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- 5.9 Q. What is the timing of information disclosure on the screening information?
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- 5.11 Q. How long are disclosure periods for the results of screening and environmental reviews for projects?
- 5.12 Q. Will ESIA reports and permit certificates on Category A projects be disclosed in Japan as well?

- 5.13 Q. In Section 5–(2) of Part 1 of the Environmental Guidelines, there is a clause which states, “documents other than ESIA reports and permit certificates … obtained from the borrowers and related parties for confirming environmental and social considerations”. What kinds of documents does this refer to?
- 5.14 Q. In Section 5. (2) 2) of Part 1 of the Environmental Guidelines, there is a clause which states “The status of acquirement of documents other than ESIA reports and permit certificates, and such documents obtained from the borrowers and related parties for confirming environment and social considerations if such documents are publicly available in the host country.” Even if the borrower and related parties consent, won’t JBIC make such information and documents available, for any status of their public availability in the host country?
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- 5.16 Q. Can’t the findings of environmental reviews be disclosed at an early date?
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- 6.5 Q. Is the information sought in the Environmental Guidelines from borrowers relating to the environment actually available?
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- 6.7 Q. The Section 4. (4) of Part 1 of the Environmental Guidelines set forth, “The information necessary for monitoring needs to be supplied by the borrower and related parties by appropriate means.” In the case that the borrowers do not participate in project management, they do not have access to information, either. Even then, do the borrowers still have an obligation to supply information?

7.Application and Review of the Environmental Guideline

- 7.1 Q. What is the process through which the Environmental Guidelines that is in effect from July 2022 were revised?
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- 8.1 Q. Does an English version of the Environmental Guidelines exist?
- 8.2 Q. What is FAQ?

1.The Environmental Guidelines as a whole

1.1 Q. Doesn't JBIC disseminate to the global community how it addresses environmental issues under the Environmental Guidelines?

A. JBIC is disseminating the concept of JBIC Guidelines for Confirmation of Environmental and Social Considerations (the "Environmental Guidelines"), which have been compiled by taking into account comments from the public, through briefings and information dissemination in international conferences of the Organization for Economic Cooperation and Development (OECD) as well as in consultation meetings with the governments of developing countries.

1.2 Q. If JBIC's Environmental Guidelines differ from those of other countries, will JBIC urge such countries to conform their guidelines to the Environmental Guidelines?

A. In the process of revising Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the "Common Approaches"), JBIC contributed to fruitful discussions by presenting contents of our own Environmental Guidelines and by making constructive revision proposals in cooperation with the Japanese government. JBIC will continue to contribute to the evolution of the Common Approaches in days to come.

1.3 Q. What measures have been taken to disseminate the Environmental Guidelines widely among all the interested people at home and abroad?

A. JBIC is making active efforts to disseminate information relating to the Environmental Guidelines on the JBIC website and in its public information magazines. JBIC also explains to the industry how we implement the Environmental Guidelines, and exchange opinions with entities such as government ministries and agencies related to the environment in developing countries.

JBIC intends to continue its efforts to further improve the internal system supporting the Environmental Guidelines and to deepen their understanding among various concerned parties.

1.4 Q. Terms like "environmental guidelines" and "environmental and social considerations" appear frequently. How does JBIC consider "environment" in the Environmental Guidelines?

A. The Environmental Guidelines classify issues of environmental and social considerations into three categories: those involving pollution prevention/abatement, the natural environment and the social environment. The social environment is also one of the important components of confirming environmental and social considerations. Based on this stance, JBIC also defines "the environment" as the term that "refer not only to the natural environment, but also to the social environment" in the preface.

At JBIC, the term "Environmental Guidelines" is considered easier to get used to than "Environmental and Social Guidelines" as an abbreviation. Meanwhile, in the JBIC Environmental Guidelines, confirming considerations for resettlement, and socially vulnerable groups like indigenous peoples is recognized to be very important. To make this point more explicit, JBIC has adopted the expression "Environmental and Social Considerations" rather than "Environmental Considerations" as the formal title.

1.5 Q. In Section 1. of Part 1 of the Environmental Guidelines, there is the statement "In cases where it is involved in the planning and preparatory stages of a project, JBIC will take steps to encourage borrowers and related parties to undertake appropriate environmental and social considerations from the earliest stage possible." What steps will JBIC consider to take?

A. When JBIC makes equity participation in a company that conducts feasibility studies in the planning and preparatory stages of a project, JBIC considers that it can work on that company to include the environmental aspect in the scope of that study as a shareholder. In addition, in the case that such company

conducts the compiling of a master plan, JBIC will consider to make a proposal that includes the concept of strategic environmental assessment as well.

1.6 Q. In the Environmental Guidelines, “confirmation of environmental and social considerations” and “environmental reviews” appear frequently. In what sense were these terms used?

A. JBIC confirms the appropriateness of environmental and social considerations in 3 stages: screening, environmental reviews and monitoring. “Environmental reviews” are a component of the process of confirming environmental and social considerations. The Environmental Guidelines give the following stipulations.

For confirmation of environmental and social considerations, JBIC undertakes:

1) classification of the project into one of the categories listed in Section 4. (2) of Part 1 (hereinafter referred to as “screening”);

2) reviews of environmental and social considerations when making a decision on funding, to confirm that the requirements are duly satisfied (hereinafter referred to as “environmental reviews”); and

3) monitoring and follow-up after the decision on funding has been made (hereinafter referred to as “monitoring”).

1.7 Q. What measures have been taken to prevent leaving out checks of all items which should be looked at in each project?

A. At JBIC, sufficient use is made of the screening form and environmental checklists to ensure that all check items are covered, while further measures are used in combination to compliment this. For example, for projects classified in Category A, JBIC recognizes it as effective to confirm public consultation procedures and the status of information disclosure in the host country in order to avoid missing out check items. The Environmental Guidelines stipulates in Section 3–(3) of Part 1 that “For Category A projects (see Section 4. (2) of Part 1), JBIC checks the extent of stakeholder participation and information disclosure being undertaken for the project,” and “JBIC may conduct surveys of proposed project sites by dispatching environmental experts to confirm environmental and social considerations if necessary”, and JBIC is putting much effort into appropriate application of these provisions.

1.8 Q. From its mandate, shouldn't JBIC make sufficient considerations for helping Japanese companies maintain international competitiveness?

A. Since it is recognized that striking a balance between environmental conservation and achieving sustainable projects is an important challenge on a global level, in drawing up the Environmental Guidelines, JBIC considered consistency between its mission of financial support for overseas business activities of Japanese companies and environmental and social considerations to be of extreme importance and thus gave it top priority.

In the future, JBIC will continue to confirm the appropriate environmental and social considerations. While being bound by this requirement, the Environmental Guidelines intends to give sufficient attention to maintaining and strengthening the international competitiveness of Japanese companies by making considerations for business confidentiality.

1.9 Q. Perhaps can't we expect JBIC to take speedy response because the Environmental Guidelines would result in more time taken for project appraisal?

A. Whereas it is necessary to confirm to the full extent whether environmental and social considerations are appropriate depending on sector and the nature of an individual project, JBIC should not hinder the forward momentum of the project by delays in its appraisal procedures. In particular, this point should be kept in mind in the case of supporting projects undertaken by private enterprises.

For this reason, to seek greater speed while ensuring sufficient confirmation of environmental and social considerations, JBIC considers the following measures:

- Conducting “screening” to identify projects with the potential to have significant adverse impacts on the environment. Such projects are subject to more elaborate confirmation of environmental and social considerations.
- Making good use of a screening form, which compiled a set of questions for the borrowers and related parties, and checklists, which provide a list of items to be confirmed for each sector.
- Sharing information and exchanging views with cofinancing other financial institutions and ECAs.
- Making use of outside experts on the relevant specific sector in accordance with the nature and content of projects.

1.10 Q. In the Environmental Guidelines, the phrase “when necessary” is sometimes used. Why is it used?

A. The Environmental Guidelines apply to the full diversity of projects. As such there is a range of different elements, including financial instruments (export loans, import loans, overseas investment loans, untied loans, equity participation, etc.); the nature of projects (projects undertaken by private enterprises or by the government, projects on a project finance scheme, funding for the project which international organizations promote); and the timing incorporated in the projects. Thus, it is difficult to apply uniform standards to all the projects.

If the cases were carefully classified, there is a danger that the details would become overly complicated, and for some projects, flexible handling on a case-by-case basis is most appropriate. In consideration of these points, this term is used to make the Environmental Guidelines easier to read and more efficient.

1.11 Q. Won't JBIC share common Environmental Guidelines with Nippon Export and Investment Insurance (NEXI) for the export credit portion of its operations?

A. Firstly, JBIC makes use of a variety of financial instruments to support projects implemented in developing countries, including export credits, overseas investment loans, import loans, untied loans, guarantees and equity participations. When doing so, as a policy-based financing institution, JBIC should basically require the same level of environmental and social considerations for projects it finances, according to the financial instruments it employs.

Secondly, credit by NEXI is in the form of insurance and as such the shape of its involvement in the project and the procedures differ from those of JBIC. This results in difficulty in making the Environmental Guidelines of both organizations completely the same. In actuality though, there are no large differences between the contents of the two guidelines.

As the Common Approaches encourage information sharing among ECAs, JBIC is working with NEXI to consider convenience for export credit users by:

- Standardizing a screening form, which includes questions for the borrower; and checklists, which list up items to be confirmed for each sector.
- Sharing information pertaining to environmental and social considerations;
- Sending out a field study mission at the same time whenever possible; and
- Exchanging views on findings of respective environmental reviews.

1.12 Q. How did the Environmental Guidelines set forth JBIC's role as a lender for projects?

A. As a Japanese policy-based financing institution, JBIC will confirm the appropriateness of environmental and social considerations of all JBIC-funded projects, in accordance with the Environmental Guidelines. At

the same time, JBIC extends positive support to projects contributing to environmental conservation, including global environmental conservation, and environmental improvement.

In the Environmental Guidelines, procedures and evaluation criteria are set forth for JBIC's confirmation of environmental and social considerations, to ensure that they are carried out in the appropriate manner in JBIC-funded projects. Also clearly stipulated are the details^(Note) of requirements for environmental and social considerations for project proponents who implement projects. For this reason, if considerations are deemed inadequate, JBIC will ask for action to address this deficiency, and if appropriate environmental and social considerations are still not assured, JBIC may, as a policy-based financing institution, decide not to provide funding.

After the agreement of funding is signed, monitoring takes place. If JBIC determines that there is a need for improvement in environmental and social considerations, it may ask the project proponent for appropriate action. Further, if the response of the project proponent is still unsatisfactory, JBIC may consider the suspension of disbursement. In this way, as a policy-based financing institution, JBIC intends to continue to actively address the issue of appropriate environmental and social considerations in projects.

(Note) If the project proponent is to undertake the project in a sustainable manner, the international common recognition is that it should be equally responsible for the environmental and social considerations in the applicable project. The details of environmental and social considerations JBIC wants the project proponent to make, and the procedure are described in Section 1-2 of Part 2 of the Environmental Guidelines.

1.13 Q. Who will conduct environmental reviews and monitoring under the Environmental Guidelines?

A. In the Environmental Guidelines, environmental reviews and monitoring must be conducted first by the project proponent who has close knowledge of and handles the project. Meanwhile, to ensure its transparency and objectivity, the following obligations of the project proponent were set forth in the Environmental Guidelines:

(1) "When assessment procedures already exist in the host countries, and the projects are subject to such procedures, borrowers and related parties must officially complete those procedures and obtain the approval of the government of the host country." (Part 2, Section 2)

(2) "ESIA reports are required to be made available in the country and to the local residents where the project is to be implemented." (Part 2, Section 2)

(3) "Sufficient consultations with stakeholders, such as local residents, must be conducted ... The outcome of such consultations must be incorporated into the content of the project plan." (Part 2, Section 1(5))

(4) "It is desirable that project proponents make the results of the monitoring process available to project stakeholders." (Part 2, Section 1(9))

1.14 Q. In Section 1 of Part 2 of the Environmental Guidelines, the term "desirable" is used in several provisions. Is this consistent with provisions in Part 1?

A. The Environmental Guidelines consists of Part 1, which clarifies JBIC's basic policies and procedures, and Part 2, which sets forth more specific issues on environmental and social considerations for the projects funded by JBIC.

Among the provisions for the specific issues are those that are recommended ("desirable") and those that are mandatory ("must," "have to" or "should"). This term has been used in order to distinguish between the two.

1.15 Q. How are human rights treated in the Environmental Guidelines?

A. Preface of the Environmental Guidelines state that "Environmental and social considerations refer not only to the natural environment, but also to the social environment (hereinafter collectively referred to as

“environment”), including human rights”. Also, with respect to human rights, as Section 1. (3) “Scope of Impact to be Examined” of Part 2 treat “social concerns including respect for human rights” as one of the environmental impacts which should be investigated and examined, JBIC thus considers human rights as a constituting factor of this social environment.

On the other hand, the concept of human rights is broad. There is a full spectrum of human rights issues ranging from those at the national level to the project level. JBIC’s Environmental Guidelines aim at weighing the environmental and social impacts caused by individual projects JBIC is involved in and will address specific issues at the individual project level. JBIC will be able to address human rights issues to the extent that there are clear standards.

Based on this concept, the issues to be examined have been clarified in the Environmental Guidelines. In concrete terms, the Environmental Guidelines state involuntary resettlement, the rights of indigenous peoples, and vulnerable social groups, including women and children as the item which should be confirmed at the project level.

Human rights issues that can be addressed most effectively at the state level are not covered by the Environmental Guidelines. It is desirable that human rights issues that can be addressed most effectively at the national level are addressed at the national policy level through diplomacy, and not covered by the Environmental Guidelines.

1.16 Q. How is the scope of stakeholders stipulated in the Environmental Guidelines?

A. Stakeholders are defined in Section 1 of Part 1 as “stakeholders in the project concerned, including local residents and local NGOs affected by the project.”

Those living in the area where there is a risk of being adversely affected by the project may become stakeholders, and they are not limited to those living at the project site. Such areas may extend into neighboring countries, and JBIC believes it should not exclude from stakeholders the people living in the vicinity of the project site only because they reside in different countries.

On the other hand, environmental assessment is conducted based on the systems in the project-dwelling country. And since consultations with the stakeholders will take place under this procedural framework, the question of how to hold consultations will be handled on a case-by-case basis by taking into account individual projects and conditions in the surrounding areas.

1.17 Q. What will the Environmental Guidelines do to take into account opinions of local residents affected by the project?

A. JBIC considers it necessary to take into account opinions of the people likely to be affected by the project, including such socially vulnerable groups as women, children, the aged, the poor and ethnic minorities.

The Environmental Guidelines stated in Section 1(5) of Part 2, “sufficient consultations with stakeholders, such as local residents, must be conducted … The outcome of such consultations must be incorporated into the content of the project plan. The consultations with affected people should be a two-way process that is free of external manipulation, interference, coercion, or intimidation.” “Appropriate consideration must be given to vulnerable social groups, such as women, children, the elderly, the poor, and ethnic minorities … who may have little access to the decision-making process within society.” and “It is recommended that project proponents establish a point of contact for complaints in order to receive complaints from stakeholders such as local residents at an early stage and to promote their resolution.” In cases of “Involuntary Resettlement” and “Indigenous Peoples” too, it stipulates consultation with those affected peoples.

Furthermore, JBIC considers it important to collect information broadly in confirming environmental and social considerations. Section 5-(1) of Part 1 stated, “JBIC makes important information on environmental reviews … publicly available” and “JBIC welcomes information provided by concerned organizations and stakeholders.”

1.18 Q. The Environmental Guidelines set forth that “JBIC may, if necessary, seek and make use of opinions from outside experts” (Section 3. (3), Part 1). In what specific situation will JBIC turn to experts?

A. For example, in the process of confirming the appropriateness of environmental and social considerations in individual projects, when JBIC deems it necessary to seek advice based on specialized and technical knowledge, it will make use of outside experts. In this case, experts JBIC will turn to are not necessarily Japanese. They may well be local experts.

1.19 Q. In Section 1 (1) of Part 2 of the Environmental Guidelines it states, “a committee of experts may be formed.” Does this mean JBIC may form a committee of experts to seek the opinions of outside experts?

A. JBIC believes it is important to seek opinions of outside experts regarding projects that are likely to have a particularly large adverse impact or are highly contentious. JBIC has made positive use of opinions of outside experts such as consultants for projects that are considered to have a significant adverse impact.

On the other hand, it is JBIC’s position that the process of seeking experts’ opinions should take place as part of environmental and social considerations made by project proponents. Thus the provision setting forth the formation of a committee of outside experts was one of the items listed in Section 1, Part 2 of the Environmental Guidelines for environmental and social considerations in applicable projects.

Environmental and Social Standard (ESS) 1 of the World Bank, also makes it the responsibility on the part of the borrower: “For projects that are High Risk or contentious, or that involve serious multidimensional environmental or social risks or impacts, the Borrower may be required to engage internationally recognized independent experts. Such experts may, depending on the project, form part of an advisory panel or be otherwise employed by the Borrower, and will provide independent advice and oversight to the project.”

1.20 Q. In Section 6. (2), Part 2 of the Environmental Guidelines, it is set forth that “when project proponents and the host governments (including local governments) other than the borrower have important roles to play in terms of environmental and social considerations, the borrower shall endeavor to include these parties in entering into agreements”. What situation is envisaged with “...have important roles to play”?

A. In some projects, the government plays an important role in addition to the borrower and the project proponent. For instance, there are cases in which involuntary resettlement occurs as a result of the project, and the government is expected to play a special role in providing compensation.

In such cases, it should be ensured, where necessary, that the government plays its role through an agreement and other arrangements between the project proponent and the government.

1.21 Where is “Japan’s national contact point on the OECD Guidelines for Multinational Enterprises” stipulated in Section 4–(3) of Part 1 of the Environmental Guidelines?

A. Japanese national contact points are as follows:

- OECD Division of Economic Affairs Bureau, Ministry of Foreign Affairs
- International Affairs Division of Minister’s Secretariat, Ministry of Health, Labour and Welfare
- Trade and Investment Facilitation Division of Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry

1.22 Q. Regarding nuclear power plant projects, how are checks for ensuring safety and so on, in for example the export of nuclear power generation-related materials and equipment, being carried out?

A. When considering financing for projects in which equipment and materials related to nuclear power generation are exported or handled otherwise, JBIC requests that the Cabinet Office perform a check of the considerations pertaining to safety assurance and so on, in the corresponding project.

The Cabinet Office checks that the project is carried out based on appropriate safety considerations from the perspective of safety, radioactive waste and nuclear accident measures so that the project will not lead to a nuclear accident or inappropriate disposal of nuclear waste in the host country or region.

1.23 Q. Please provide specific points to be checked in safety and other perspectives by the Cabinet Office.

A. The Cabinet Office checks whether items (1), (2), or (3) shown below has been implemented properly for each project.

(1) Observance of international agreements for security in the host country or region and organized domestic systems

(2) Conclusion of agreements on quality assurance by suppliers and preparedness for provision of security-related services

(3) Acceptance of key reviews by the International Atomic Energy Agency (IAEA) and status of acquirement of relevant permit certificates (in the case of nuclear power plant installation)

1.24 Q. In addition to preventing and controlling the adverse environmental impact of individual projects, JBIC is also supporting projects that aim directly at environmental improvement. Does the Environmental Guidelines cover in their scope such activities?

A. The Environmental Guidelines refers to projects that aim directly at environmental improvement. In its preface, there is an explicit statement: "JBIC will provide active support based on policies of the Japanese government for projects that promote environmental conservation, and for projects that contribute to the preservation of the global environment, such as reduction of greenhouse gas emissions."

Also, although not explicitly stated in the Environmental Guidelines, when JBIC approves financing projects, preferential terms and conditions are sometimes applied, in projects which satisfy certain requirements and will contribute to global environmental preservation, such as renewable energy and energy conservation projects, projects for environmental measures, and recycling projects, and proactive support is given for such projects in this way.

2. Screening and category classification

- 2.1 Q. With regard to category classification, what is meant by “JBIC’s share”?
- A. JBIC’s share means the amount financed by JBIC, excluding the portion co-financed by other financial institutions. The term “JBIC’s share” has come to be used because JBIC applies a variety of financial tools.
- 2.2 Q. When projects are classified into different categories, “SDR 10 million” was used as one criterion. What exchange rate is applied for converting the yen to SDR?
- A. SDR 10 million is approximately 1.79 billion yen (as of June 10, 2022). Please see the IMF website for details on SDR exchange rates.
- [IMF website](#) on SDR (Special Drawing Rights) exchange rates
- 2.3 Q. In classifying projects into different categories under the Environmental Guidelines, on what criteria do you judge “involvement in the project of … JBIC is minor”?
- A. It is defined as such a low level of commitment that JBIC can hardly have a say in how the project proponent should make environmental considerations for the project. For example, if JBIC’s financing share is equal or less than 5% of the total project cost, JBIC may regard its involvement in such a project as “minor.”
- 2.4 Q. Regarding “sensitive areas” considered in category classification, Section 3. of Part 2 of the Environmental Guidelines stipulates in “Natural Environment” under “Sensitive Areas” “Habitats of rare species requiring protection under domestic legislation, international treaties, etc.” Are standards set forth by international organizations included in “international treaties, etc.”?
- A. “International treaties, etc.” stipulated under “Sensitive Areas” do not necessarily include all the standards set forth by international organizations. However, in category classification, JBIC considers standards referred to by the World Bank and IFC such as the Red List of Threatened Species of IUCN.
- 2.5 Q. Does JBIC automatically classify projects with “acquisition of rights and interests without additional capital investment” as “Category C”?
- A. No. Through the screening form and a hearing with the borrower, JBIC confirms that the projects in question are not “projects with sensitive characteristics” nor “projects located in sensitive areas”, and that there is no strong claim from local residents to executing projects (a “negative check”). After this has been confirmed, JBIC confirms, as necessary, the borrower’s and related parties’ policy on environmental and social considerations and their capacity to undertake such considerations, and if JBIC judges that the projects with “acquisition of rights and interests without additional capital investment” have the nature of causing no additional adverse environmental impact (or minimal adverse environmental impact), they will be classified as “Category C”. Similarly, in the case of other projects than those with “acquisition of rights and interests without additional capital investment”, JBIC performs a negative check on such matters as the business characteristics of the borrower and related parties and confirms, as necessary, such matters as the borrower’s and related parties’ policy on environmental and social considerations, and if JBIC judges that the projects are likely to have minimal or no adverse environmental impact, they will be classified as “Category C”.

Furthermore, if in general, an existing project falls under a sensitive sector (as illustrated in Section 3-(1) of Part 2 of the Environmental Guidelines), JBIC confirms the reputation regarding its environmental and

social considerations with the utmost attention by checking into the contents of local media reports and gathering relevant information through our representative offices, to the extent possible, and then categorizes it.

The reason why a project with “acquisition of rights and interests without additional capital investment” is exemplified as “Category C” is not only because it will generally cause no additional adverse environmental impact (or minimal adverse environmental impact), but also because JBIC is putting across the message that it is also prepared to handle such fast-track projects, to the best of its ability since JBIC is often requested to make a decision on financing the project faster than other projects by both the project owner who needs the funding and the fund provider who seeks the acquisition of rights and interests such as Japanese companies (furthermore, a case of competition over the project with other companies can be also envisioned).

2.6 Q. What is Category FI?

A. A proposed project is classified as Category FI if subprojects to be funded are not specified at the time of the signing of a funding agreement, and therefore it is a category for which JBIC cannot confirm environmental and social considerations for prior to the funding agreement.

2.7 Q. In the case the project to be financed is specified, is it classified as Category FI if the loan is provided by way of a financial institution?

A. Category FI is only applied to cases where projects to be funded are not specified prior to the signing of a funding agreement. If the project is specified prior to the signing of a funding agreement, the project is not classified as Category FI even if the funding is provided by way of a financial intermediary. The project will then be classified as Category A, B, or C.

2.8 Q. The Environmental Guidelines set forth that “JBIC conducts screening and environmental reviews of projects for which it intends to provide funding before making a decision.” Once a project has undergone screening and environmental reviews, will it be subject to the same procedure when it receives additional funding?

A. We do not think it is necessary for a project that has undergone screening and environmental reviews to repeat them, if the impacts the project has on the environment and the basis for its category of classification do not differ significantly from those foreseen by the first screening and review.

2.9 Q. After the screening information has been made public, is it possible for the category classification of the project to be changed based on additional information from borrowers, stakeholders and third parties? In that case, how will such information be disclosed?

A. The category designated to a project and made available to the public before the signing of the funding agreement is a tentative designation and should not be considered definitive. Therefore, as new information is obtained, it is possible to change category designation after making public the screening information. On such occasions, JBIC aims to promptly release the change and its reasons on its website.

2.10 Q. If, for example, concerns emerge for a serious environmental impact, and project classification has been changed from Category B to A, should the project meet requirements set under Category A in the Environmental Guidelines?

A. In this kind of situation, JBIC will encourage the borrower to meet requirements set under the newly designated category. However, when the project is being implemented, JBIC considers it is more important to take measures to resolve the problem arisen rather than meeting the requirements under the new

category. JBIC will engage the borrower to this end, if deemed necessary after consideration of the situation.

2.11 Q. When JBIC provides credit in cooperation with NEXI, will it result in the same project being classified in a different category?

A. That is theoretically possible. In reality though, JBIC and NEXI possess Environmental Guidelines which are broadly the same, and we cooperate as much as possible in designating a category for the project. Working in this way is to the convenience of the borrowers.

3.Environmental reviews

3.1 Q. Do the Environmental Guidelines require compliance with international standards in addition to acts, regulations and standards on environmental and social considerations stipulated by the government (including local governments) of the country in which a project is located?

A. JBIC examines compliance with environmental laws and standards of the host nation and local governments concerned in confirming environmental and social considerations. JBIC also ascertains whether a project meets the following standards.

- World Bank ESSs or IFC Performance Standards; or
- IFC Performance Standards in the cases of (i) limited recourse or non-recourse project finance projects, (ii) structured financing transactions that share characteristics with project finance, (iii) other financial institutions who are forming a significant part of the project applying IFC Performance Standards, and (iv) other projects recognized as appropriate.

In addition, if there is a relevant section of the Environmental, Health, and Safety Guidelines (EHS Guidelines) of the World Bank Group, JBIC will confirm whether the projects meet that section, and these standards will be consulted as benchmarks in accordance with the Common Approaches.

Where appropriate, JBIC also refers to standards established by other international financial institutions, other internationally recognized standards, and/or standards or good practices established by developed countries such as Japan as benchmarks.

However, since the natural environment, and the social and cultural background vary depending on countries and regions, it is considered not necessarily appropriate to apply a uniform standard to all the projects.

3.2 Q. What are the World Bank ESSs and the IFC Performance Standards, of which JBIC ascertains whether a project meets the relevant aspects?

A. Specifically, they are as follows.

World Bank ESSs

- Assessment and Management of Environmental and Social Risks and Impacts (ESS1)
- Labor and Working Conditions (ESS2)
- Resource Efficiency and Pollution Prevention and Management (ESS3)
- Community Health and Safety (ESS4)
- Land Acquisition, Restrictions on Land Use and Involuntary Resettlement (ESS5)
- Biodiversity Conservation and Sustainable Management of Living Natural Resources (ESS6)
- Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities (ESS7)
- Cultural Heritage (ESS8)
- Financial Intermediaries (ESS9)
- Stakeholder Engagement and Information Disclosure (ESS10)

IFC Performance Standards

- Assessment and Management of Environmental and Social Risk and Impacts (PS1)
- Labor and Working Conditions (PS2)
- Resource Efficiency and Pollution Prevention (PS3)

- Community Health, Safety, and Security (PS4)
- Land Acquisition and Involuntary Resettlement (PS5)
- Biodiversity Conservation and Sustainable Management of Living Natural Resources (PS6)
- Indigenous Peoples (PS7)
- Cultural Heritage (PS8)

3.3 Q. What kinds of international standards and good practices could be used as a reference for environmental and social considerations in the Environmental Guidelines?

A. JBIC recognizes that at present, there is no international standard that embraces all issues necessary for confirming environmental and social considerations and may be applicable throughout the world. JBIC has made reference to international treaties, the standards of international organizations other than the World Bank and IFC, standards and regulations in other advanced countries such as Japan, the U.S. and European countries^(Note). Although there are many standards and good practices JBIC may turn to, specific examples are shown below.

(1) Pollution prevention/abatement

- Regulation standards in Japan and in the U.S.
- MARPOL Convention

(2) Natural Environment

- World Heritage Convention
- Ramsar Convention
- Washington Treaty
- The Red List of IUCN

(3) Social Environment

- World Heritage Convention
- Guidelines on Resettlement of DAC

(4) Specific Sectors

- The Convention on Nuclear Safety and the relevant aspects of International Atomic Energy Agency (IAEA) standards
- World Commission on Dams (WCD) Report, etc.

As it is difficult to enumerate all standards and good practices, including those not listed above, the Environmental Guidelines states comprehensively in Part 1. 3. (4) 3) that “Where appropriate, JBIC also refers to standards established by other international financial institutions, other internationally recognized standards, and/or standards or good practices established by developed countries such as Japan as benchmarks.” If new standards are internationally established in the future, JBIC intends to use them as reference as well.

(Note) In the Environmental Reviews of JBIC, World Bank ESSs and IFC Performance Standards are used for checking. Therefore, the Environmental Guidelines places importance on them not as “a reference” but as “meeting”.

3.4 Q. When acts, regulations and standards on social and environmental considerations established by the government (including local governments) of the country in which the project is located are lax compared with their international counterparts, how does JBIC respond?

A. The Environmental Guidelines sets forth in Section 3–(4) of Part I, that if after comparison with various standards and good practices such as the World Bank ESSs and IFC Performance Standards, “If JBIC believes the environmental and social considerations of the project substantially deviate from these standards and good practices, it will consult with the host governments (including local governments), borrowers, and project proponents to confirm the background and rationale for such deviation, and the measures to rectify it if necessary.”

As a result of such effort, “If, as a result of its environmental reviews, JBIC judges that appropriate environmental and social considerations are not ensured, it will encourage the project proponent through the borrower to undertake appropriate environmental and social considerations.” (Section 3–(5), Part 1) However, as different countries and regions have varying natural environments as well as social and cultural backgrounds, such factors must be taken into account.

3.5 Q. How are the results of environmental reviews being used in the decision-making of JBIC and in the funding agreements?

A. The results of environmental reviews are used in making decisions on funding operation, for example, reflecting them in the funding agreement. As set forth in Section 6 of Part 1, JBIC is making the utmost effort to ensure that the following requirements are met through the agreements, depending on the nature and content of the project:

- (1) Reporting monitoring results;
- (2) Discussions with stakeholders when a problem arises;
- (3) Agreements with the host government and others when they have an important role to play; and
- (4) Conditions leading to the suspension of disbursements and other actions.

3.6 Q. The provisory clause of Part 1, Section 6 (1) of the Environmental Guidelines states that “in exceptional cases where, given the nature of the project, documents necessary for environmental reviews are not available at the time that a decision on the funding must be made, JBIC may make a decision on the funding on the condition that it will undertake the environmental reviews after decision making.” In what case and in what procedures is this clause applied?

A. Applicable examples of projects considered are acquisition of rights and interests in the early stages of natural resource development projects, or equity participation projects in which decision making is required in the stages where specific use of funds is not determined.

In these cases, JBIC will classify the categories of the project being planned based on the information obtained from project proponents. If the project is classified as Category A or B, environmental and social considerations are ascertained in the following processes.

[Before Decision Making]

Although sufficient materials are not obtainable for conducting environmental reviews, arrangements on environmental and social considerations are ascertained to the extent possible based on the information obtained from the project proponents. The information used for confirmation is disclosed to the public to the extent possible in addition to the information written in the screening form, while taking account of confidential matters in business. Also, even if it is a temporary result, the results of confirmation of environmental and social considerations are made public at the website immediately after decision making.

JBIC will explicitly stipulate in the loan agreement that development will not be made in the project until environmental reviews are conducted.

[After Decision Making]

When documents necessary for environmental reviews, including Environmental and Social Impact Assessment reports and environmental permit certificates issued by the host governments or other appropriate authority (hereinafter collectively referred to as “ESIA reports and permit certificates”) are

obtained, usual environmental reviews are conducted. The ESIA reports and permit certificates used for environmental reviews and the results of environmental reviews are made public at the website as usual.

In the case that appropriate environmental and social considerations are not confirmed in the above environmental reviews, JBIC suspends funding disbursement and demands prepayment to the borrowers based on the loan agreement.

3.7 Q. What are review procedures for Category FI?

A. To ensure that practically the same level of environmental and social considerations are made for Category FI projects as for projects in other categories, the Environmental Guidelines set forth in Section 4-(3), Part 1, “JBIC checks through the financial intermediary etc. to see whether appropriate environmental and social considerations as stated in the Guidelines are ensured for projects in this category.”

Specific steps may include:

(1) Identifying the implementation capacity of the financial intermediary for confirming the appropriateness of environmental and social considerations and delegating to it such confirmation as stated in the Environmental Guidelines;

(2) Requiring the financial intermediary to employ consultants to strengthen the institutional capacity for confirming the appropriateness of environmental and social considerations, if JBIC determines that it does not have a sufficient capacity for this task. Alternatively, once each sub-project is specified, JBIC will confirm the environmental and social considerations; and

(3) Making Category A sub-projects ineligible for funding

It is difficult to determine in advance what steps are most appropriate and JBIC has chosen to indicate the basic principles above. The Environmental Guidelines stipulates that the results of environmental reviews for Category FI projects should be published on the JBIC website at the signing of the funding agreement.

3.8 Q. The Environmental Guidelines set forth, “consultation with stakeholders, such as local residents, must take place after sufficient information has been disclosed. Records, etc. of such consultations must be prepared.” (Section 2, Part 2) Will JBIC confirm whether consultations have taken place?

A. The Environmental Guidelines acknowledge the significance of dialogue with the local residents to ensure appropriate environmental and social considerations.

In conducting environmental reviews, the Environmental Guidelines set forth in Section 3-(3), Part 1, “For Category A projects, JBIC checks the extent of stakeholder participation and information disclosure being undertaken for the project.”

The Guidelines further provide, “JBIC may conduct surveys of proposed project sites by dispatching environmental experts to confirm environmental and social considerations if necessary.” JBIC will thus confirm consultations with stakeholders.

3.9 Q. What issues will be considered with regard to gender, children’s rights, HIV/AIDS and other communicative diseases by JBIC under the Environmental Guidelines?

A. As the Environmental Guidelines are designed to assess natural and social environmental impacts of individual projects, JBIC will confirm the following issues for which consideration at the individual project level is thought to be appropriate, such as gender, children’s rights, HIV/AIDS and other communicable diseases.

Firstly, for example, confirming gender consideration means that if the project involves resettlement, JBIC will confirm whether a mechanism is in place for providing adequate respect for women's opinions and views and not excluding them.

Confirming considerations for children's rights means that in the above project, JBIC will confirm whether there are adequate preparations for schools and healthcare facilities for children at the relocated site.

Confirming considerations for communicable diseases such as HIV/AIDS means that if the project involves large civil works and needs to set up a camp for workers, JBIC will confirm whether workers will receive adequate guidance on communicable diseases.

Regarding the question over the scope of checks in these areas, since there is a great diversity in the nature of the projects, it is difficult to apply a uniform rule, and it is thus more appropriate to consider it for specific projects.

Also, as a public agency, JBIC feels it should pay due respect to charters on human rights. In view of their diverse provisions and varying ratification status in different countries, the Environmental Guidelines touched on them in the preface rather without making specific reference to them in the main text.

3.10 Q. In Part 2, Section 1. (3), "community health, safety, and security" is listed as one issue of the scope of the project whose impact should be considered. What do you confirm, in particular, regarding the use of security personnel in this respect?

A. In using security personnel, the Checklists stipulated "Are appropriate measures being taken to ensure that security personnel involved in the project do not violate safety of other individuals involved, or local residents?" as an item to be confirmed.

IFC Performance Standard 4 requires more specifically that the project proponents should meet appropriately the following items, and the World Bank ESSs make generally similar requirements.

1) When the client retains direct or contracted workers to provide security,

- Client assess risks posed by its security arrangements to those within and outside the project site.
- In making such arrangements, the client will be guided by the principles of proportionality and good international practice in relation to hiring, rules of conduct, training, equipping, and monitoring of such workers, and by applicable law.
- Client will make reasonable inquiries to ensure that those providing security are not implicated in past abuses; will train them adequately in the use of force (and where applicable, firearms), and appropriate conduct toward workers and Affected Communities; and require them to act within the applicable law.
- Client will provide a grievance mechanism for Affected Communities to express concerns about the security arrangements and acts of security personnel.

2) When the client uses government security personnel deployed to provide security services,

- Client will seek to ensure that security personnel will act in a manner consistent above.
- Client will encourage the relevant public authorities to disclose the security arrangements for the client's facilities to the public, subject to overriding security concerns.

3.11 Q. In Section 1. (3) of Part 2 of the Environmental Guidelines, "While air could include greenhouse gases (GHG), specific requirements for environmental and social considerations on this issue are to be made based on the Common Approaches". What provisions exist in the Common Approaches? Let us also know about the state of standards of international financial institutions used as benchmarks.

A. (1) Common Approaches

GHG is referred to in the Common Approaches as an example of "environmental impacts" of environmental and social impacts to be specified in the passage "generation of significant air emissions, including greenhouse gas emissions" (IV CLASSIFICATION, Paragraph 10). However, our understanding is that this

does not require additional measures with respect to environmental reviews, monitoring and information disclosure.

On the other hand, the Common Approaches set forth that Adherents shall continue to build a body of experience on the application of the Common Approaches through regular reporting and exchanges of information, and as part of this proposition, the Common Approaches requires Adherents to report to the OECD Secretariat on the following (VIII REPORTING AND MONITORING OF THE RECOMMENDATION, Paragraph 46).

- The estimated annual greenhouse gas emissions from all fossil-fuel power plant projects
- The estimated annual greenhouse gas emissions from other projects, where such emissions are projected to be in excess of 25,000 tonnes CO₂-equivalent annually and where the applicant or project sponsor has provided the necessary information about the greenhouse gas emissions, e.g. via an ESIA report

Also, the Common Approaches require that, where relevant and feasible, it shall be tried to obtain and to report the estimated annual direct and indirect greenhouse gas emissions (Scope I and Scope II respectively) and/or the estimated annual direct greenhouse gas emissions (Scope 1) by carbon intensity during the operations phase (VIII REPORTING AND MONITORING OF THE RECOMMENDATION, Paragraph 46).

The Common Approaches also list support for thermal power plants as one of the issues that requires further consideration, and this will go further based on reporting of any actions taken to avoid, minimize and/or offset CO₂ emissions for all thermal power projects exceeding 700g/kWh emission intensity (VIII REPORTING AND MONITORING OF THE RECOMMENDATION, Paragraph 47).

(2) International Standards used as benchmarks

IFC Performance Standard 3, which is one of the international standards used as a benchmark, makes the following requirements for project proponents with respect to GHG emissions.

- Client will consider alternatives and implement technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design and operation of the project (Paragraph 7).
- For projects that are expected to or currently produce more than 25,000 tonnes of CO₂-equivalent annually, the client will quantify direct emissions from the facilities owned or controlled within the physical project boundary, as well as indirect emissions associated with the off-site production of energy used by the project. Quantification of GHG emissions will be conducted by the client annually in accordance with internationally recognized methodologies and good practice (Paragraph 8).

Also, the World Bank ESS3 makes the following requirements to the borrower.

- The Borrower will consider alternatives and implement technically and financially feasible and cost-effective options to avoid or minimize project-related air emissions during the design, construction and operation of the project (Paragraph 15).
- As part of the environmental and social assessment, the Borrower will characterize and estimate sources of air pollution related to the project. This will include an estimate of GHG emissions resulting from the project, providing that such estimation is technically and financially feasible. (Paragraph 16).

3.12 Q. There is a phrase “associated facilities” in Part 2, Section 1. (3) of the Environmental Guidelines, what facilities does it refer to?

A. The “associated facilities” has the same meaning as “associated facilities” defined in the Common Approaches.

The associated facilities are those facilities that are not a component of the project but that would not be constructed or expanded if the project did not exist and on whose existence the viability of the project depends.

Such facilities may be funded, owned, managed, constructed and operated by the buyer and/or project sponsor or separately from the project. When undertaking a review of associated facilities, JBIC should, to a reasonable extent, assess the potential environmental and social impacts of associated facilities, taking into account the timing and location of their construction.

3.13 Q. In Part 2, Section 1 (6) of the Environmental Guidelines of JBIC, there is a clause which states “critical natural habitats including critical forest areas” and “natural habitats including natural forests.” Please identify what areas they are. Also, please provide specific examples of “significant conversion or degradation.”

A. Regarding “critical natural habitats including critical forest areas,” “natural habitats including natural forests” and “significant conversion or degradation,” the following may be considered based on international standards used for benchmarks.

[See World Bank ESS6 (Paragraphs 21 and 23)]

1) Critical habitat

- Habitat of significant importance to Critically Endangered or Endangered species, as listed in the IUCN Red List of threatened species or equivalent national approaches
- Habitat of significant importance to endemic or restricted-range species
- Habitat supporting globally or nationally significant concentrations of migratory or congregatory species
- Highly threatened or unique ecosystems
- Ecological functions or characteristics that are needed to maintain the viability of the four biodiversity values described above

2) Natural habitat

- Areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area’s primary ecological functions and species composition

[See IFC Performance Standard 6 (Paragraphs 13 and 16 and Footnote 7)]

1) Critical habitat

Critical habitats are areas with high biodiversity value, including

- Habitat of significant importance to Critically Endangered and/or Endangered species;
- Habitat of significant importance to endemic and/or restricted-range species;
- Habitat supporting globally significant concentrations of migratory species and/or congregatory species;
- Highly threatened and/or unique ecosystems; and/or
- Areas associated with key evolutionary processes.

2) Natural habitat

- Areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or
- Areas where human activity has not essentially modified an area’s primary ecological functions and species composition

3) Significant conversion or degradation

- The elimination or severe diminution of the integrity of a habitat caused by a major and/or long-term change in land or water use; or

- A modification that substantially minimizes the habitat's ability to maintain viable populations of its native species

3.14 Q. When the project involves involuntary resettlement, how does JBIC confirm the consent of the local inhabitants?

A. As set forth in Section 2 of Part 2, the Environmental Guidelines place a premium on appropriate consultations with local residents. JBIC confirms, on the basis of the information provided by the borrower, whether the consensus has been reached among the residents through the appropriate consultation process. JBIC will make use of useful information provided not only by the borrower but also by the host government, private financial institutions cofinancing the project, and other stakeholders. As the Environmental Guidelines stipulate in Section 3-(3) of Part 1, "JBIC may conduct surveys of proposed project sites by dispatching environmental experts to confirm environmental and social considerations if necessary," and it also confirms whether consultations with residents have been conducted properly.

In addition, as stated in the Environmental Guidelines, JBIC also confirm loss of means of livelihood in the same way.

3.15 Q. In Section 1. (7) of Part 2 of the Environmental Guidelines, there is a clause which states "It is desirable that the resettlement action plan includes elements required in the standard of international financial institution which JBIC benchmarks." Specifically, are the elements required by which standard?

A. The elements required are: ESS5 Annex 1 of the World Bank, if the World Bank ESSs are used as benchmarks. And Guidance Note^(Note) 5 Annex A of IFC Performance Standards, if the IFC Performance Standards are used as benchmarks. Specifically, confirm on websites of [the World Bank](#) and [IFC](#).

(Note) Guidance for ensuring conformity with IFC Performance Standards

The minimum elements in ESS5 Annex 1 are as follows.

- Description of the project
- Potential impacts
- Objectives
- Census survey and baseline socioeconomic studies
- Legal framework
- Institutional framework
- Eligibility
- Valuation of and compensation for losses
- Community participation
- Implementation schedule
- Costs and budget
- Grievance redress mechanism
- Monitoring and evaluation
- Arrangements for adaptive management

IFC Guidance Note Annex A generally set forth similar points

3.16 Q. In Section 1. (8) of Part 2 of the Environmental Guidelines, there is a clause which states “When a project may have adverse impact on indigenous peoples’, various rights in relation to land and resources, such rights must be respected in accordance with the spirit of the relevant international declarations and treaties, and free, prior, and informed consents must be obtained.” What are the international declarations and treaties relating to indigenous peoples?

A. The following declaration and convention correspond to the international declarations and treaties relating to indigenous peoples. These are international documents pertaining to the rights of indigenous peoples. However, they are not international standards such as the World Bank ESSs, with which JBIC Guidelines require conformity.

- United Nations Declaration on the Rights of Indigenous Peoples
- Convention concerning Indigenous and Tribal Peoples in Independent Countries (International Labor Organization (ILO) Convention No.169)

3.17 Q. Section 1. (8) of Part 2 of the Environmental Guidelines set forth that when a project may have any adverse impact on the rights of indigenous peoples, “free, prior, and informed consents must be obtained.” What kinds of procedures and consent are required?

A. When a project may have adverse impacts on indigenous peoples, sufficient consultations with them or their participation procedures must be taken based on information disclosure in a similar manner as in the case of ordinary local residents (in Part 2 of the Environmental Guidelines, this point is set forth in Section 1. (5)). On the other hand, regarding the various rights that indigenous peoples have on their land and resources, “Free, Prior, and Informed Consent (FPIC)” is required in addition to such ordinary procedures in light of their vulnerability.

Although there is no universally accepted definition of FPIC, we consider that it will be established through good faith negotiations between the project proponents and the affected communities of indigenous peoples, in addition to usual consultations and procedures for participation. What is called “consent” here does not necessarily require unanimity by all the participants and may be achieved even when individuals or groups within the community explicitly disagree.

FPIC is required in the circumstances that the inherent rights of indigenous peoples are affected, as shown below.

- The circumstance that a project site is located on the lands traditionally owned and customarily used, and that when natural resources are commercially developed on such land, adverse impact is expected
- The circumstance that indigenous peoples are relocated from communally held lands and their natural resources
- The circumstance that a project may have significant impacts on their critical cultural heritage

This concept is in line with the interpretation of FPIC in IFC Performance Standard 7, and the World Bank ESSs have a generally similar paragraph.

3.18 Q. In Section 1. (8) of Part 2 of the Environmental Guidelines, there is a clause which states “It is desirable that the indigenous peoples plan include the elements required in the standard of international financial institutions which JBIC benchmarks.” Specifically, what standards are required for the elements?

A. In the case that conformity with the World Bank ESSs is required to be confirmed, it points to the content of ESS7 Guidance Note of the World Bank, and that conformity with IFC Performance Standards is required to be confirmed, it points to the content of Guidance Note^(note) 7 Annex A. Specifically, check websites of [the World Bank](#) and [IFC](#).

The main points in ESS7 Guidance Note are as follows.

- A summary of the Social Assessment
- A summary of the results of the meaningful consultation (in the circumstances where FPIC is required, the outcome of the process of FPIC)
- A framework for meaningful consultation during project implementation
- Measures for ensuring receipt of social and economic benefits that are culturally appropriate
- Measures to avoid, minimize, mitigate, or compensate for potential adverse effects
- The cost estimates, financing plan, schedule, and roles and responsibilities for implementing the plan
- Accessible procedures to address grievances
- Mechanisms and benchmarks for monitoring, evaluating, and reporting

IFC Guidance Note 7 Annex A also set forth generally similar items.

3.19 Q. In the case that a project has a significant impact on the residents living around the project site, should JBIC listen to the voices of potentially affected residents in a field study conducted at the project site as a part of its environmental reviews?

A. The project proponent is the main actor conducting environmental and social considerations in the project, and JBIC is in the position of confirming its actions for considerations. It is unequivocally the project proponent that responds to stakeholders, including the residents affected by the project. JBIC confirms through environmental reviews whether appropriate response is made.

As part of such confirmation procedure, JBIC may make a case-by-case judgment and listen to the voices of the affected residents when recognizing it necessary, in cases where a significant impact reaches the affected residents in projects that involve large-scale involuntary resettlement or areas where indigenous peoples are living around, or in cases where the stakeholders directly send their opinions to JBIC.

4. Monitoring

4.1 Q. What is the purpose of monitoring?

A. JBIC conducts monitoring to ascertain that the project proponent makes appropriate environmental and social considerations. Monitoring is also carried out in order to contribute to the early detection of initially unforeseen adverse impacts. Therefore, when a problem is identified through monitoring, JBIC promptly informs the borrower and urges him to take an appropriate action.

The Environmental Guidelines stipulates in Section 1 (9) of Part 2 “It is desirable, after a project begins, the project proponents monitor ... and that they then take appropriate measures based on the results of such monitoring.” It further provides that in the case a problem is identified as a result of monitoring, JBIC “may ask the project proponent to take appropriate action through the borrower” (Section 4-(4), Part 1), thereby addressing unforeseen impacts.

4.2 Q. Why do the Environmental Guidelines not stipulate in advance items requiring monitoring and the monitoring period?

A. The Environmental Guidelines are based on an idea that monitoring plays an important role in checking whether the measures have been implemented as initially planned, whether the initial plan itself was sufficient, and whether any unexpected external changes have had adverse effects on the environment. JBIC thus confirms the results of monitoring conducted by the project proponents for Category A and B projects.

JBIC does not think it appropriate to determine in advance, across the board, which items need to be monitored and for how long. They are decided after considering various factors including the sector, nature and characteristics of the project and conditions in surrounding areas.

The main items requiring monitoring are considered as follows:

- Permits and approvals, explanations, and consultations (Response to matters indicated by authorities, response to complaints from residents and other matters)
- Anti-pollution measures (Air quality and water quality etc.)
- Natural environment (Ecosystems: Impact on valuable species, countermeasures, etc.); and
- Social environment (Resettlement etc.)

These are laid out in advance under “Items Requiring Monitoring” in Section 6 of Part 2 in the Environmental Guidelines.

Monitoring will be carried out in accordance with an agreement reached with the borrower on the frequency of monitoring and items requiring monitoring.

4.3 Q. Are studies of proposed project sites JBIC conducts for monitoring different from field studies implemented already?

A. Monitoring results are submitted by the project proponent. As stipulated in Section 4-(4) of Part 1 in the Environmental Guidelines, where necessary, JBIC may conduct its own field study. To date JBIC has carried out such field studies while consulting with outside experts when necessary and intends to continue to do so in the future.

4.4 Q. It is important to conduct monitoring appropriately. What specific measures is JBIC taking to strengthen the environmental monitoring system?

A. Checking monitoring is recognized as important for confirming whether planned measures have been steadily implemented, whether these measures are adequate, and whether any unforeseen changes in the external conditions are causing adverse impacts on the environment. As such, JBIC has been making efforts to strengthen the system for checking monitoring.

For example, in some projects, third party environmental consultants have evaluated environmental monitoring conducted by the project proponent.

4.5 Q. How long is the monitoring period? Even when it is clear that project operation is appropriate, isn't it inefficient to continue monitoring that project?

A. It is appropriate to determine the monitoring period for each project in accordance with the nature of the project, the seriousness of potential environmental impacts, uncertainties and other factors.

When JBIC confirms that the project is operated properly in light of the nature and actual conditions of the project and the sector it belongs to, JBIC's check of monitoring will be simplified or brought to an end after a certain period of time in order to achieve operational efficiency.

4.6 Q. Doesn't JBIC conduct monitoring for sub-projects of Category FI projects?

A. Regarding the environmental reviews or monitoring conducted when sub-projects of Category FI projects are categorized as A or B, either JBIC itself or financial intermediaries conduct them, depending on the capabilities, experience and stance of the financial intermediaries.

When financial intermediaries conduct environmental reviews or monitoring, JBIC ascertains information on sub-projects for which investments or loans are provided through financial intermediaries and, where necessary, receives reports from the financial intermediaries, etc.

4.7 Q. Won't JBIC give encouragement once a project is classified as "Category C"?

A. Yes, we will. In Section 1 "JBIC's Basic Policies Regarding Confirmation of Environmental and Social Considerations" of Part 1, the Environmental Guidelines stipulate that "JBIC makes the utmost efforts to ensure that appropriate environmental and social considerations are undertaken in accordance with the nature of the project for which JBIC provides funding as stated in the Guidelines, through such means as agreements for funding (hereinafter referred to as "funding agreements"). Over a certain period of time following funding decisions, JBIC will if necessary monitor or take steps to encourage borrowers and related parties to ensure that appropriate environmental and social considerations are undertaken." Also, in Section 6 "Decision-making and Funding Agreements" of Part 1, they stipulate that "If JBIC considers that a project is likely to have an adverse impact on the environment due to inappropriate environmental and social considerations, it will encourage through the borrower the project proponent to undertake appropriate environmental and social considerations." These stances apply regardless of the categories of projects; JBIC is to, if necessary, take steps to encourage borrowers and related parties to ensure that appropriate environmental and social considerations are undertaken for Category C projects also, in accordance with the above-mentioned stipulations.

5.Information disclosure

5.1 Q. What is the concept upon which the provisions pertaining to information disclosure in the Environmental Guidelines is based?

A. The provisions on information disclosure in the Environmental Guidelines were established in order to strike a good balance between two principles: information disclosure and maintaining business confidentiality. Disclosure of information is very important for ensuring that the project proponent is sustainably implementing and managing considerations for the environment and society, and for JBIC to ensure accountability in the applicable funding activities. On the other hand, for example, in an industrial plant project, a special production process embodies significant proprietary corporate knowledge, and therefore in private business in particular, adequate considerations for its confidentiality are required.

5.2 Q. Environmental Guidelines state “JBIC endeavors to achieve further disclosure of information by encouraging project proponents”. Especially, what information do you endeavor to disclose?

A. JBIC endeavors to achieve further disclosure of information regarding environmental consideration, including translations of Environmental and Social Impact Assessment reports in Japanese and English versions or the monitoring result by project proponents.

5.3 Q. Are information disclosure provisions of the Environmental Guidelines in line with the Common Approaches?

A. The provisions on information disclosure in JBIC’s Environmental Guidelines are in line with the Common Approaches. For example, the Common Approaches state the disclosure of environmental information such as Environmental and Social Impact Assessments for Category A projects in advance of funding decisions and the disclosure of environmental information after funding decisions such as “subject to the legal provisions on public disclosure in Members’ countries, Members should make available to the public at least annually environmental and social information on projects classified in Category A and Category B”.

5.4 Q. Where does information disclosure under the Environmental Guidelines stand in relation to information disclosure under the “Act Concerning Disclosure of Information Possessed by Independent Administrative Institutions” (the “Information Disclosure Act”)?

A. JBIC determines whether or not it should disclose information it possesses under the Information Disclosure Act, upon request from the public for disclosure.

In contrast, under the Environmental Guidelines, JBIC provides, on its own, important information on screening and environmental reviews, thereby increasing the transparency of its business operations as well as encouraging third parties including related agencies and stakeholders to provide information. This will help materialize and expand the intentions of the Information Disclosure Act.

5.5 Q. How did JBIC disseminate information on the preparations and content of the Environmental Guidelines to the domestic public?

A. The Environmental Guidelines are available not only by a pamphlet in the head office of JBIC but also on its website.

In confirming the appropriateness of environmental and social considerations for individual projects, the following information is provided at the time of screening: project name, country, place, project outline, sector, category classification and the reasons for classification. After signing the agreement of loan and

investment, the results of environmental reviews are made available at the JBIC website, and JBIC plans to continue actively disclosing information in this way.

5.6 Q. Based on the Environmental Guidelines, what kind of information regarding individual projects is made available to the public on the JBIC website?

A. The following information will be disclosed on the JBIC website before the signing of a funding agreement: project name, country, location, an outline and sector of the project, and its category classification, as well as the reasons for that classification (Section 5-(2), Part 1). For Category A and Category B projects, JBIC promptly makes available on the JBIC website the status of acquirement of the Environmental and Social Impact Assessment reports and environmental permit certificates issued by the host governments or other appropriate authority, which are stated to be collectively referred to as “ESIA reports and permit certificates” in Section 4 (3) “Environmental Reviews for Each Category”, Part 1 of the Environmental Guidelines, as well as the ESIA reports and permit certificates themselves. This is based on a stance that ESIA reports, which are in accordance with the environmental impact assessment systems of the host country, are generally to obtain approval (environmental permits and approvals) of the country.

In addition to the ESIA reports and permit certificates, JBIC promptly makes available on its website the status of acquirement of documents that are available to the public in the host country (and of documents that the project proponent consented be made available on the website) as well as such documents themselves among those obtained by JBIC from the borrowers and related parties for confirming environmental and social considerations. The documents obtained by JBIC from the borrowers and related parties for confirming environmental and social considerations will include documents available for environmental and social confirmations in such cases as that there are no environmental impact assessment systems of the host country, that there are environmental impact assessment systems but ESIA reports will not be produced because the project is not subject to the systems, and that JBIC judges that additional [information is required for confirming environmental and social considerations](#) while the project is subject to the systems and ESIA reports have been produced, as well as resettlement action plans, livelihood restoration plans, indigenous peoples plans, etc. depending on the project.

After executing a funding agreement, JBIC provides the results of its environmental reviews and screening on the website, so it is possible to view the basis on which JBIC conducted its decision-making, from the information supplied relating to environmental and social considerations.

However, JBIC pays due consideration to the confidentiality of the commercial and other matters of the borrowers and related parties, taking into account the competitive relationships of private businesses.

✕[Information Disclosure on Confirmation of Environmental and Social Considerations](#)

5.7 Q. Will the name of the project company be disclosed as part of information disclosure?

A. Information disclosure covers: “project name, country, location, an outline and sector of the project, and its category classification, as well as the reasons for that classification.” The name of the specific project company will not be disclosed, as this is often regarded as commercially confidential information.

5.8 Q. Isn't it inappropriate to exempt some information from disclosure on the ground of business confidentiality?

A. Regarding the projects conducted by private companies under market competition, it is essential in reflection of this fact, to make considerations for business confidentiality. For example, in an industrial plant project, a special production process is a significant asset and source of competitive strength, and therefore deserves special considerations for its confidentiality.

Thus in disclosing information, JBIC feels it is important to strike a balance between the principles of information disclosure and business confidentiality, and only proceed with active disclosure after recognition of this fact.

- 5.9 Q. What is the timing of information disclosure on the screening information?
- A. Regarding the timing of disclosure for screening information, the Environmental Guidelines stipulate “It endeavors to make such disclosure well in advance of the decision-making.” (Section 5-(2) 2), Part 1) Based on this, the information is disclosed as promptly as possible following a tentative decision on category classification.
- For JBIC to make the aforementioned category classification, the screening form has to be submitted by the borrower. The screening form is submitted when the following two conditions are fulfilled: a loan request has been submitted to JBIC; and adequate information may be obtained to conduct screening.
- 5.10 Q. Given the provision, “It endeavors to make such disclosure well in advance of the decision-making” (Environmental Guidelines Part 1 Section 5-(2)2)) at what timing will decisions be made?
- A. The timing of “the decision-making” corresponds to the time at which a funding agreement between JBIC and the borrower is signed.
- 5.11 Q. How long are disclosure periods for the results of screening and environmental reviews for projects?
- A. It is difficult to set a uniform disclosure period for the screening information of projects. This is because JBIC gets involved in projects at different timings and there is the need to respond flexibly to development in private business deals.
- For Category A projects that are likely to have a significant adverse environmental impact, however, JBIC draws on examples of other countries and is thus making an effort to disclose information on screening results for about 45 days. No disclosure period is set for results of environmental reviews.
- 5.12 Q. Will ESIA reports and permit certificates on Category A projects be disclosed in Japan as well?
- A. Information on whether JBIC obtained ESIA reports and permit certificates required for Category A projects or not is available on the JBIC website. In addition, ESIA reports and permit certificates themselves may be made available after appropriate steps have been taken, including excluding portions touching on commercially confidential information.
- 5.13 Q. In Section 5-(2) of Part 1 of the Environmental Guidelines, there is a clause which states, “documents other than ESIA reports and permit certificates … obtained from the borrowers and related parties for confirming environmental and social considerations”. What kinds of documents does this refer to?
- A. There are a variety of possible names, contents and formats, depending on the characteristics of each project.
- This is not an exhaustive list, but documents considered here could include, for example, environmental management plans, resettlement action plans, including where necessary, livelihood restoration plans (in projects in which large scale involuntary resettlement or large scale loss of means of livelihood occurs), and indigenous people’s plans (in projects which have an effect on indigenous peoples).
- In the event that translations of such documents including the ESIA report and permit certificates are obtained from the borrowers and related parties, these are also applicable.
- 5.14 Q. In Section 5. (2) 2) of Part 1 of the Environmental Guidelines, there is a clause which states “The status of acquirement of documents other than ESIA reports and permit certificates, and such documents obtained from the borrowers and related parties for confirming environment and social considerations if

such documents are publicly available in the host country.” Even if the borrower and related parties consent, won’t JBIC make such information and documents available, for any status of their public availability in the host country?

A. Section 5 (2) 1) of the Environmental Guidelines states that “JBIC endeavors to achieve further disclosure of information by encouraging project proponents.” In addition to the ESIA reports and permit certificates, JBIC will make available on its website the documents obtained by JBIC from the borrowers and related parties for confirming environmental and social considerations, if the project proponents consent that the documents be available on the website.

5.15 Q. In many cases, the local residents affected by the project have no access to the JBIC website. How can these people obtain information on the project?

A. JBIC’s methods of disclosure are not limited to the use of the website. The Environmental Guidelines stipulate, in Section 1 (5) of Part 2, that conducting “sufficient consultations with stakeholders” at the project site is one of the basic principles of environmental and social considerations required for JBIC-financed projects. In this way, JBIC ensures adequate disclosure of information to the local residents.

5.16 Q. Can’t the findings of environmental reviews be disclosed at an early date?

A. In some projects, based on the results of environmental reviews, the funding agreement may include conditions having important bearing on environmental and social considerations. From this point of view, JBIC discloses the findings of environmental reviews as soon as possible after the signing of a funding agreement, whereby JBIC informs to the external world that it has formally made a funding commitment.

5.17 Q. Why doesn’t JBIC make available to the public ex-ante evaluation reports for the projects?

A. The summary of environmental reviews conducted by JBIC will be made public after a funding agreement is signed.

5.18 Q. Will the details of the funding agreement be made public after its signing?

A. JBIC actively makes public, information pertaining to environmental and social considerations in accordance with the Environmental Guidelines. However, its confidentiality obligation as a financial institution prevents JBIC from disclosing funding agreements.

5.19 Q. Is any information disclosure stipulated in the Environmental Guidelines, relating to monitoring?

A. The Environmental Guidelines set forth in Section 5 (2) 3) “Information disclosure after signing of funding agreements” of Part 1 that “For Categories A and B projects, results of the monitoring conducted by the project proponents to the extent they are made public in the host country”. However, JBIC will make available on its website the results of the monitoring conducted by the project proponents if the project proponents consent that the results be made available on the website. Also, Section 1 of Part 2 of the Environmental Guidelines states that “It is desirable that project proponents make the results of the monitoring process available to project stakeholders,” thus encouraging project proponents to take action.

6.ESIA reports and permit certificates and other essential information

6.1 Q. From what sources is information on projects concerning the environment collected?

A. JBIC collects environmental information relating to projects, through its being provided by the borrower. Also, the Environmental Guidelines stipulate that information from the stakeholders is welcome.

In confirming the appropriateness of environmental and social considerations, information provided not only by the borrower but also by other sources is considered important. Efforts are being made to collect information from sources other than the borrower through on-site studies, and JBIC plans to continue these efforts into the future.

6.2 Q. In Section 2 of Part 2 of the Environmental Guidelines, there is a clause which states “It is desirable that ESIA reports cover the items stipulated in the Common Approaches.” Given that, which part of the Common Approaches stipulates those items?

A. The items to be covered in ESIA reports are stipulated in Annex II of the Common Approaches and the examples are as follows.

ANNEX II

ENVIRONMENTAL AND SOCIAL IMPACT ASSESSMENT (ESIA) REPORT 1

An Environmental and Social Impact Assessment (ESIA) report focuses on the significant issues of a project. The report's scope and level of detail should be commensurate with the project's potential impacts and risks, and should address the issues set out in the international standards applied to the project in accordance with paragraphs 20–24 of this Recommendation. The ESIA report typically includes the following items (not necessarily in the order shown):

1. Non-technical executive summary: concisely discusses significant findings and recommended actions in lay language.
2. Policy, legal, and administrative framework: discusses the policy, legal, and administrative framework within which the Assessment is carried out, including host country regulations, including obligations implementing relevant international social and environmental treaties, agreements, and conventions, the international standards applied to the project, as well as any additional priorities and objectives for social or environmental performance identified by the buyer/project sponsor. Explains the environmental requirements of any co-financiers.
3. Project description: concisely describes the proposed project and its geographic, ecological, social, health and temporal context, including any additional project components that may be required (e.g. dedicated pipelines, access roads, power plants, water supply, housing, and raw material and product storage facilities). Encompasses facilities and activities by third parties that are essential for the successful operation of the project. Normally includes maps showing the project site and the project's area of influence.
4. Baseline data: assesses the dimensions of the study area and describes relevant physical, biological, socioeconomic, health and labour conditions, including any changes anticipated before the project commences. Also takes into account current and proposed development activities within the project area but not directly connected to the project. Data should be relevant to decisions about project location, design, operation, or mitigation measures. The section indicates the accuracy, reliability, and sources of the data.
5. Environmental and Social impacts: predicts and assesses the project's likely positive and negative impacts, in quantitative terms to the extent possible. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for enhancement. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that do not require further attention. Evaluates impacts and risks from associated facilities and other third party activities. Examines global, transboundary, and cumulative impacts as appropriate.
6. Analysis of Alternatives: compares reasonable alternatives to the proposed project site, technology, design, and operation in terms of their potential environmental and social impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training, and

monitoring requirements. States the basis for selecting the particular project design proposed and justifies recommended emission levels, including where relevant for greenhouse gases, and approaches to pollution prevention and abatement.

7. Management Programme: consists of the set of mitigation and management measures to be taken during implementation of the project to avoid, reduce, mitigate, or remedy for adverse social and environmental impacts, in the order of priority, and their timelines. May include multiple policies, procedures, practices, and management plans and actions. Describes the desired outcomes as measurable events to the extent possible, such as performance indicators, targets or acceptance criteria that can be tracked over defined time periods, and indicates the resources, including budget, and responsibilities required for implementation. Where the buyer/project sponsor identifies measures and actions necessary for the project to comply with applicable laws and regulations and to meet the international standards applied to the project, the management programme will include an Action Plan, which is subject to disclosure to the affected communities and on-going reporting and updating.
8. Appendices:
 - List of ESIA report preparers – individuals and organisations.
 - References – written materials, both published and unpublished, used in study preparation.
 - Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected communities and/or their legitimate representatives and other interested parties, such as civil society organisations. The record specifies any means other than consultations (e.g. surveys) that were used to obtain the views of affected groups.
 - Tables presenting the relevant data referred to, or summarised in, the main text.
 - Associated reports, audits, and plans (e.g. Resettlement Action Plan or Indigenous Peoples/Natural Resource Dependent Community plan, community health plan).
 - Action Plan that (i) describes the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken, (ii) prioritises these actions, (iii) includes the time-line for their implementation, and (iv) describes the schedule for communicating with affected communities when on-going disclosure or consultation is expected.

(Note) This Annex is based on the IFC Guidance Notes: Performance Standards on Social and Environmental Sustainability of 31 July 2007; however, for the purposes of this Recommendation, the text has been adapted.

6.3 Q. JBIC's Environmental Guidelines stipulate that ESIA reports and permit certificates should be released to the public. Are there any countries where this is legally forbidden?

A. To the knowledge of JBIC, there are no countries which prohibit the disclosure of ESIA reports and permit certificates under act, while some countries do not have provisions for disclosure stipulated in their acts. When a project arises in a country which does not obligate the disclosure of ESIA reports and permit certificates, JBIC actively encourages the project proponents to voluntarily do so.

6.4 Q. Could demanding the disclosure of an ESIA report or a permit certificate by ignoring the domestic institutional setup of host country constitute interference with the domestic affairs of that country?

A. JBIC considers it important to disclose ESIA reports and permit certificates for achieving sustainable projects consistent with environmental preservation. In the Environmental Guidelines this is set forth as "required". Concerned parties understand this point, once it has been explained to them.

On the other hand, there are some countries which do not disclose information at present in the actual project process, although disclosure is not prohibited by law. This may be based on a difference in the notion of "information disclosure" rather than a problem in the ESIA system.

Therefore, JBIC must increase opportunities for consultation in the future, to obtain the understanding of concerned parties.

6.5 Q. Is the information sought in the Environmental Guidelines from borrowers relating to the environment actually available?

A. Yes, it is basically available for JBIC. In most cases, the borrowers have conducted studies appropriately, collected relevant information on potential environmental impacts of their projects and taken measures to address them.

6.6 Q. Suppose a third party provides to JBIC, information of little credibility whose validity it cannot establish in an effort to thwart the project. What kind of information will JBIC deal with and how?

A. JBIC is basically receptive to information from third parties. Of the information it receives, JBIC confirms the appropriateness of environmental and social considerations of that which is significant and assured as reliable, after which it uses it as reference.

With the diversity of information that comes to JBIC's attention, spending considerable time and cost to confirm information of low credibility for which the source cannot be specified would be undesirable in view of the efficient operations required for a policy-based financing institution. Therefore, JBIC would like to request that when third parties provide information, they provide factual and accurate information whose veracity they can demonstrate.

6.7 Q. The Section 4. (4) of Part 1 of the Environmental Guidelines set forth, "The information necessary for monitoring needs to be supplied by the borrower and related parties by appropriate means." In the case that the borrowers do not participate in project management, they do not have access to information, either. Even then, do the borrowers still have an obligation to supply information?

A. When the borrowers do not participate in project management, it is common for the information available to them to be restricted, and as such JBIC feels it unrealistic to insist on information gathering across the board. Consequently, we would like to give due consideration to ensure that our information gathering activities will not harm business relations between the borrowers and the project proponent.

7. Application and Review of the Environmental Guideline

7.1 Q. What is the process through which the Environmental Guidelines that is in effect from July 2022 were revised?

A. For the current Environmental Guidelines, firstly the status of implementation of the former Environmental Guidelines was verified and investigated, in accordance with Section 8 of Part 1 “Application and Review of the Guidelines” of the former Environmental Guidelines (effective April 2015), the results of which were compiled into a report and published.

Then, since it is stipulated in the former Environmental Guidelines that “When making revisions, JBIC will seek the opinions of the Japanese Government, the governments of developing countries, Japanese companies, experts, NGOs etc., while maintaining transparency in the process”, consultation forums which called for participation from the general public were held a total of 10 times between February 2021 and February 2022. With a large number of attendees from industry, NGOs, experts, and concerned government ministries and agencies, discussion was carried out on the various points, based also on the results of the aforementioned verification and investigation of the status of implementation. This resulted in the formulation of a revision draft proposal for the Environmental Guidelines.

Effort was made to ensure transparency of the revision process, and disclose information, which included making the minutes of the aforementioned meetings, and the distributed materials available on the JBIC website when applicable.

In addition, public comments on the aforementioned revision draft proposal were invited for a period of one month approximately, and the Environmental Guidelines were revised based also on the valuable opinions of the public received in this way.

7.2 Q. Given that the revised Environmental Guidelines came into full force in July 2022, are they applied to the projects for which funding requests are made after that time?

A. JBIC applies the revised Environmental Guidelines to the projects for which substantive funding requests have been received in July 2022 and later. The term substantive funding request used here means the submission of the request and the screening form to JBIC.

7.3 Q. Will the Environmental Guidelines be periodically revised in the future?

A. As stipulated in Section 8 of Part 1 of the Environmental Guidelines, a comprehensive review of the Environmental Guidelines will be conducted after five years have passed, and with that result, revisions may then be made as needed.

However, the revision could be made to the guidelines when JBIC deems it necessary to be in line with the revised Common Approaches, without waiting for the periodic review. In this case, the guidelines will be revised while maintaining transparency in the process. As a concrete procedure, JBIC will make the guidelines revision plan open to the public and create the opportunity to accept the stakeholders’ opinions through holding the briefing sessions and public comments to the revision plan.

8.Other

8.1 Q. Does an English version of the Environmental Guidelines exist?

A. Among JBIC's borrowers are many foreign companies, governments, and government agencies. The English translation, therefore, has been available for their convenience. If there is any ambiguity in the English version and/or any inconsistency with Japanese version, the Japanese version prevails.

8.2 Q. What is FAQ?

A. FAQ or "frequently-asked questions" were prepared for the Environmental Guidelines in order to draw together and help solve the questions and concerns of many concerned parties. If you find it difficult to understand the Environmental Guidelines, it may help to read it in combination with the FAQ.