

Annual Report of the EXAMINERS FOR ENVIRONMENTAL GUIDELINES (FY2009)

1. Introduction

(1) Outline of the Objection Procedures¹

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

- (i) To investigate facts as to whether or not JBIC has complied with the Guidelines for Confirmation of Environmental and Social Considerations² (“Guidelines”), and to report the results to President & CEO, JBIC to ensure that JBIC complies with the Guidelines; and
- (ii) To promote dialogue between the parties concerned and, based on their consent, quickly solve specific conflicts concerning environmental or social issues related to JBIC-financed projects which have emerged due to non-compliance with the Guidelines.

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

JBIC established the Procedures in October 2003 in advance of other export credit agencies or bilateral aid agencies and prior to the adaptation of the “common approach” environmental review recommendations adopted by the OECD.

(2) Publication of the Annual Report

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

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

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

² JBIC Guidelines for Confirmation of Environmental and Social Considerations

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

2. Report on Activities in FY2009

(1) Objections

There were no objections submitted during FY2009 (April 2009 to March 2010).

(2) Revision of the Objection Procedures

In October 2008, the International Financial Operations (IFOs) of the Japan Bank for International Cooperation³ (JBIC), National Life Finance Corporation (NLFC), Agriculture, Forestry and Fisheries Finance Corporation (AFC) and Japan Finance Corporation for Small and Medium Enterprise (JASME) merged to form a new policy-based financing institution, the Japan Finance Corporation (JFC).

Therefore, the text of the Procedures was also partly revised to reflect this change (such as the names of the institutions and positions). The new version of the text has been applied since October 2009.

(3) Public Relations Activities

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

In order to enhance proper understanding of the Procedures, several workshops on the Procedures were held during FY2008 for working-level officers of recipient countries, etc.

(4) Communication with the World Bank's Inspection Panel and other institutions

Multilateral development banks such as the World Bank have successively introduced accountability mechanisms over the last decade similar to JBIC's Procedures. The World Bank's Inspection Panel, established in 1993, has received more than 60 objections, and thus has experience and know-how regarding the processes compared to other international and bilateral financial institutions.

The World Bank's Inspection Panel initiated the Meeting of Accountability Mechanisms in International Financial Institutions and Related Institutions and held annual meetings from 2004. In June 2009, the sixth meeting was held by the International Finance Corporation (IFC) in Washington, D.C. with the participation of several international financial institutions and bilateral institutions, including JBIC

³ Therefore, of the two types of operations conducted by JBIC, JFC has taken over IFOs in its international wing. However, to maintain international trust and confidence gained by JBIC, the international wing of JFC continues to use the name of JBIC for its international finance operations. The Overseas Economic Cooperation Operations (OECOs) of JBIC were taken over by the new Japan International Cooperation Agency (new JICA) in October 2008.

Examiners⁴.

At this meeting, some organizations reported several issues related to accountability mechanisms, including governance of the Independent Accountability Mechanisms (IAM), collaborative complaint handling on projects involving multiple International Financial Institutions (IFIs), IAM annual meetings and number of participants, dispute resolution versus compliance issues, methods of evaluation over effectiveness of the mechanisms adopted by each organization, means of outreaching, and other specific activities and cases given by organizations, with active discussions and opinion exchanges among participants⁵.

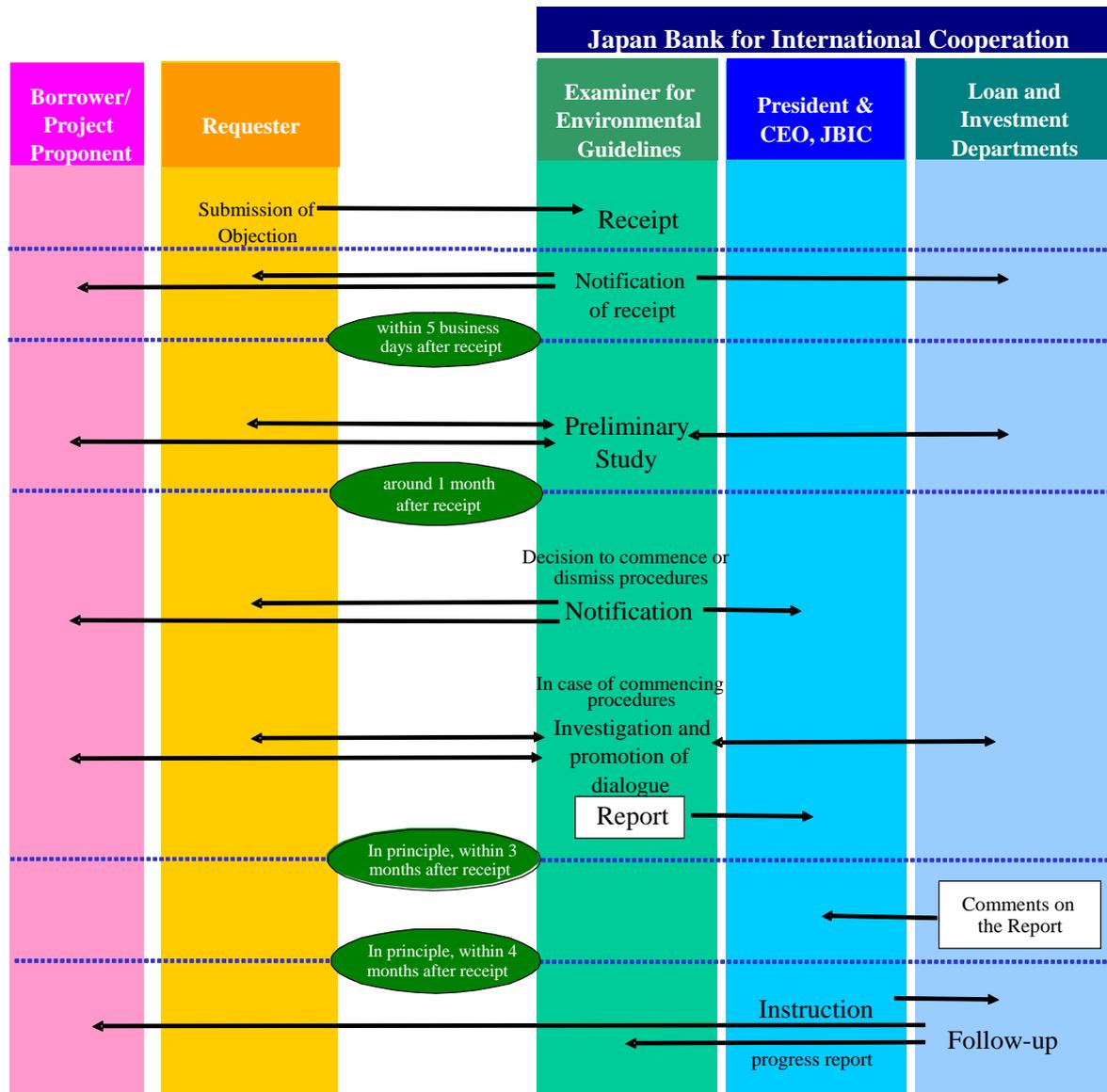
Through these activities, JBIC Examiners have proactively exchanged views on how to ensure fair and appropriate implementation of the processes of the Procedures, including desirable procedural steps in practice.

⁴ Participants: World Bank Inspection Panel, IFC Compliance Advisor/Ombudsman, EBRD Independent Recourse Mechanism, ADB Accountability Mechanism, IDB Independent Investigation Mechanism, AfDB Independent Review Mechanism, EIB Complaints Mechanism, OPIC Office of Accountability, NEXI Examiner for Guidelines on Environmental and Social Considerations in Trade Insurance, and JBIC Examiner for Environmental Guidelines.

⁵ IFC also hosted the workshop related to this IAM meeting in January 2009. The workshop, which JBIC attended, focused on methods of problem-solving.

4. Objection Procedures

(1) Flow of the Objection Procedures



(2) Submission of Requests

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

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

Examiner for Environmental Guidelines,
Japan Bank for International Cooperation

Fax +81-3-5218-3946

E-mail sinsayaku@jbic.go.jp

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

(Sample)

Request

Date: _____

To: The Examiner for Environmental Guidelines
Japan Bank for International Cooperation (“JBIC”)

- (A) Names of Requester:
(B) Place of contact of the Requester:
【if the Requester uses an agent】
(Name of the agent)
(Place of contact of the agent)

We wish to keep our names not disclosed to the Project Proponent.
Yes / No (circle either one)

- (C) Project with respect to which the objections are submitted:
•Name of country
•Project site
•Outline of the project
- (D) Substantial damage actually incurred by the Requester or substantial damage likely to be incurred by the Requester in the future as a result of JBIC’s non-compliance with the Guidelines with regard to the Project which JBIC provides funding
- (E) Relevant provisions of the Guidelines considered by the Requester to have been violated by JBIC and the facts constituting JBIC’s non-compliance alleged by the Requester
- (F) Causal nexus between JBIC’s non-compliance with the Guidelines and the substantial damage
- (G) Resolution desired by the Requester
- (H) Facts concerning the Requester’s consultation with the Project Proponent
- (I) Facts concerning the Requester’s consultation with JBIC’s Operational Department
- (J) If a Request is submitted by an agent, the Requester must set forth the necessity to submit the Request by an agent, and evidence must be attached that the agent has been duly authorized by the Requester.

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

[THE END]