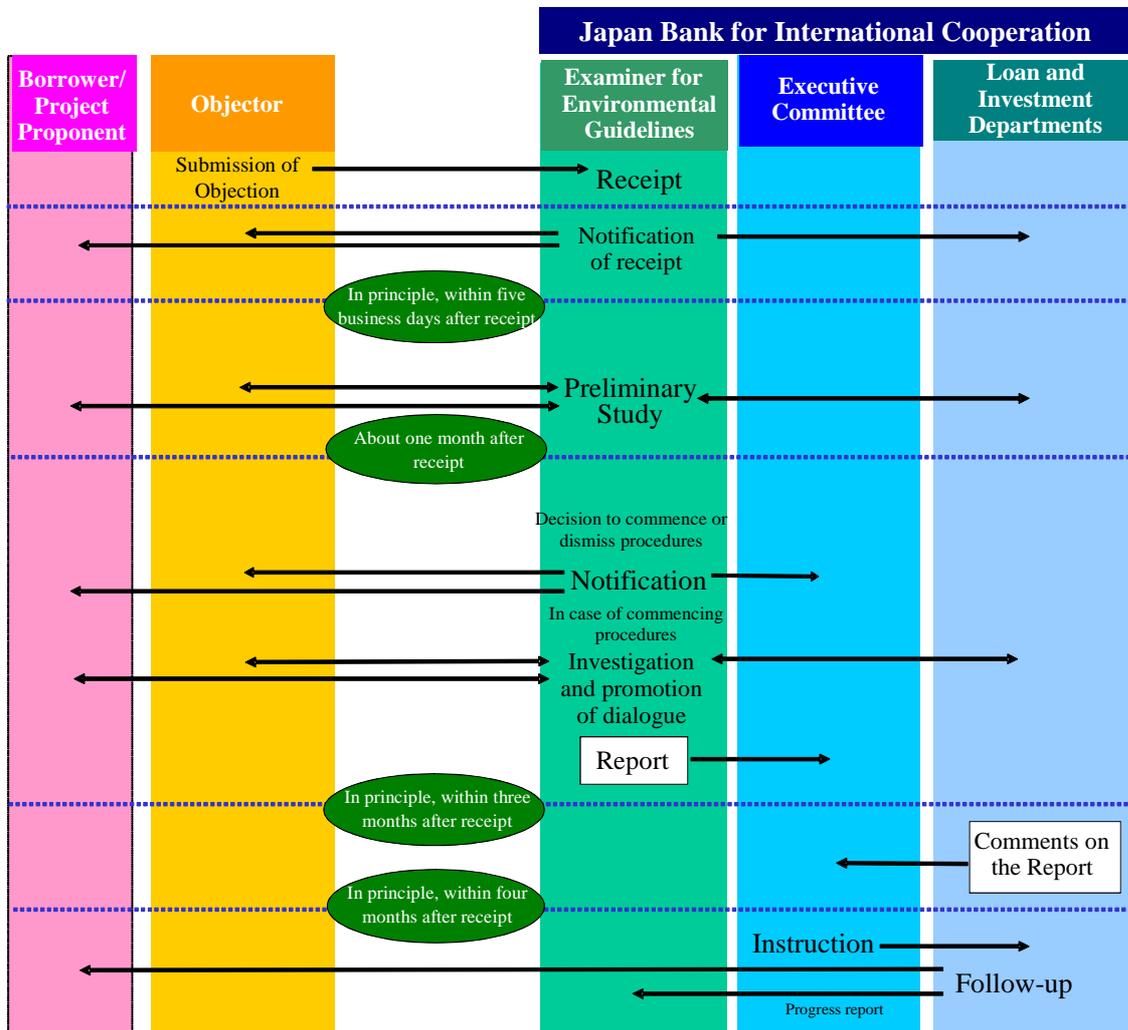
The meeting consisted of an activity report from each IAM and sessions on various themes. Each IAM presented information including the number of objections received, the specifics of several cases, their outreach activities and their personnel changes. In theme-specific sessions, discussions were held on the following topics: cost-benefits analysis regarding accountability mechanisms development impact; challenges and opportunities when IAMs collaborate in the handling of a complaint; governance frameworks of the IAMs network, its membership and long-term sustainability, etc.

Through these activities, the Examiners proactively exchanged information and views on how to ensure fair and appropriate implementation of the Procedures, as well as on the important points in practice.

⁵ Participants (excluding JBIC): World Bank Inspection Panel, IFC Compliance Advisor/Ombudsman, EBRD Project Complaint Mechanism, ADB Accountability Mechanism, IDB Independent Consultation and Investigation Mechanism, AfDB Independent Review Mechanism, CDB Office of Integrity, Compliance and Accountability, UNDP Social and Environmental Compliance Unit, BSTDB Internal Audit, GCF Independent Redress Mechanism, EIB Complaints Mechanism, OPIC Office of Accountability, DEG/FMO Independent Complaints Mechanism, AFD Environmental and Social Complaints Mechanism and NEXI Examiner for Guidelines on Environmental and Social Considerations in Trade Insurance.

Objection Procedures

(1) Flow of Objection Procedures



(2) Submission of the Objection

An Objection should be sent to the Examiners:

Address 4-1, Ohtemachi 1-chome, Chiyoda-ku
Tokyo 100-8144, JAPAN

Examiner for Environmental Guidelines,
Japan Bank for International Cooperation

Fax +81-3-5218-3946

E-mail sinsayaku@jbic.go.jp

Website: <https://www.jbic.go.jp/en/business-areas/environment/disagree/procedure.html>

(Sample)

Objection

Date: _____

To: The Examiner for Environmental Guidelines

Japan Bank for International Cooperation (“JBIC”)

(A) Names of Objector:

(B) Place of contact of the Objector:

[if the Objector uses an agent]

(Name of the agent)

(Place of contact of the agent)

We wish to keep our names undisclosed to the Project Proponent.

Yes / No (circle 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 Objector or substantial damage likely to be incurred by the Objector in the future as a result of JBIC’s non-compliance with the Guidelines with regard to the Project for which JBIC provides financing

(E) Relevant provisions of the Guidelines considered by the Objector to have been violated by JBIC and the facts constituting JBIC’s non-compliance alleged by the Objector

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

(G) Resolution desired by the Objector

(H) Facts concerning the Objector’s communication with the Project Proponent

(I) Facts concerning the Objector’s communication with JBIC’s Operational Department

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

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

[THE END]