



JICA

**Social/Sustainability
Bond Framework**



JICA Social/Sustainability Bond Framework

Mission

JICA, in accordance with the Development Cooperation Charter, will work on human security and quality growth.

Vision

Leading the world with trust

JICA, with its partners, will take the lead in forging bonds of trust across the world, aspiring for a free, peaceful and prosperous world where people can hope for a better future and explore their diverse potentials.

1. Organization Overview

Japan International Cooperation Agency (JICA) is one of the world's leading development partners and is the implementing agency of Japan's Official Development Assistance (ODA).

1) Objectives

Established as an Incorporated Administrative Agency under the Act of the Incorporated Administrative Agency - Japan International Cooperation Agency (Act No. 136, 2002), JICA aims to contribute to the promotion of international cooperation as well as the sound development of the Japanese and global economy by supporting the socioeconomic development, recovery or economic stability of developing regions.

2) JICA's Mission and Sustainable Development Goals (SDGs)

JICA's mission is to advance "Human Security" and "Quality Growth". "Human Security"¹ is a concept that pursues the right of individuals, through protection and empowerment, to live happily and in dignity, free from fear and want. The concept was proposed by JICA's former President Sadako Ogata and Nobel Laureate in Economics Professor Amartya Sen. Meanwhile, "Quality Growth" aims to achieve an inclusive, sustainable and resilient growth.

JICA's mission has a high affinity with the commitment "Leave No One Behind" by the United Nations for implementing the Sustainable Development Goals (SDGs), and JICA has been contributing to the achievement of SDGs through its project activities.

3) JICA's Operation Objectives and Plan

Based on the Japanese government's Development Cooperation Charter and the Medium-term Objectives, JICA draws up a Medium-term Plan and an Annual Plan and conducts its operations under the Plans.

Development Cooperation Charter	Endorsed by the Cabinet in February 2015
Medium-term Objectives (five years)	Established by the competent ministers and relevant instructions given to JICA
Medium-term Plan (five years)	Prepared by JICA and authorized by the competent ministers
Annual Plan (one years)	Established by JICA and notified to the competent ministers

¹ https://www.mofa.go.jp/policy/oda/human_index.html

① Development Cooperation Charter

Development Cooperation Charter², which is the Japanese government's development cooperation policy, has identified the following three as priority issues, which is in line with SDGs.

- “Quality growth” and poverty eradication through such growth
- Sharing universal values and realizing a peaceful and secure society
- Building a sustainable and resilient international community through efforts to address global challenges

② Medium-term Objectives

With regard to each priority issue, the direction was set as follows for JICA in Medium-term Objectives (the 5th Medium-term Objectives (Fiscal Year 2022 – 2026)) by the competent minister, and JICA conducts its operations based on the direction.

• “Quality growth” and poverty eradication through such growth

To support the foundation and drivers for sustainable economic growth, assistance should focus especially on the following issues with consideration to resilience to climate change and disasters, sustainability through realization of a low-carbon society and inclusiveness through reduction of inequality, rural development, and gender equality. At the same time, digital transformation (DX) and innovation should be promoted.

- ✓ Urban and regional development, transportation, natural resources and energy, private sector development, agriculture, forestry and fisheries, and rural development

Under the principles of human security, with consideration to inclusiveness, assistance should be extended to all people, including vulnerable people such as the poor, children, women, people with disabilities, the elderly, refugees and internally displaced people, minorities and indigenous people with special attention to the issues below.

- ✓ Healthcare and medical care, nutrition, education, disability and development, sports and development

• Sharing universal values and realizing a peaceful and secure society

To realize a peaceful and fair society with guarantee of safety and stability, assistance should focus on below issues, sharing universal values such as freedom, democracy, respect for basic human rights, rule of law, etc. In addition to realizing human security through correction of disparities and promotion of gender equality, assistance should focus on improving effectiveness of the development by taking advantage of digital technologies and data for problem solving.

- ✓ Peace and stability, rule of law and governance, public finance and finance, promotion of gender equality, promotion of digitalization (DX)

• Building a sustainable and resilient international community through efforts to address global challenges

Based on international development goals and Japan's policy objectives, particular focus should be made to assist the following issues to combat global challenges such as climate change and build a sustainable and resilient society. Funds and technologies through cooperation with various development partners including private sector parties should be utilized.

- ✓ Climate change, natural conservation, environmental management, water resources and water supply, disaster prevention and disaster recovery

² In September 2022, the Ministry of Foreign Affairs announced that the policy for development cooperation would be revised so that implementation can become more effective and strategic, and large changes in global affairs since its formulation in 2015 can be reflected. The progress status is disclosed by the Ministry of Foreign Affairs.

4) JICA's Efforts to Protect the Global Environment and Combat Climate Change

① JICA's Environmental Policy

In October 2015, "JICA's Environmental Policy" was formulated as an organization-wide effort to embrace global environmental conservation, including climate change. "JICA Environmental Policy" has set a goal to "contribute to the conservation of the global environment while complying with environmental laws and regulations, and to continuously improve the environmental management system in order to prevent and reduce negative environmental impacts that result from JICA's activities." JICA will continue to support environmental measures through international cooperation, promote environmental awareness activities, undertake environmentally friendly activities in our offices and facilities, and comply with environmental laws and regulations.

(Reference link) JICA Environmental Policy

https://www.jica.go.jp/english/our_work/social_environmental/policy/index.html

② JICA's Climate Change Initiatives

JICA has positioned the strengthening of climate change countermeasure and dissemination as one of its key management issues, and has set forth the followings in its cooperation strategies for global issues (as known as the "Global Agenda") in July 2021, on climate change countermeasure projects;

- As a key partner to developing countries, JICA aims to lead sustainable development by promoting climate cooperation in support of transitioning to carbon neutral and climate-resilient society. Through these efforts,
- JICA contributes to the achievement of the Paris Agreement, which is an international treaty for achieving the objectives of the United Nations Framework Convention on Climate Change (UNFCCC); and
- JICA contributes to other multilateral environmental/climate-related conventions (such as the Convention on Biological Diversity, the Convention on Desertification, and the Sendai Framework for Disaster Risk Reduction); associated SDGs; and other related visions/initiatives led by the Japanese government (notably, the Osaka Blue Ocean Vision).
- Specifically, the following actions have been set forth:
 1. Promoting implementation of the Paris Agreement by supporting developing partner countries in the planning and implementation of climate change policies and measures, along with the development of greenhouse gas (GHG) inventories and transparency frameworks, as well as by facilitating access to climate finance.³
 2. Advancing co-benefit climate change solutions that contribute to both addressing development challenges and combating climate change by promoting projects in the following sectors: energy, urban development, transportation, forest and other natural environment conservation, agriculture, environmental management, disaster prevention, water resource management, and healthcare.

Climate change efforts, including co-benefit climate change strategies, are also articulated in other sector specific "Global Agenda" such as energy and agriculture.

Furthermore, emphasis during project implementation includes;

1. Collaboration with various stakeholders; mobilization of additional finance (via collaboration with the private sector or other funding sources, such as the Green Climate Fund (GCF), etc.)
2. Utilization of knowledge and technology from Japan and other countries.
3. Strategic dissemination of information
4. Promoting Inter-city collaboration / cooperation
5. Promoting Intra-regional collaboration
6. Innovation, such as digital transformation (DX)

³ Climate finance broadly include countries' public funds, finance by international development finance institutions and MDBs, and the private sector to combat climate change. Climate change measures refer to efforts to reduce or increase the absorption of greenhouse gas emissions (mitigation measures), efforts to prevent or reduce damage in response to the effects of climate change (adaptation measures), and projects that contribute to both. (Based on the definition in the [OECD DAC Rio Markers for Climate Handbook, OECD Development Assistance Committee.](#))

In June 2022, the Japanese government finalized the Infrastructure System Overseas Promotion Strategy 2025 (supplementary version, June 2022), which states: “Japan will make responsible inter-agency efforts towards global decarbonization by strengthening its engagement with partner countries, in accordance with their stages of development. To lead global decarbonization efforts, the government’s basic policy will be to support infrastructure exports that guide countries’ energy transitions toward decarbonization. Based on a deep understanding of the needs of partner countries, Japan will offer all available options for reducing their carbon dioxide (CO₂) emissions, including through renewable energies (such as wind, solar, geothermal, and hydrogen), as well as energy management techniques and CCUS/carbon recycling. Furthermore, as articulated in the G7 Climate, Energy and Environment Ministers’ Communiqué of May 2022, while recognizing that advancing national security and geostrategic interests is crucial, and further recognizing that accelerating the international clean energy transition and phasing out continued global investment in the unabated fossil fuel sector is essential to keep a limit of 1.5°C temperature rise within reach, Japan will end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited circumstances clearly defined by each country that are consistent with a 1.5°C warming limit and the goals of the Paris Agreement.” JICA will comply with these policies set by the Japanese government.

Please refer to 2. 2) Project Evaluation and Selection Process (including Environmental and Social Considerations and Climate Risk Assessment and Countermeasures) for the procedures and guidelines for environmental and social considerations that are applied to individual projects.

2. JICA Social/Sustainability Bond Framework

This framework has been created, based on the 2021 edition of the Social Bond Principles (“SBP”), the 2021 edition of the Green Bond Principles (“GBP”) and the 2021 edition of the Sustainability Bond Guidelines (“SBG”), established by the International Capital Markets Association (“ICMA”). JICA will issue Social Bonds and Sustainability Bonds based on the framework.

1) Use of Proceeds

JICA will allocate the amount equivalent to the net proceeds of the Social Bonds and the Sustainability Bonds to finance newly committed or ongoing Finance and Investment Cooperation projects that JICA assists in developing countries and regions⁴.

Finance and Investment Cooperation aims at promoting sustainable development of developing countries and regions through development of fundamental infrastructure such as energy, roads and railways; development of indispensable social services such as safe water, wastewater and waste management, education, healthcare; agriculture and rural development to reduce poverty and strengthen sustainable food systems; industrial development and fostering small and medium-sized enterprises to support employment generation and economic growth; addressing climate change; sustainable management of natural resources and environment; disaster prevention and recovery, promotion of gender equality and women’s empowerment; and support of peacebuilding.

JICA determines the terms and conditions of ODA loans depending on the income level of the recipient, sector, and the utilization of Japan’s advanced technologies / expertise. The following are the general terms and conditions of ODA loans.

<Potential Loan Recipient Countries Classified by Income Categories and Terms and Conditions of Japanese ODA Loans⁵>
https://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/standard/index.html

Since all Finance and Investment Cooperation projects contribute to resolving social issues, JICA believes that all projects are eligible as JICA’s Use of Proceeds for Social Bonds. In addition to deriving social impacts, some of the projects also address environmental issues (Figure 1). Therefore, JICA’s Use of Proceeds for Sustainability Bonds is composed of projects which contribute to resolving social issues and projects which contribute to resolving both social and environmental issues. Based on this concept, we summarize each Eligible Project as shown in Table 1.

⁴ For ongoing Finance and Investment Cooperation projects, allocation is made for the unpaid balance of the loan or equity investment amount.

⁵ Countries classified by income categories and terms and conditions of Japanese ODA loans are periodically revised.

Figure 1: Characteristics of JICA's Finance and Investment Cooperation

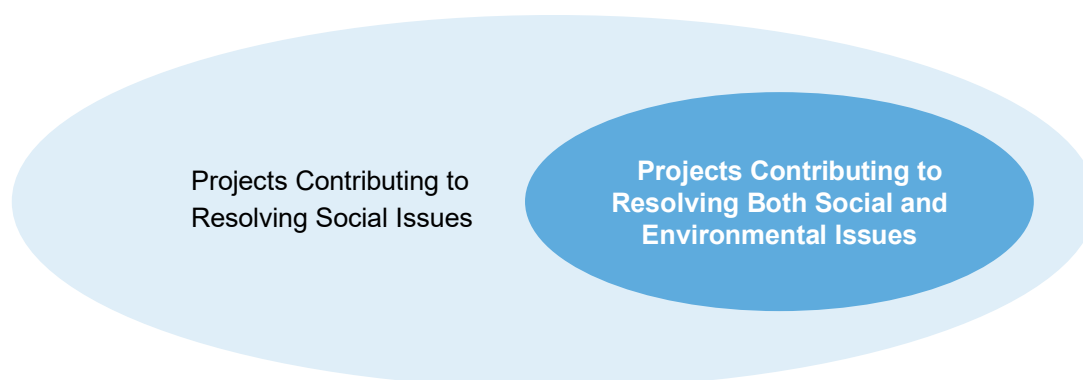




































Table1: Outline of Eligible Projects

Sector	SDGs	Project Examples	Solutions to Social Issues		Solutions to Environmental Issues	
			Beneficiaries *	ICMA SBP Project categories	ICMA GBP Environmental objectives	ICMA GBP Project categories
Agriculture, forestry and fisheries	      	Support for agricultural production facilities and irrigation systems; agricultural technical guidance based on meteorological and geographical conditions; marine resource conservation and sustainable fishery; forest preservation; promotion of agroforestry, etc.	Poor or vulnerable people in the project area; farmers; fishery workers; forestry workers; and those involved in biological resource management	Socioeconomic advancement and empowerment, Food security	Natural resource conservation; Biodiversity conservation	Environmentally sustainable management of living natural resources and land use, environmentally sustainable forestry
Healthcare		Support for healthcare facilities and equipment, training and capacity building of healthcare workers, other required measures to improve healthcare in the project country, etc.	All people including those with limited or no access to healthcare and medical care services in the project area	Access to essential services	-	-
Education		Support for educational facilities and equipment, development of curriculums and teaching materials, international scholarships, and other required measures to improve education in the project country	All people including those with limited or no access to education in the project area	Access to essential services	-	-
Improvement of access to finance for women	  	Improvement of access to finance for women and women entrepreneurs of small and medium-sized enterprises	Women and women entrepreneurs of small and medium-sized enterprises with limited or no access to finance in the project country	Employment generation, Socioeconomic advancement and empowerment	-	-

Sector	SDGs	Project Examples	Solutions to Social Issues		Solutions to Environmental Issues	
			Beneficiaries *	ICMA SBP Project categories	ICMA GBP Environmental objectives	ICMA GBP Project categories
Water Supply, Sewerage and Sanitation	 	Support for water supply and sewerage, water treatment plants, sewage treatment plants and waste treatment facilities including compost, etc.	People with limited or no access to basic infrastructure including access to clean water or wastewater / waste management services in the project area	Affordable basic infrastructure	(Water supply, sewerage and Sanitation projects excluding desalination) Natural resource conservation, Pollution prevention and control	Sustainable water and wastewater management, Pollution prevention and control
Energy	 	Support for renewable power generation and transmission facilities; other types of power generation and transmission facilities (excluding coal-fired thermal power plants); improvement of energy efficiency; or other required measures to improve access to energy in the project country	All people including those with limited or no access to basic infrastructures for electricity in the project area	Affordable basic infrastructure	(Renewable energy (solar, wind, geothermal and hydropower excluding large-scale) projects and energy efficiency projects) Climate change mitigation	Renewable energy, Energy efficiency
Small and medium-sized enterprises / Industrial development	 	Two-step loans for small and medium-sized enterprises, support for development of local industries and employment generation, etc.	All people including owners of small and medium-sized enterprises with limited or no access to finance in the project country	Employment generation, Socioeconomic advancement and empowerment	-	-

Sector	SDGs	Project Examples	Solutions to Social Issues		Solutions to Environmental Issues	
			Beneficiaries *	ICMA SBP Project categories	ICMA GBP Environmental objectives	ICMA GBP Project categories
Transportation	 	Support for development of roads, bridges, airports, seaport infrastructures (including rehabilitation and restoration), other measures to improve transportation infrastructure in the project country	All people including those with limited or no access to transportation infrastructure in the project area	Affordable basic infrastructure, Access to essential services	-	-
Public transportation	  	Support for metro/railway and other public transportation; other required measures to improve public transportation in the project country	All people including those with limited or no access to safe and affordable public transportation in the project area	Affordable basic infrastructure, Socioeconomic advancement and empowerment	(Electrified public transportation projects) Climate change mitigation, Air pollution control	Clean transportation
Housing financial support for low-income class	 	Housing financial support for low-income class, etc.	People in lower income class with limited or no access to affordable housing in the project country	Affordable housing	-	-
Comprehensive basic infrastructure development, Reconstruction post-disaster		Cross-sectoral support for basic infrastructure for (re-)development of cities, rural villages, regions (small scale infrastructure such as road or housing, etc.); project for recovery/reconstruction from major natural disasters such as earthquakes, and other comprehensive support required to improve the general living foundation in the project country	People with limited or no access to basic infrastructure or essential services in the project area; All people including those who are vulnerable and need socioeconomic empowerment	Affordable basic infrastructure, Access to essential services, Socioeconomic advancement and empowerment	-	-

Sector	SDGs	Project Examples	Solutions to Social Issues		Solutions to Environmental Issues	
			Beneficiaries *	ICMA SBP Project categories	ICMA GBP Environmental objectives	ICMA GBP Project categories
Flood control	 	Support for river basin improvement, dredging and warning systems for flood control	People affected by natural disasters in the project area	Affordable basic infrastructure	Climate Change Adaptation	Sustainable urban drainage system, Flood mitigation by river improvement or other measures
Communication, Broadcast	 	Support for communication network infrastructure or broadcasting facilities; or other measures to improve communication and broadcasting in the project country	All people including those with limited or no access to communication network or broadcasting facilities in the project country	Affordable basic infrastructure	-	-
Comprehensive environmental conservation	  	Support for comprehensive environmental conservation, such as climate change mitigation, air or water pollution control, waste management; other cross-sectoral support for comprehensive environmental conservation	All people including those with limited or no access to comprehensive environmental conservation benefits in the project country	Affordable basic infrastructure	Various environmental objectives	Climate Change Adaptation, Waste water management, Natural resource conservation
Peace building		Projects which contribute to building resilient states and societies, and thereby realizing a peaceful and just society in developing countries affected by violent conflicts	People in countries or areas (being) affected by dispute or conflicts	n/a	-	-

*Note: These are representative description of projects. Details of each project including its goal or target beneficiaries are identified in the “Ex-ante Evaluation” and disclosed on JICA’s website indicated in the reference at the end of this material.

<Exclusion Criteria>

JICA will not knowingly allocate the net proceeds of Social and Sustainability Bonds to activities related to coal-fired thermal power projects.

<Allocation Period of Proceeds>

JICA intends to fully allocate the net proceeds of the Social Bonds and the Sustainability Bonds based on the Framework to Eligible Projects (including newly committed projects and ongoing projects), in principle, within 24 months of issuance⁶.

Based on ICMA's definition, the look-back period of JICA's Finance and Investment Cooperation projects is approximately 6 years (as of January 2023). This is calculated from the average period between the date of approval of eligible projects to completion of disbursement. JICA's Finance and Investment Cooperation projects have a characteristic of being implemented over a long period, after project approval to completion of works, and then completion of the disbursement period. Disbursements and investments are made during that period, according to the progress of works under the project.

Furthermore, for a typical ODA project involving construction works, the procedure after project approval involves many steps⁷ such as selection of supervision consultants; preparation of detailed design and bidding documents; selection of contractors for construction works; and then enters the construction stage. There is a tendency for large scale construction projects to have a longer project period, from project approval (signing of loan agreement) to completion of disbursements.

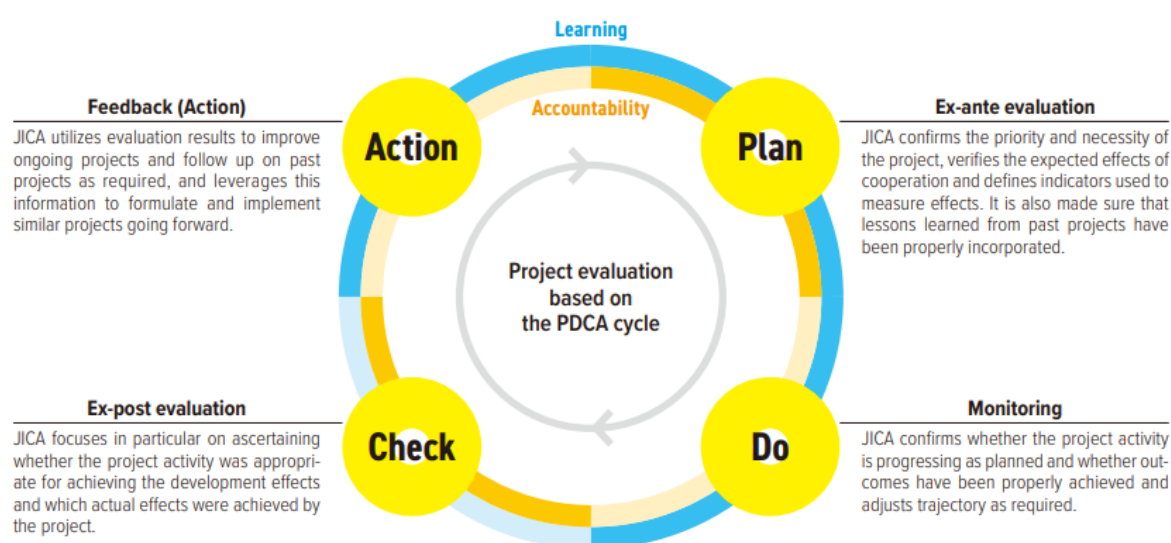
JICA discloses the expected project period for each project in the ex-ante evaluation report.

2) Project Evaluation and Selection Process (including Environmental and Social Considerations and Climate Risk Assessment and Countermeasures)

① Project Evaluation

JICA implements its projects under a continuous PDCA cycle: plan, do, check, and action (Figure 2). The project evaluation is conducted with aim to further improve operations from lessons learned and ensure public accountability. In addition to evaluation of individual projects, JICA also conducts comprehensive and cross-sectoral evaluations.

Figure 2: JICA's Project Evaluation based on the PDCA Cycle



⁶ JICA may allocate the net proceeds of themed bonds which target specific sectors and themes (i.e. gender bonds) within 2 to 3 years of issuance. In such case, JICA will disclose the expected allocation period separately in an appropriate way.

⁷ With regard to ODA loan projects, the project executing agency of the borrower (developing country) is responsible for implementing the project, thus procures the consultants and contractors, and signs contracts with them for the project. JICA obligates the borrower to comply with JICA's various guidelines to implement the project in a fair and transparent manner.

JICA's project evaluation follows the DAC evaluation criteria (Figure 3), which provide an international ODA evaluation perspective as defined by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). JICA assess effectiveness and impact from both quantitative and qualitative perspectives in order to determine social and environmental effects.

JICA's evaluation is conducted by an external third-party to ensure transparency and objectivity of ex-post evaluation results.

JICA discloses all ex-ante evaluation reports and ex-post evaluation reports in our own website.

JICA publishes 'JICA Guideline for Project Evaluation' to explain basic principles for evaluation, and 'JICA Project Evaluation Handbook' to guide evaluators and ensure both transparency and quality for the evaluation.

Figure 3: Definition of JICA Evaluation Criteria

(Criteria in accordance with the DAC evaluation criteria, which provide an international ODA evaluation perspective as defined by the Development Assistance Committee (DAC))

Criterion Title	Definitions
Relevance	<ul style="list-style-type: none"> Validity with project implementation (with the recipient country's development plans, development needs, social needs, and beneficiaries' needs in the target area) Whether the project is designed to focus on "beneficiaries," give consideration to vulnerable people, and ensure fairness and whether the project is adaptable enough to remain relevant if circumstances change during implementation Appropriateness of the project plan and logic of approach
Coherence	<ul style="list-style-type: none"> Consistency with development assistance policies of the Japanese government and JICA Synergistic effects and mutual relations with JICA's other projects (Technical Cooperation, ODA Loan, Grant, etc.) Complementarity, harmonization, and collaboration with other assistance/projects in Japan, other development organizations, etc.; consistency with global frameworks (e.g. SDGs and other international targets and initiatives) and international norms and standards; and producing expected achievement in the project plan
Effectiveness	<ul style="list-style-type: none"> The degree of achievement of target level in target year of expected project outcome (including the usage of facilities and equipment) and any differential results across the groups
Impact	<ul style="list-style-type: none"> Positive and negative indirect and long-term effects (systems and norms, people's well-being, human rights, gender equality, and the environment)
Efficiency	<ul style="list-style-type: none"> Comparison of planned and actual project inputs, project period, and project cost
Sustainability	<ul style="list-style-type: none"> Outlook on sustainability of effects that are realized by the project Institutional/organizational sustainability (organizational structures and personnel assignment), technical sustainability, financial sustainability (availability of funds to cover the operation and maintenance costs), environmental and social sustainability, resilience to risks, and operation and maintenance conditions

(Reference Link) JICA Guidelines for Project Evaluation, Evaluation Handbook for ODA Loan Projects

<https://www.jica.go.jp/activities/evaluation/guideline/index.html> (Japanese version)

https://www.jica.go.jp/english/our_work/evaluation/tech_and_grant/guides/index.html (English version)

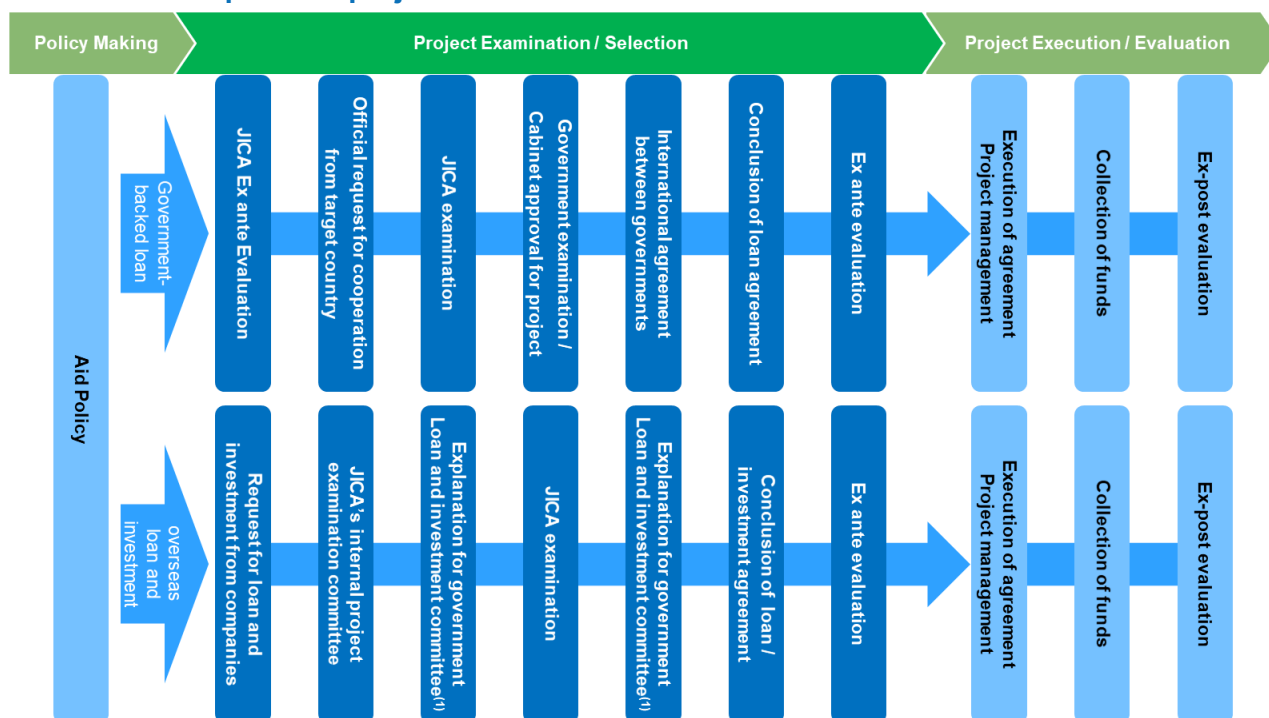
(Latest version available in Japanese only)

② Process for Project Selection

JICA conducts the entire procedure for project cycle, including appraisal and selection of projects, ex-ante evaluation at the time of signing financing agreements, monitoring during project implementation, and ex-post evaluation after completion for all Finance and Investment Cooperation projects in a transparent manner. During project selection stage, JICA has discussion with the Japanese government and external experts and receives their review. In addition, all ODA loans undergo approval by the Cabinet before signing loan agreements. (Figure 4)

During project appraisal and selection stage, JICA makes assessments from environmental and social consideration perspectives to assess negative environmental and social impacts caused by the project and incorporate countermeasures in the project scope. Details are described in “③ Environmental and Social Consideration” hereafter. In addition, JICA also identifies and evaluates climate risks of projects during this stage as described in “④ Assess and Address the Climate Risks”.

Figure 4: Appraisal, selection, implementation, ex-post evaluation for JICA's Finance and Investment Cooperation projects



Note:

1. Third Party Committee which provides advice based on knowledge of development assistance or finance in the process of overseas loan and investment execution

③ Environmental and Social Considerations through the Entire Process

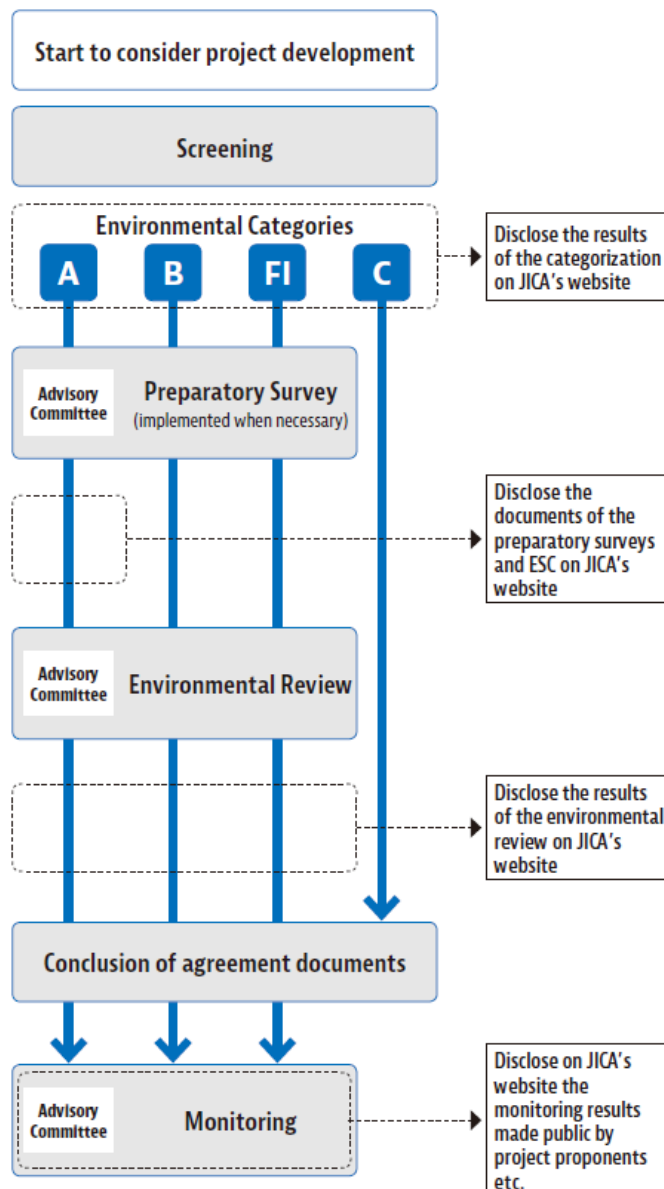
JICA examines and confirms that Environmental and Social Considerations (ESC) are put into practice by the project proponents, etc., at each project stage—including formulation, review, implementation, and post-implementation — per “JICA Guidelines for Environmental and Social Considerations” (hereinafter referred to as ESC Guidelines). The details of the three processes—screening, environmental review, and monitoring—involved are as follows.

1. **【Screening】** Screening is a process in which JICA classifies the project into one of four environmental categories based on the magnitude of its impacts, as inferred from information provided by the project proponents, etc. These categories are:

A (likely to have significant adverse impacts), B (potential impacts that are less adverse than A), C (minimal or little impact), and FI (whereby JICA provides funds to a financial intermediary and subprojects could not be identified prior to JICA’s approval of the transaction). JICA then follows the ESC procedures set forth by the ESC Guidelines in accordance with the category to which the project is assigned.

2. **【Environmental Review】** During the Environmental Review, JICA confirms possible environmental and/or social impacts of a project together with the measures to be taken by project proponents, etc., based on the documents they submit, including an environmental impact assessment (EIA) report and Environmental Checklist indicating the current state of ESC. For category A projects, JICA holds a discussion with the project proponents, etc., to confirm the positive and negative impacts of the project based on the EIA report along with other ESC-related documents. JICA then evaluates proposed measures for avoiding, minimizing, mitigating, and/or compensating for adverse impacts, as well as measures to enhance positive impacts on the environment and society. JICA ensures transparency of the Environmental Review by disclosing ESC-related documents prior to this process.

3. **【Monitoring】** ESC monitoring is carried out by the project proponents, etc. For projects categorized as A, B, or FI, JICA confirms the monitoring results for significant social and/or environmental impact items. If during the monitoring period any necessity to improve such impacts is identified, JICA urges the project proponents, etc., to devise appropriate countermeasures and provide necessary support to this end.



(Reference link)

JICA Guidelines for Environmental and Social Considerations (January 2022)

https://www.jica.go.jp/english/our_work/social_environmental/guideline/index.html

<Advisory Committee for Environmental and Social Considerations>

JICA established the Advisory Committee for Environmental and Social Considerations as an independent council that advises JICA on its examination and support of ESC. This committee consists of external experts in relevant fields who were carefully selected from among the public.

<Ensuring Appropriate Implementation of and Compliance with the ESC Guidelines>

In addition to the measures outlined above, JICA has established the Objection Procedure to ensure its compliance with the ESC Guidelines. By following this procedure, either resident of a partner country who are affected, or likely to be affected, by a project due to non-compliance with JICA's ESC Guidelines or their agents can file an objection with JICA.

The contents of these objections are reviewed by a group of Examiners who are independent of JICA's operational departments. These Examiners inspect the facts relating to whether or not the ESC Guidelines were complied with and report their findings to JICA's president. If they identify non-compliance with JICA's ESC Guidelines, the Examiners will encourage the Requester (the person who raised the objection) and the project proponents, etc., to engage in dialogue to resolve any problem or dispute caused by said non-compliance.

Documents outlining the Objection Procedure and annual reports of the Examiners are available on the [Objection Procedures based on the Guidelines for Environmental and Social Considerations](#) of JICA's website.

<Information Disclosure and Consultation with Stakeholders>

To maintain accountability and transparency, JICA actively discloses ESC-related information. Project proponents, etc., are primarily responsible for the disclosure of information regarding a project's ESC, but JICA itself also discloses key information about a project's ESC per the ESC Guidelines. Details and information to this effect are available on the [Environmental and Social Considerations page](#) of JICA's website.

<Harmonization with the Systems of Other Developing Partners>

The ESC Guidelines state that JICA's projects must not deviate significantly from the World Bank's Safeguard Policies and that JICA should refer to internationally recognized standards and good practices—including those of the international financial institutions as appropriate.

To this end, JICA closely coordinates with development partners, including the World Bank and Asian Development Bank, to keep up-to-date with global trends in safeguards policy and to share relevant experiences. The alignment efforts are strengthened, for example, through co-financing by engaging in joint missions with such partners.

<Revision of "Guidelines for Environmental and Social Considerations of the Japan International Cooperation Agency" in January 2022>

The new ESC guidelines cover efforts to estimate and disclose total emissions of greenhouse gases as a response to climate change. They also involve changes to the requirements for information disclosure concerning environmental impact assessment reports to promote the dissemination of external information and dialogue in the early stages of project planning and to produce development effects more quickly. Moreover, aiming to secure the appropriate participation of local people who may be affected by the project in the process of confirming environmental and social considerations, the revised ESC Guidelines have improved the existing standards of action and adjusted as appropriate in light of the responses made by the World Bank and other international organizations.

④ Assess and Address the Climate Risks - The Climate Finance Impact Tool (JICA Climate-FIT)

JICA identifies and assesses the climate risks of its operations (hazards, exposures, vulnerabilities) and studies measures to address them in the project formulation phase. Specifically, the Climate Finance Impact Tool (JICA Climate-FIT) is used to assess these climate risks and to look into the possibility of integrating activities conducive to climate actions (adaptation measures). In addition, JICA may help ESC-related surveys and procedures in partner countries through the preparatory survey and detailed design, both of which are conducted in the project planning phase. JICA also supports capacity building in the climate change sector in partner countries through its training programs and other technical cooperation. Furthermore, JICA takes measures to reinforce Japan's support capabilities, including by offering capacity-building training to relevant parties in Japan and overseas, gathering information on ESC in developing countries, and sharing information with other development partners.

(Reference link)

The Climate Finance Impact Tool (JICA Climate-FIT)

Mitigation measures

https://www.jica.go.jp/english/our_work/thematic_issues/climate/mitigation.html

Adaptation measures

https://www.jica.go.jp/english/our_work/thematic_issues/climate/fh2q4d000000phbl-att/adaptation_all.pdf

3) Management of the Proceeds

The funds raised by JICA from Social Bonds or Sustainability Bonds under this Framework will be allocated to Eligible Projects. JICA Treasury Department will track and monitor the amount of Social Bonds and Sustainability Bonds issued under this Framework to be allocated to the Eligible Projects. In addition, until the full amount of the proceeds are allocated to Eligible Projects, JICA will manage the unallocated proceeds in cash or cash equivalents.

4) Reporting

JICA will report the allocation and impact of Social Bonds and Sustainability Bonds on an annual basis until the net proceeds are fully allocated to Eligible Projects. In case of material events, JICA will disclose information in a timely manner.

① Allocation Report

- The amount of net proceeds allocated to Eligible Projects, and remaining balance if any
- The allocated amount for each Eligible Project category
- The ratio of new / refinanced projects

② Impact Reporting

JICA will publish impact reports on social and environmental contribution (impacts) of eligible projects to the extent practically possible.

Table 2 is an example of typical indicators for each eligible project category. To measure the impacts, JICA sets quantitative operation and effect indicators and qualitative effects according to the purpose of each individual project and discloses them in the ex-ante evaluation report.

In the reporting, JICA plans to report project effects of eligible projects to which proceeds have been allocated based on the ex-ante evaluation report of each individual project⁸.

<Indicator Reference by Project Type>

In order to clearly, objectively and quantitatively scale project effects, JICA publishes the “Indicator Reference by Project Type” as a guide for setting indicators according to different types of development agendas in JICA's projects. When aggregating various indicators for this reference material, JICA collected and analyzed the indicators that were actually set in JICA's past projects and also referred to indicators used by other development assistance agencies and domestic administrative agencies, etc. to prepare more appropriate examples of indicators.

During appraisal for individual projects, we refer to these references to set appropriate indicators for measuring the effectiveness of the project, with the baseline⁹ and target values and disclose them through the ex-ante evaluation report. In addition, ex-post evaluation uses the established metrics to validate the effectiveness of the project.

<Annual Evaluation Reports>

JICA prepares and issues an annual evaluation report to provide a summary of project evaluation results and introduce JICA's evaluation efforts.

(Reference link)

Search page for Evaluation Reports

<https://www2.jica.go.jp/en/evaluation/index.php>

⁸ Ongoing projects will refer the target values of the metrics set in the ex-ante evaluation report.

⁹ In some projects, the baseline and target values for the set indicator may be determined after the start of the project when a baseline survey is conducted.

JICA Indicator Reference in Financial Assistance Projects

https://www.jica.go.jp/english/our_work/evaluation/indicators/financial.html








Annual Evaluation Report


https://www.jica.go.jp/english/our_work/evaluation/reports/index.html





5) Second Party Opinion (External Review)





JICA has obtained a second party opinion from Moody's regarding the alignment with the 2021 edition of the Social Bond Principles ("SBP"), the 2021 edition of the Green Bond Principles ("GBP") and the 2021 edition of the Sustainability Bond Guidelines ("SBG"), established by the International Capital Markets Association ("ICMA").





Table 2: Example Indicators by Eligible Project category






Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Agriculture, forestry and fisheries	      	Support for agricultural production facilitates and irrigation systems; agricultural technical support based on meteorological and geographical conditions; marine resource conservation and sustainable fishery; forest preservation; promotion of agroforestry, etc.	<p><Quantitative> (Agriculture)</p> <ul style="list-style-type: none"> Crop production (tons/ yr), crop yield (tons/ha), farmer's income, number of farmers benefitted from agricultural technical guidance/training, etc. <p>(Fishery)</p> <ul style="list-style-type: none"> Annual gross landing volume, annual gross billing, etc. <p>(Afforestation)</p> <ul style="list-style-type: none"> Increase of income in targeted villages through agroforestry or other measures for improvement of economic situation; Increase of households with access to water source; Participation rate of local people including women in sustainable forest management, livelihood improvement activities or trainings on institutional capacity building <p><Qualitative> (Agriculture, Fishery)</p> <ul style="list-style-type: none"> Food security, regional economic development, livelihood improvement of producers, etc. <p>(Fishery)</p> <ul style="list-style-type: none"> Prevention of marine resource depletion, etc. <p>(Afforestation)</p> <ul style="list-style-type: none"> livelihood improvement for local people, economic empowerment for women, etc. 	<p><Quantitative> (Agriculture)</p> <ul style="list-style-type: none"> Irrigation coverage, etc. <p>(Fishery)</p> <ul style="list-style-type: none"> Number of annual research voyage days with research ships newly constructed for research of marine resource conservation; Number of marine environment maps newly developed; Frequency of updates for marine resource assessment reports, etc. <p>(Afforestation)</p> <ul style="list-style-type: none"> Forest coverage rate, survival rate, afforested area with recovery from saline soil, recovery area from desertification, improvement of soil moisture rate, decrease of soil erosion rate, number of targeted nature reserves, number of local development committees to participate in activities related to biodiversity conservation, reduction of greenhouse gas, etc. <p><Qualitative> (Agriculture)</p> <ul style="list-style-type: none"> Enhancement of resilience against climate change <p>(Fishery)</p> <ul style="list-style-type: none"> Early detection or control of marine pollution <p>(Afforestation)</p> <ul style="list-style-type: none"> Reduction of greenhouse gas, forest ecosystem / biodiversity conservation, etc.


Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Healthcare		Support for healthcare facilities and equipment, training and capacity building of healthcare workers, other required measures to improve healthcare in the project country, etc.	<p><Quantitative></p> <ul style="list-style-type: none"> • Number of hospital beds in newly constructed / repaired healthcare facilities, number of hospitalized patients / outpatients, hospital bed occupancy rate, number of operations • Vaccination rate • Medical examination rate of pregnant women • Increase of healthcare workers with training on midwifery • Number of healthcare workers with training on patient care, medical technologies, hospital management, etc. <p><Qualitative></p> <ul style="list-style-type: none"> • Enhancement of community healthcare system, promotion of Universal Health Coverage (UHC), improvement of quality of healthcare education, etc. 	n/a





Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Education		Support for educational facilities and equipment, development of curriculums and teaching materials, international scholarships, and other required measures to improve education in the project country	<p><Quantitative></p> <ul style="list-style-type: none"> Number of students Net enrollment rate or graduation rate in primary / secondary education (by gender, by farm village unit) Degree acquisition rate in higher education, number of students studying abroad (by gender, by farm village unit), employment rate within 1 year after graduation Number of trained teachers Number of released academic papers, etc. <p><Qualitative></p> <p>Reducing disparities between urban / rural areas or gender, improvement of quality of education / research environment, etc.</p>	n/a
Improvement of access to finance for women	  	Improvement of access to finance for women and women entrepreneurs of small and medium-sized enterprises	<p><Quantitative></p> <ul style="list-style-type: none"> Loan balance for women or women entrepreneurs of small and medium-sized enterprises, number of borrowers, etc. <p><Qualitative></p> <ul style="list-style-type: none"> Improvement of access to finance or promotion of employment for women 	n/a





Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Water Supply, Sewerage and Sanitation	 	Support for water supply and sewerage, water treatment plants, sewage treatment plants and waste treatment facilities including compost, etc.	<p><Quantitative></p> <p>(Water treatment facility, water supply)</p> <ul style="list-style-type: none"> Served population / number of served households for water supply, coverage ratio of water supply, amount of water served <p>(Wastewater treatment, sewerage)</p> <ul style="list-style-type: none"> Served population, amount of sewerage treated, coverage ratio of sewerage, improvement of water quality (level of Biochemical Oxygen Demand), etc. <p>(Waste treatment)</p> <ul style="list-style-type: none"> Served population, amount of waste collection, waste collection rate, amount of compost produced, etc. <p><Qualitative></p> <ul style="list-style-type: none"> Sanitary and livelihood improvement of local people 	<p><Quantitative></p> <p>(Water treatment facility, water supply excluding desalination)</p> <ul style="list-style-type: none"> Served population / number of served households for water supply, usage rate of water supply, amount of water served <p>(Wastewater treatment, sewerage)</p> <ul style="list-style-type: none"> Sewered population, amount of sewerage treated, usage rate of sewerage, improvement of BOD (Biochemical Oxygen Demand), etc. <p>(Waste treatment)</p> <ul style="list-style-type: none"> Target population of waste collection, amount of waste collection, waste collection rate, amount of compost produced, etc. <p><Qualitative></p> <p>-</p>
Energy	 	Support for of renewable power generation and transmission facilities; other types of power generation and transmission facilities (excluding activities related to coal-fired power generation); improvement of energy efficiency; or other required measures to improve access to energy in the project country	<p><Quantitative></p> <ul style="list-style-type: none"> Annual electricity output, net electricity amount at sending-end, household electrification rate in targeted region, etc. <p><Qualitative></p> <ul style="list-style-type: none"> Improvement in quality of life of local people, development of local economy, etc. 	<p><Quantitative></p> <ul style="list-style-type: none"> Annual electricity output, net electricity amount at sending-end of renewable energy (solar, wind, geothermal and hydropower excluding large-scale) projects Reduction of greenhouse gas of the renewable energy Transmission and distribution loss rate of the renewable energy, etc. <p><Qualitative></p> <p>-</p>

Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Small and medium-sized enterprises / Industrial development	 	Two-step loans for small and medium-sized enterprises, support for development of local industries and employment generation, etc.	<p><Quantitative></p> <ul style="list-style-type: none"> Loan balance for small and medium-sized enterprises, number of loan borrowings, revenue and profit of targeted small and medium-sized enterprises Output or revenue with production facilities newly constructed / repaired through the project <p><Qualitative></p> <ul style="list-style-type: none"> Improvement of access to finance for small and medium-sized enterprises, employment generation, development of local industries / economy, etc. 	n/a
Transportation	 	Support for development of roads, bridges, airports, seaport infrastructures (including rehabilitation/restoration), and other measures to improve transportation infrastructure in the project country	<p><Quantitative></p> <p>(Road, bridge)</p> <ul style="list-style-type: none"> Annual average traffic volume per day <p>(Airport)</p> <ul style="list-style-type: none"> Number of passengers, volume of cargo handled <p>(Port)</p> <ul style="list-style-type: none"> Volume of cargo handled <p><Qualitative></p> <ul style="list-style-type: none"> Improvement of logistics system, mitigation of traffic congestion (road, bridge), promotion of economic development 	n/a

Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Public transportation	  	Support for metro/railway and other public transportation; other required measures to improve public transportation in the project country	<p><Quantitative></p> <ul style="list-style-type: none"> Number of passengers, passenger transportation volume, cargo volume, travelled distance of women-only carriage, etc. <p><Qualitative></p> <ul style="list-style-type: none"> Mitigation of traffic congestion, development of local economy, promotion of social involvement of female, poor, or vulnerable people, etc. 	<p><Quantitative></p> <ul style="list-style-type: none"> Reduction of greenhouse gas emissions by electrified public transportation projects <p><Qualitative></p> <ul style="list-style-type: none"> Mitigation of air pollution, improvement of urban environment by electrified public transportation projects
Housing financial support for low-income class	 	Housing financial support for low-income class, etc.	<p><Quantitative></p> <ul style="list-style-type: none"> Housing loan balance, number of housing loan borrower, ratio of female borrowers, etc. <p><Qualitative></p> <ul style="list-style-type: none"> Improvement of access to housing loan f for low-income class 	n/a

Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Comprehensive basic infrastructure development, Reconstruction post-disaster		Cross-sectoral support for basic infrastructure for (re-)development of cities, rural villages, regions (small scale infrastructure such as road or housing, etc.); project for recovery/reconstruction from major natural disasters such as earthquakes, or other comprehensive support required to improve the general living foundation in the project country	<p><Quantitative></p> <ul style="list-style-type: none"> • Annual average traffic volume per day on roads • Number of electrified households, electrification rate • Served population / number of served households for water supply • Beneficiary area of newly constructed / repaired irrigation facilities, crop production, income of farmers in the target areas • Required time accessing to a market • Number of villages with sanitary facility services • Number of newly constructed / repaired houses with higher earthquake / fire resistance • Capacity of newly constructed evacuation shelter, etc. <p><Qualitative></p> <ul style="list-style-type: none"> • Promotion of local economy, reduce disparities between regions, poverty reduction, mitigation of damage from natural disasters 	n/a

Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Flood control	 	Support for river basin improvement, dredging and warning systems for flood control	<p><Quantitative></p> <ul style="list-style-type: none"> Flood control area Decrease of flooded area and/or number of flooded houses <p><Qualitative></p> <ul style="list-style-type: none"> Improvement of economic conditions in project area, vitalization of local economy, employment generation through enhancement of resilience against natural disasters, etc. 	<p><Quantitative></p> <ul style="list-style-type: none"> Flood control area Decrease of flooded area or number of flooded houses <p><Qualitative></p> <ul style="list-style-type: none"> Enhancement of resilience against climate change or natural disaster
Communication, Broadcast	 	Support for communication network infrastructure or broadcasting facilities; or other measures to improve communication and broadcasting in the project country	<p><Quantitative></p> <ul style="list-style-type: none"> Improvement rate of communication speed, decrease rate of communication failure, etc. <p><Qualitative></p> <ul style="list-style-type: none"> Increase in economic activity with reliable communication network, improvement for convenience, etc. 	n/a

Sector	SDGs	Project Examples	Example indicators for projects contributing to resolving social issues	Example indicators for projects contributing to resolving environmental issues
Comprehensive environmental conservation	  	Support for comprehensive environmental conservation, such as climate change mitigation, air or water pollution control, or waste management; or other cross-sectoral support for comprehensive environmental conservation	<p><Quantitative></p> <ul style="list-style-type: none"> Increase of annual household income of community members, decrease of collision accident with wild animals, etc. <p><Qualitative></p> <ul style="list-style-type: none"> Improvement of local people's economic conditions alongside biodiversity conservation, social empowerment of women, poor and vulnerable people 	<p><Quantitative></p> <ul style="list-style-type: none"> Increase of carbon accumulation through afforestation in urban and surrounding area, area of coral reef restoration, number of species and their population size inhabiting in wetlands, decrease rate of collision accident with wild animals or the damage from it, etc. Number of engineers acquired expertise in data processing of meteorological satellite, acquisition rate of appropriate data from meteorological satellite, etc. <p><Qualitative></p> <ul style="list-style-type: none"> Enhancement of resilience against climate change and natural disasters, etc.
Peace building		Projects which contribute to peacebuilding, stability, reconstruction for countries or areas (being) affected by dispute or conflicts	<p><Quantitative></p> <ul style="list-style-type: none"> Quantitative indicator regarding basic infrastructure developed for peace, stability and reconstruction (e.g. Installation or reconstruction of water purification facility or water supply, population served and amount of water supplied, coverage ratio of water supply) <p><Qualitative></p> <ul style="list-style-type: none"> Social stability in host community, etc. 	n/a