

**Report on Implementation of the JBIC Guidelines for Confirmation of
Environmental and Social Considerations
(International Financial Operations)**

November 2007

Japan Bank for International Cooperation

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1. Objective of the Study

Japan Bank for International Cooperation (“JBIC”) established and made public the “JBIC Guidelines for Confirmation of Environmental and Social Considerations” (the “Guidelines”) on April 1, 2002, by integrating the two guidelines for environmental considerations in its international financial operations (IFOs) and overseas economic cooperation operations (OECOs). The Guidelines came into force from October 1, 2003. Section 8 of the Guidelines set forth: “JBIC verifies the status of the implementation of the Guidelines, and, based on its findings, conducts a comprehensive review of the Guidelines within five (5) years of their enforcement. Revisions may be then be made as needed.” The objective of this study is to assess the status of the implementation of the Guidelines and produce the basic data to be used as reference for conducting a review on their revision.

2. Scope of the Study

A survey and analysis were conducted on the projects sampled out of all the projects to which loan commitments were made by JBIC up to the end of March 2007. Details of the study will be shown, starting from section 4.

2.1 Implementation of the Guidelines (Phase 1 Study)

The implementation of the following processes were assessed on the sampled projects by drawing up a check list on the procedural steps described in the Guidelines and based on the submitted data pertaining to the sampled projects.

- (1) Screening
- (2) Categorization
- (3) Environmental Review
- (4) Information Disclosure
- (5) Taking Environmental Reviews into Account for Decision-making and Loan Agreements
- (6) Monitoring

2.2 Implementation of the Guidelines (Phase 2 Study)

Section 4 (3) of Part 1 of the Guidelines set forth: “Environmental reviews examine the potential negative and positive environmental impact of projects. JBIC evaluates measures necessary to prevent, minimize, mitigate or compensate for potential negative impact, and measures to promote positive impact if any such measures are available.” Following this provision, the Phase 2 Study, confirmed the implementation of environmental reviews based on the Guidelines with respect to 30 Category A projects to which the Guidelines were applied through the end of March 2007 and analyzed trends for each environmental factor.

3. Overview of Results

3.1 Overview of the Results of Phase 1 Study

The Phase 1 Study confirmed the status of implementation regarding the process of screening, categorization, environmental review, information disclosure, taking environmental reviews into account for lending decision-making, and monitoring, as set forth in the Guidelines.

It was confirmed that screening, categorization and environmental reviews were properly implemented in compliance with the Guidelines. While there were omissions in the entries of the screening form in a few projects, requisite information was entered in almost all the projects.

Appropriate information disclosure was also confirmed in almost all the projects. However, as no record of information disclosure was kept for a few projects, implementation was confirmed in these cases through direct inquiry to relevant staffs.

It was confirmed that requirements of the Guidelines were appropriately taken into account for decision-making and loan agreements in almost all the projects. In some projects, however, there were cases where the provisions set forth in the Guidelines were not taken into account in loan agreements because considerations were given to special characteristics of the borrowers. In the projects where there were explicitly stated provisions in the loan and other related agreements for complying with local standards or requirements demanded by the World Bank, the provision of compliance requirements of the Guidelines was omitted.

In Category A and B projects that require monitoring, the appropriate implementation of monitoring based on the Guidelines was confirmed.

3.2 Overview of the Results of Phase 2 Study

The Phase 2 Study first examined the potential negative environmental impact (“environmental impact”) of projects. Then assessment was made on the necessary measures taken to prevent, minimize, mitigate or compensate for it and any additional measures taken based on the involvement of JBIC (“measures to address the impact”).

The study found that appropriate measures to address the impact were taken in the sampled projects. Even in the cases where the local domestic law did not make environmental assessment mandatory, additional measures were taken based on the involvement of JBIC. For example, the project proponents conducted environmental impact assessment (EIA) or made voluntary information disclosure in their effort to clear the environmental review of JBIC on confirmation of environmental and social considerations in compliance with the Guidelines.

4. Implementation of the Environmental Guidelines (Phase 1 Study)

4.1 Projects Covered by Phase 1 Study

Of the projects classified in categorization after October 2003 to which the Guidelines were applied, 615 projects financed by loans and investments in JBIC IFOs were approved by the end of March 2007.

Given limitations on time and costs, all Category A projects were examined, while Category B, C and F projects were randomly sampled. Taking account of these limitations and statistical needs, 85 projects were selected.

The Phase 1 Study covered the following 85 projects (the “covered projects”) (of which there were 30 Category A projects, 14 Category B projects, 33 Category C projects and 8 Category FI projects).

Table 4-1 Projects Covered by Phase 1 Study Grouped by Category

Category	No. of Projects
A	30
B	14
C	33
FI	8
Total	85

4.2 Results of Phase 1 Study

4.2.1 Screening

(1) Objective of the Study

The objective of the study was to verify that the following provision set forth in Part 1, Section 4 (1) in the Guidelines was appropriately implemented during the screening process of the covered projects.

Part 1, 4 (1) of the Guidelines

JBIC classifies each project in terms of its potential environmental impact, taking into account such factors as: the sector and scale of the project, the substance, degree and uncertainty of its potential environmental impact and the environmental and social context of the proposed project site and surrounding areas.

(2) Scope of the Study

The entry in the following two items of information was examined in the screening form of each project to assess the implementation of the screening process.

a. Entry of date in the screening form

The date entered in the cover sheet of the screening form was checked to confirm that the screening was conducted.

b. Entry of information required for screening

Whether the following items of information were appropriately entered in the screening form was checked to confirm if the screening was conducted in accordance with the provision in Part 2, Section 4.

Guidelines Part 2, 4 Information Required for Screening Process

The following data shall be used in principle to conduct screening. When necessary, additional data may be required depending on the nature of the project and peripheral circumstances, etc.

Items to be Listed

1. Permits and Approvals

- Need for permits and approvals for Environmental Impact Assessment
- Status of acquisition of permits and approvals for EIA
- Date of issue of permits and approvals for EIA
- Names of organizations issuing permits and approvals for EIA
- Status of acquisition of other environmental permits and approvals

2. Project Details

- Location of project site
- Project Description
- Relevant sector
- Scale, etc. of project

3. Environmental Impact

- Degree of environmental impact
- Existence of sensitive areas
- Existence of sensitive characteristics

Scale of sensitive characteristics

(3) Results

a. Entry of date in the screening form

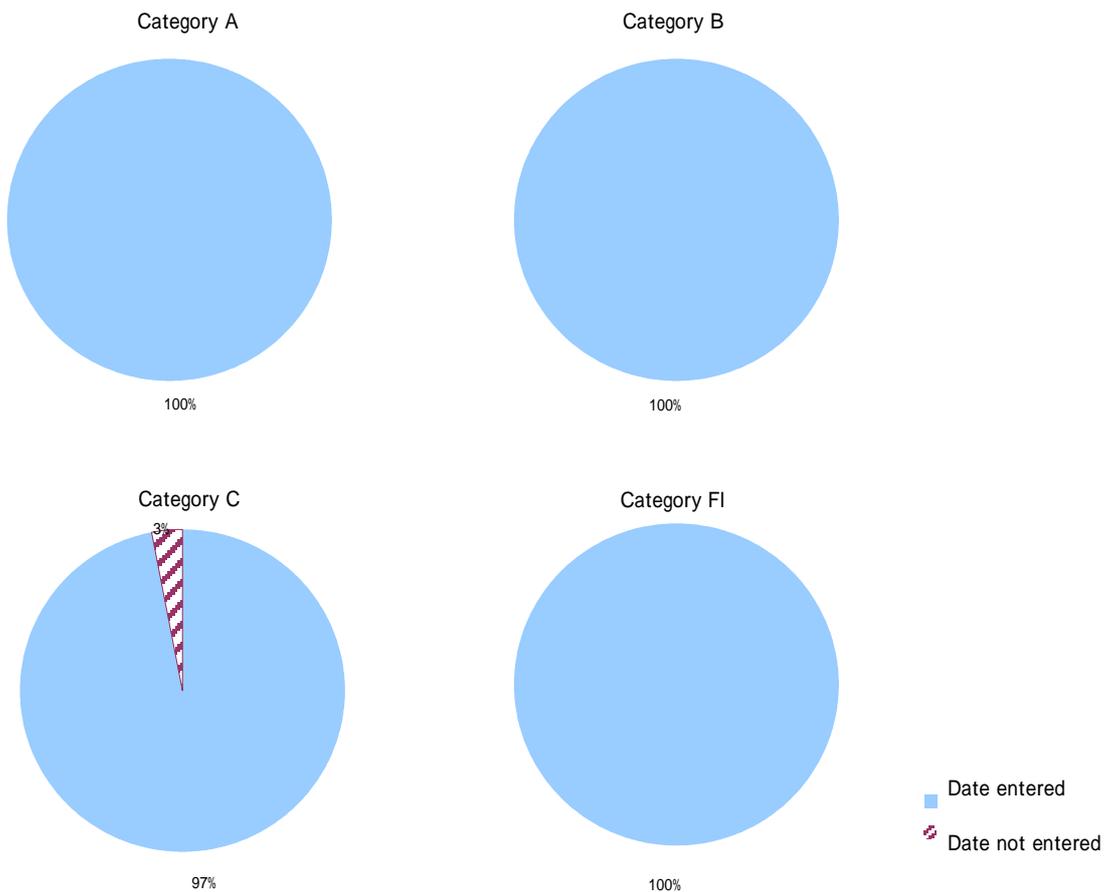
- Category A: Screening forms were prepared and kept for all the projects, and the date was entered in each screening form.

- Category B: Screening forms were prepared and kept for all the projects, and the date was entered in each screening form.

Category C: Screening forms were prepared and kept for all the projects, and the date was entered in each screening form except one project. In this case, the date was not confirmed due to omission of entry.

- Category FI: Screening forms were prepared and kept for all the projects, and date was entered in each screening form.

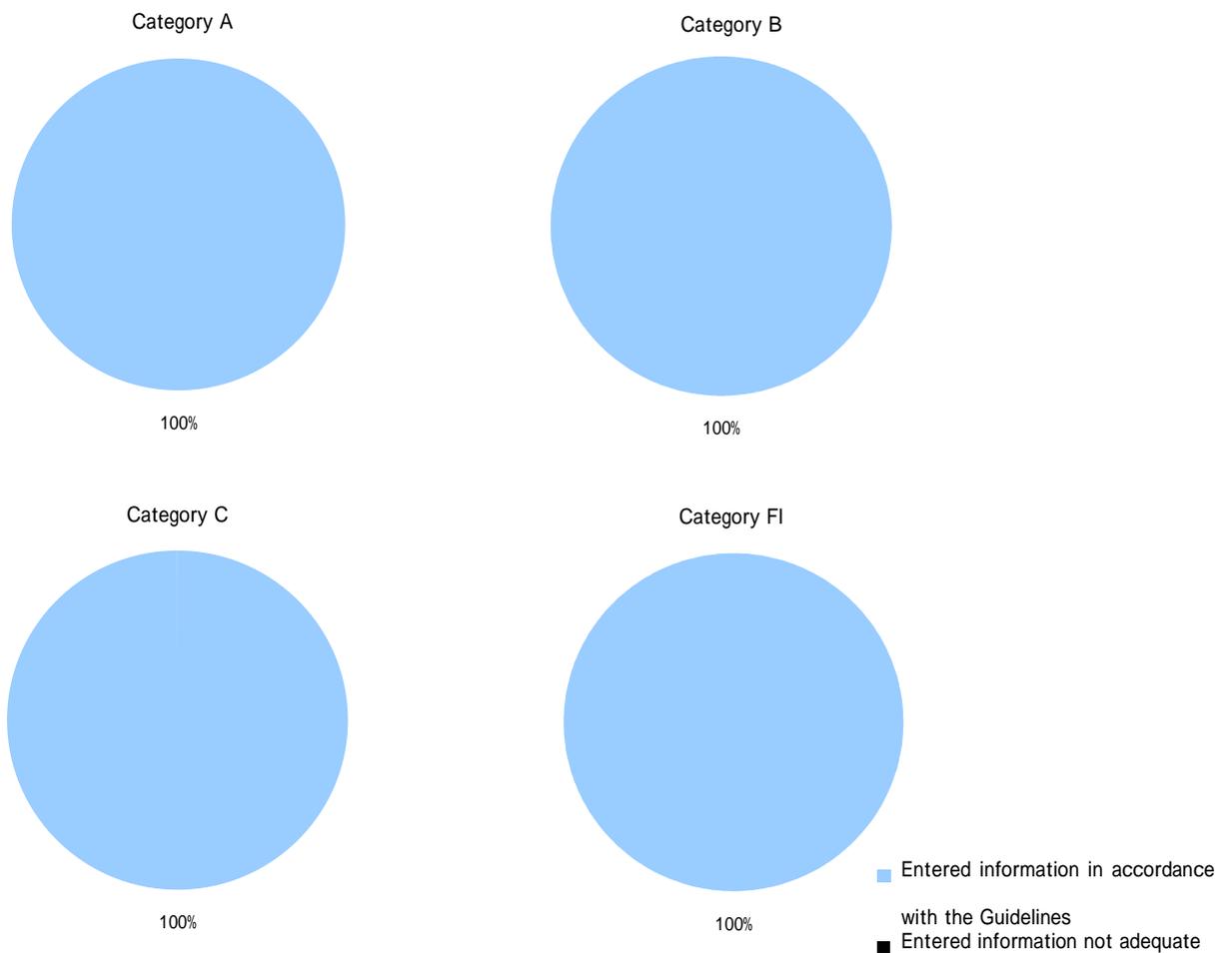
Figure 4-1 Entry of Date in the Screening Form



b. Entry of information required for screening

- Category A: The information required for screening in accordance with the Guidelines was entered in all Category A projects.
- Category B: The information required for screening in accordance with the Guidelines was entered in all Category B projects.
- Category C: The information required for screening in accordance with the Guidelines was entered in all Category C projects.
- Category FI: The information required for screening in accordance with the Guidelines was entered in all Category FI projects.

Figure 4-2 Entry of Information Required for Screening



4.2.2 Categorization

(1) Objective of the Study

The objective of the study is to confirm, based on the findings of the screening, that the covered projects were appropriately classified in accordance with Part 1, Section 4 (2) of the Guidelines shown below.

Part 1, Section 4. (2) of the Guidelines

<Category A>

A proposed project is classified as Category A if it is likely to have significant adverse impact on the environment. A project with complicated impact or unprecedented impact which are difficult to assess is also classified as Category A. The impact of Category A projects may affect an area broader than the sites or facilities subject to physical construction. Category A, in principle, includes projects in sensitive sectors (i.e., sectors that are liable to cause adverse environmental impact) or with sensitive characteristics (i.e., characteristics that are liable to cause adverse environmental impact) and projects located in or near sensitive areas.

<Category B>

A proposed project is classified as Category B if its potential adverse environmental impact is less adverse than that of Category A projects. Typically, this is site-specific, few if any are irreversible, and in most cases normal mitigation measures can be designed more readily. Projects funded by Engineering Service Loans that are yen loans for survey and design, are classified as Category B, with the exception of those belonging to Category C.

<Category C>

A proposed project is classified as Category C if it is likely to have minimal or no adverse environmental impact. Projects that correspond to one of the following are, in principle, classified as Category C, with the exception of projects with sensitive characteristics and projects located in sensitive areas as indicated in Section 3 of Part 2:

- 1) Projects for which the JBIC's share is not above SDR 10 million;

2) Sectors or projects in which no particular environmental impact is normally expected (e.g., human resources development, support for international balance of payments, maintenance of existing facilities, acquisition of rights and interests without additional capital investment);

or

3) Cases in which there is only minor involvement of the project by the borrower or JBIC, such as the export/import or lease of items of machinery or equipment that is not connected with a particular project, and where there will be little reasonable significance in JBIC's conducting an environmental review.

<Category FI>

A proposed project is classified as Category FI if it satisfies all of the following: JBIC's funding of the project is provided to a financial intermediary etc.; the selection and assessment of the actual sub-projects is substantially undertaken by such an institution only after JBIC's approval of the funding and therefore the sub-projects cannot be specified prior to JBIC's approval of funding (or assessment of the project); and those sub-projects are expected to have potential impact on the environment.

(2) Scope of the Study

The entry in the following two items of information in the communication sheet on categorization was examined to assess the implementation of categorization for each project.

a. Entry of date in the communication sheet on categorization

The date entered in the covering of the communication sheet on categorization was checked in order to confirm that categorization was conducted.

b. Rationale of specific categorization

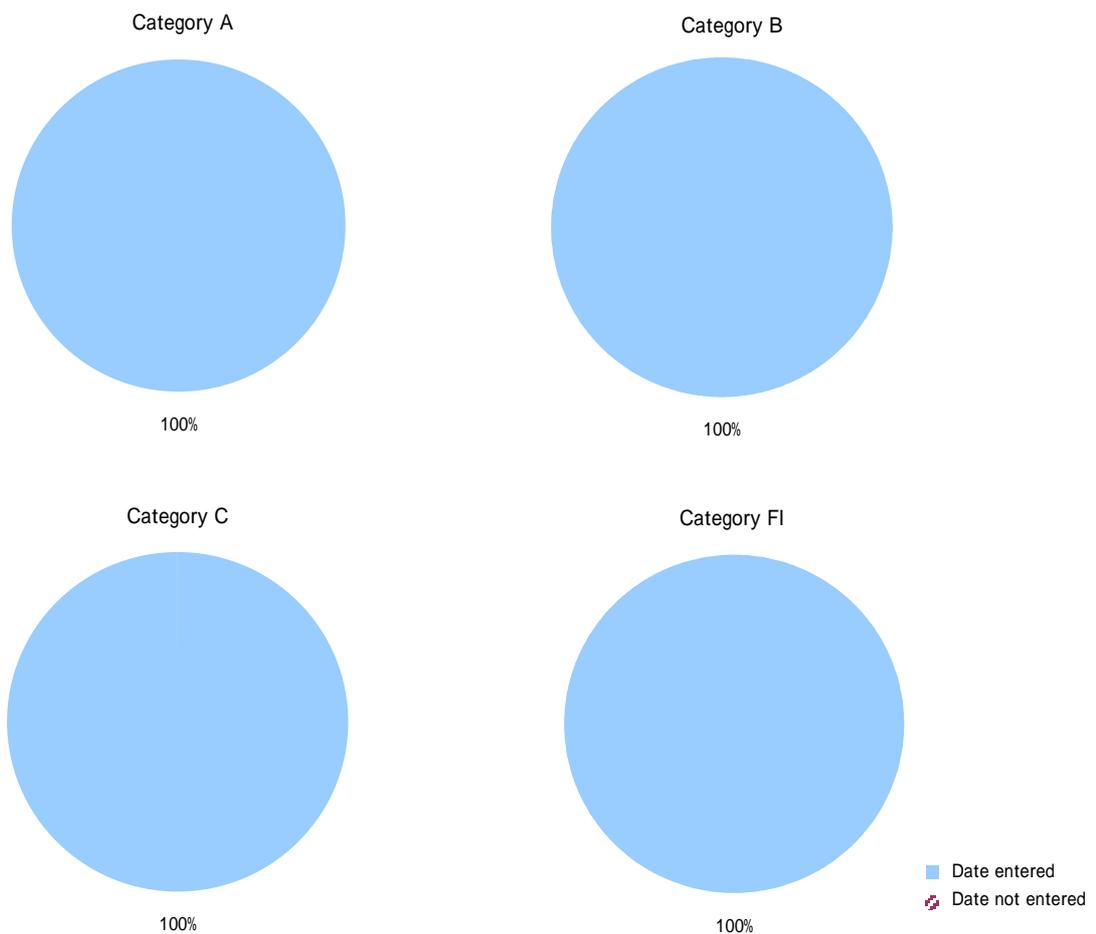
The study confirmed that the rationale of specific categorization was shown.

(3) Results

a. Entry of the date categorization was notified

- Category A: Communication sheets on categorization were prepared and kept for all Category A projects, and the date was entered in each communication sheet.
- Category B: Communication sheets on categorization were prepared and kept for all Category B projects, and the date was entered in each communication sheet.
- Category C: Communication sheets on categorization were prepared and kept for all Category C projects and the date was entered in each communication sheet.
- Category FI: Communication sheets on categorization were prepared and kept for all Category FI projects, and the date was entered in each communication sheet.

Figure 4-3 Entry of Date When Categorization Was Notified



b. Rationale of specific categorization

- Category A: The rationale of categorization was described in the communication sheet on categorization for all Category A projects. Of all the projects classified as Category A projects, those with “sensitive characteristics,” as set forth in Part 2, Section 3 of the Guidelines, accounted for 10%; those in “sensitive sectors” accounted for 80%; and those “located in or near sensitive areas” accounted for 24%. Those simultaneously having “sensitive characteristics” and in “sensitive sectors” accounted for 17%.
- Category B: The rationale of categorization was described in the communication sheet on categorization for all Category B projects. The rationale given to all these projects was: “the project does not have “sensitive characteristics, nor belongs to sensitive sectors nor is located in or near sensitive area, and it not likely to have significant impact on the environment.”
- Category C: The rationale of categorization was described in the communication sheet on categorization for all Category C projects. Of all the projects classified as Category C, 45% was given the rationale: “projects in which the share of JBIC financing is not above SDR 10 million.” The rest was given the rationale: “the export/import or lease of items of machinery and equipment that is not connected with a particular project.”
- Category FI: The rationale of categorization was described in the communication sheet on categorization for all Category FI projects. The rational given to all these projects was: “JBIC’s funding of the project is provided to a financial intermediary, and sub-projects cannot be specified.”

Figure 4-4 Rationale Given for Categorization

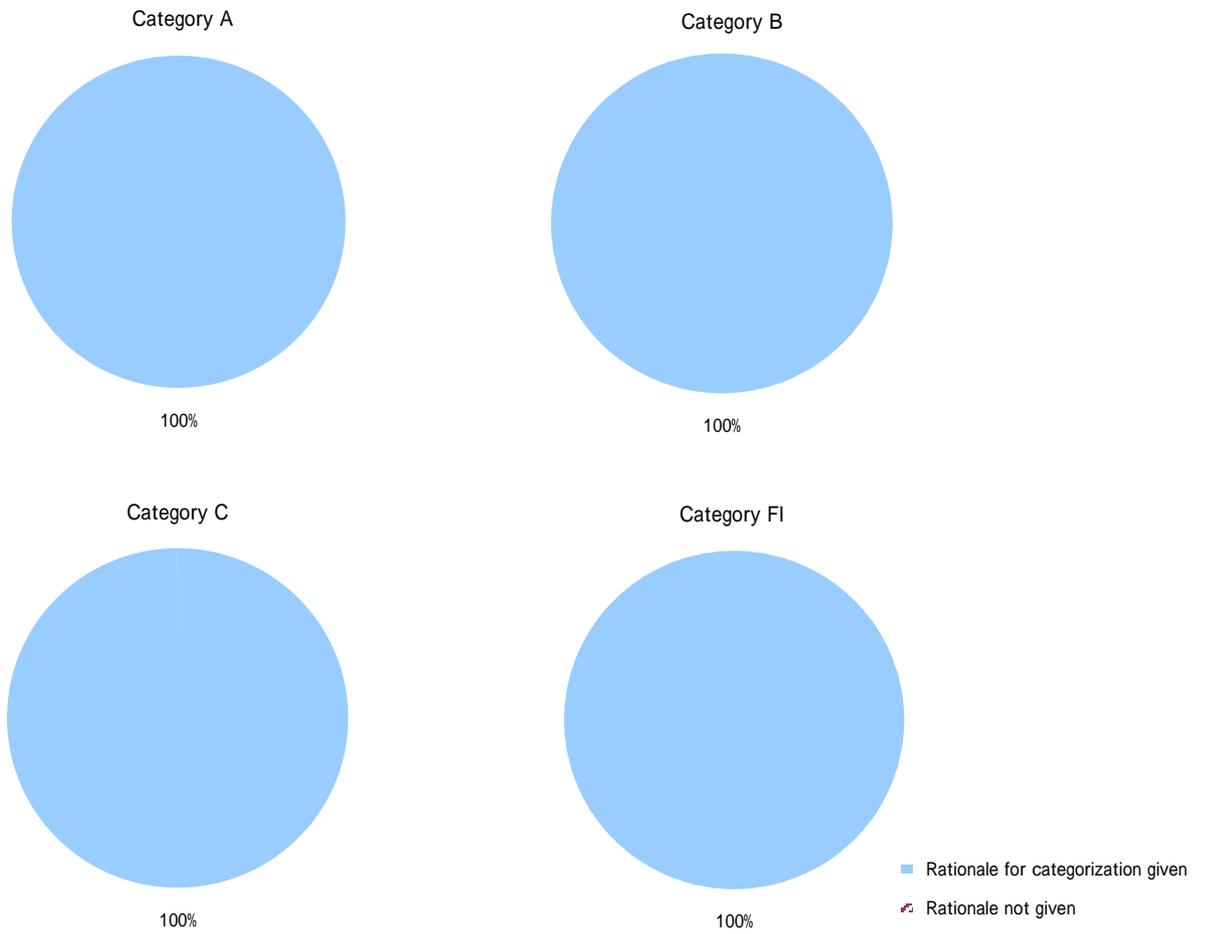
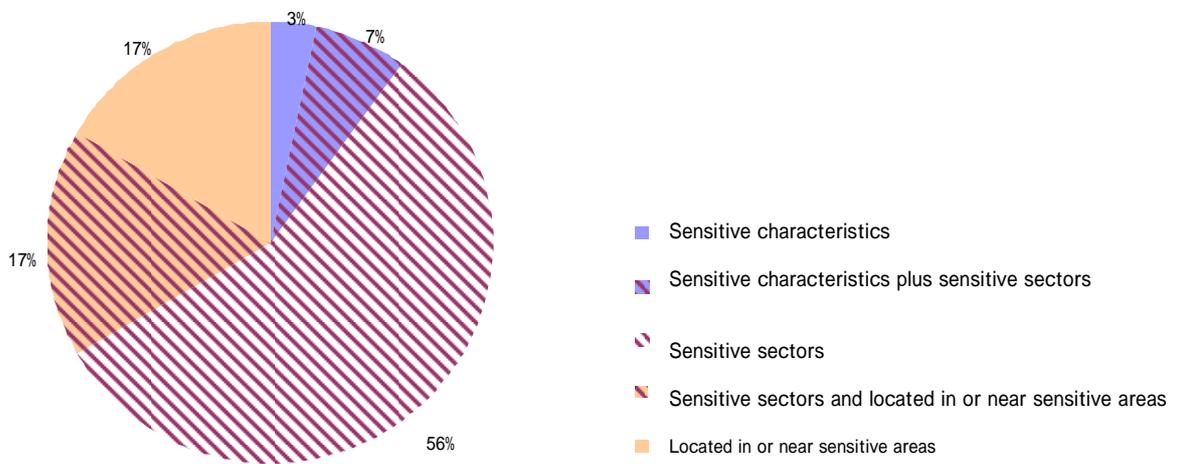


Figure 4-5 Rationale for Classifying as Category A



4.2.3 Environmental Review

(1) Objective of the Study

The objective of the study was to confirm that appropriate environmental study was conducted for the covered projects depending on specific category classification in accordance with Part 1, Section 4 (3) of the Guidelines shown below.

Part 1, Section 4 (3) of the Guidelines

Category A: Environmental reviews for Category A projects examine the potential negative and positive environmental impact of projects. JBIC evaluates measures necessary to prevent, minimize, mitigate or compensate for potential negative impact, and measures to promote positive impact if any such measures are available. Borrowers and related parties must submit Environmental Impact Assessment (EIA) reports (see Section 2 of Part 2) for Category A projects. For projects that will result in large-scale involuntary resettlement, basic resettlement plans must be submitted. JBIC undertakes its environmental reviews based on the EIA and other reports prepared by the project proponents and submitted through the borrower.

Category B: The scope of environmental reviews for Category B projects may vary from project to project, but it is narrower than that for Category A projects. The environmental reviews for Category B are similar to that of category A in that they examine potential negative and positive environmental impact and evaluate measures necessary to prevent, minimize, mitigate or compensate for the potential negative impact, and measures to promote positive impact if any such measures are available. JBIC undertakes its environmental reviews based on information provided by borrowers and related parties. Where an EIA procedure has been conducted, the EIA report may be referred to, but this is not a mandatory requirement.

Category C: For projects in this category, environmental reviews will not proceed beyond screening.

Category FI: 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.

(2) Scope of the Study

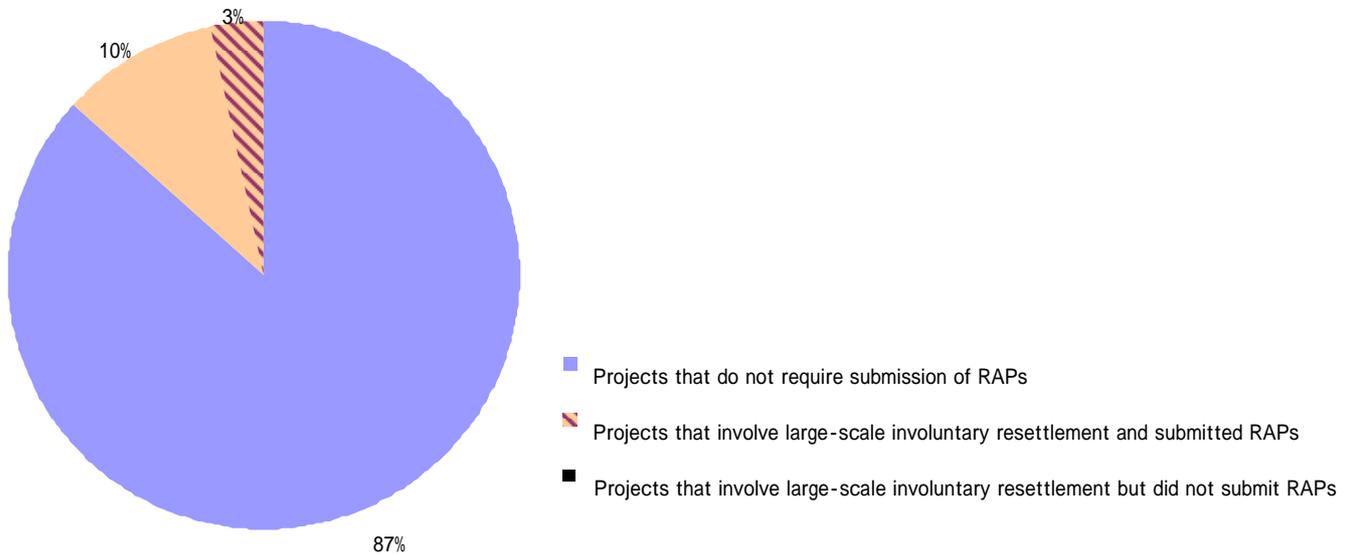
A review was conducted on the Environmental Review Report of each project in order to assess the implementation of environmental review based on the Guidelines. Specifically, the following three points were examined.

- a. Implementation of Environmental Review (for Category A, B and FI projects)
- b. Preparation of Environmental Impact Assessment (EIA) Report (for Category A projects)
As the Guidelines set forth that the Borrowers and related parties must submit EIA Reports for the projects, the preparation of EIA Reports was confirmed by checking a copy of EIA Report.
- c. Existence of the resettlement action plan (RAP) (for Category A projects)
As the Guidelines set forth that for projects that will result in large-scale involuntary resettlement, RAP must be submitted by the Borrowers and related parties, the existence of RAP was confirmed by checking its copy.

(3) Results

- a. Implementation of Environmental Review in Category A, B and FI Projects
It was confirmed that environmental reviews had been conducted in all Category A, B and FI projects (52 projects) of the covered projects.
- b. Preparation of EIA Report in Category A Projects
Among 30 Category A projects, EIA Reports were prepared in 27 projects. In the remaining 3 projects, environmental impact assessment was not mandatory in the domestic law of the host country. However, in compliance with the environmental review of JBIC for confirming environmental and social considerations in accordance with the Guidelines, the project proponents voluntarily conducted EIA and prepared EIA Reports for their projects.
- c. Existence of the resettlement action plan (RAP) (for Category A projects)
Among 30 Category A projects, there were 4 projects that involved large-scale involuntary resettlement. Among them, the RAP was submitted in 3 projects. In one remaining project, the preparation of the RAP was not mandatory under the domestic law of the host country. However, requirements regarding resettlement had been confirmed at the time of the environmental review.

Figure 4-6 Category A Large-Scale Involuntary Resettlement and Submission of the Resettlement Action Plan



4.2.4 Information Disclosure

(1) Objective of the Study

The objective of the study was to confirm that appropriate information disclosure was made regarding the covered projects in accordance with Part 1, Section 5 (2) of the Guidelines shown below.

Part 1, Section 5 (2) of the Guidelines

Prior to making decisions on funding and depending on the nature of the project, JBIC discloses information in principle at the timing and with the contents listed below. JBIC endeavors to disclose information in a manner that allows enough time before decisions are made on funding:

- Upon completion of the screening of a project, JBIC discloses, as soon as possible, the project name, country, location, an outline and sector of the project, and its category classification, as well as the reasons for that classification; and

- For Category A and Category B projects, JBIC publishes the status of major documents on environmental and social considerations by the borrowers and related parties, such as EIA reports and environmental permit certificates, etc. issued by the host government on the JBIC website, and promptly makes available the EIA reports etc.

After executing a loan agreement, JBIC provides the results of its environmental reviews of projects in Categories A, B and FI for public perusal on the JBIC website.

(2) Scope of the Study

The following 4 points were examined in order to assess the implementation of information disclosure.

a. Posting of “Projects Already Classified into One of the Categories and Currently under Screening Process”

The posting of projects in the webpage of “Projects Already Classified into One of the Categories and Currently under Screening Process” at the JBIC website was examined by checking its past updates.

b. The Status of Public Access to Major Documents on Projects

The webpage, “Projects for Which JBIC Has Already Acquired Environmental Impact Assessment (EIA),” posted at the JBIC website was examined by checking its past updates.

c. Disclosure of EIA Reports

Disclosure of EIA Reports was examined from the log sheet of EIA Reports in the JBIC Public Information Center. The log sheet of EIA Reports is the data on projects for which EIA reports were made available to the public.

d. Posting of Environmental Review Reports

Environmental Review Reports posted at the JBIC website was examined by checking the past updates of their webpage.

(3) Results

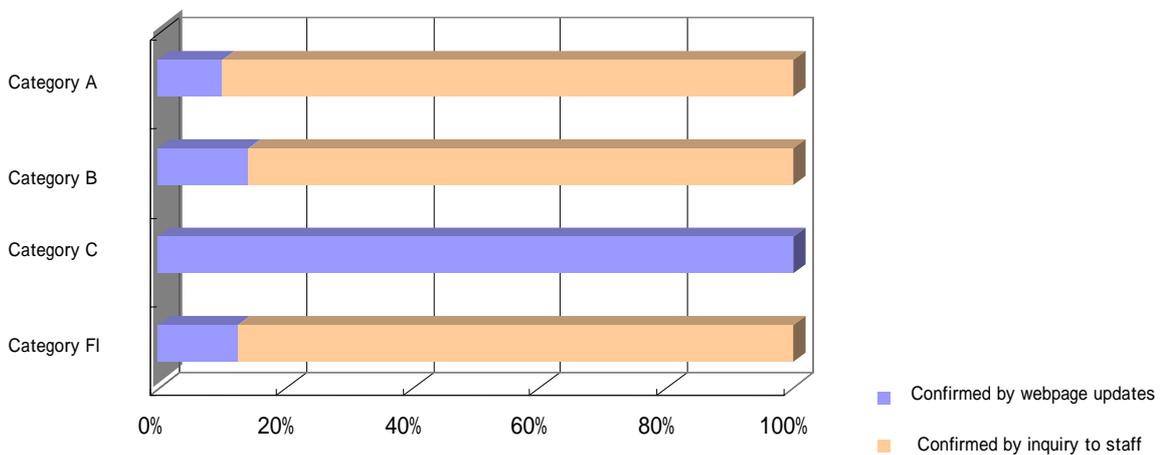
a. Posting of “Projects Already Classified into One of the Categories and Currently under Screening Process”

It was confirmed that all the covered projects were published at the JBIC website under “Projects Already Classified into One of the Categories and Currently under

Screening Process.”

However, among all 85 projects examined, the record did not exist for 27 out of 30 Category A projects (90%), 12 out of 12 Category B projects (86%), and 7 out of 8 Category FI projects (86%). Therefore, the posting of these projects were confirmed through inquiries made to the relevant staff. This is because the past records of Category A, B and FI projects whose environmental review results had been made available at the JBIC website after the signing of their loan agreements was erased in the information system and therefore past updated history of this webpage no longer exists.

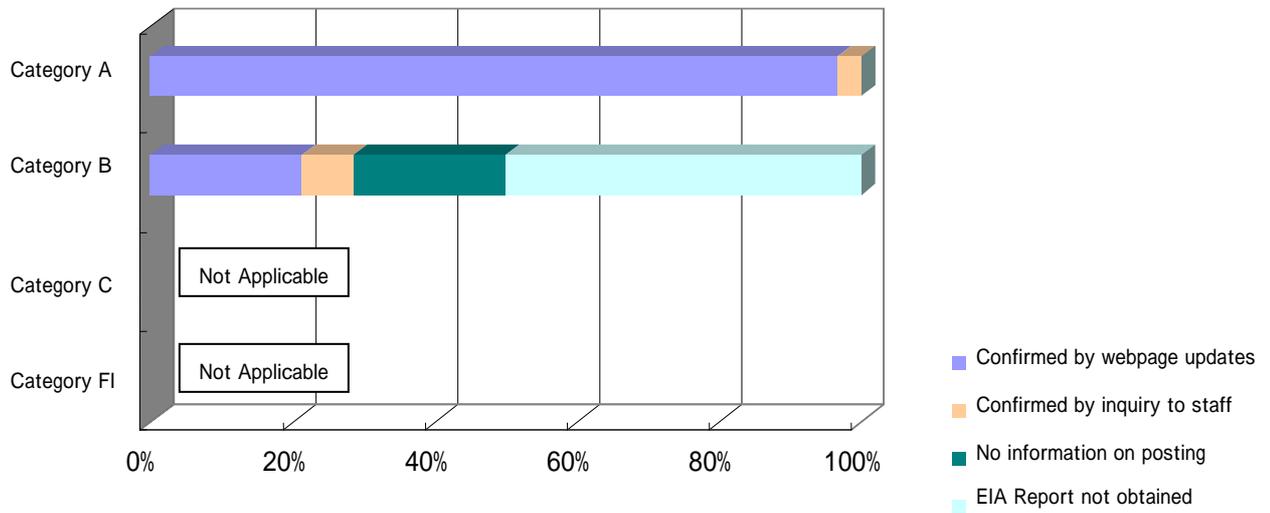
Figure 4-7 Posting of “Projects Already Classified into One of the Categories and Currently under Screening Process”



b. The Status of Public Access to Major Documents on Category A and B Projects

- Category A: It was confirmed that major documents on Category A projects were posted at the JBIC website. However, as the record of posting of major documents for one project did not exist, the posting was confirmed through inquiries to the relevant staff.
- Category B: Although EIA Reports are not required in the Guidelines, major documents including EIA Reports were obtained for 7 Category B projects. The major documents of 4 of these projects (29% of total Category B projects) were posted at the JBIC website. Among 3 project of which it was not clear whether they were posted, the past update record was lost for one project, while posting most likely did not take place for the remaining 2 projects.

Figure 4-8 Posting of Major Documents Obtained by JBIC

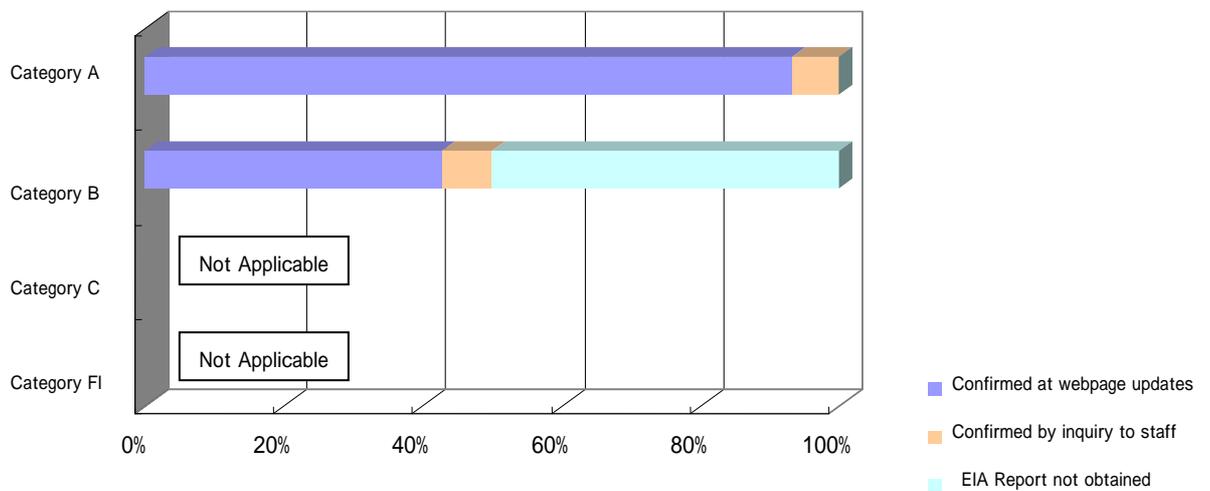


c. Disclosure of EIA Reports in Category A and B Projects

- Category A: It was confirmed that EIA Reports were made available at the JBIC Public Information Center for all Category A projects. However, as the record of public availability did not exist for 2 of these projects, it was confirmed through inquiries to the relevant staff.

- Category B: Among 14 Category B projects, EIA Reports on 7 projects (50%) were obtained and made available to the public at the JBIC Public Information Center. However, as the record of public availability did not exist for one of these projects, it was confirmed through inquiries to the relevant staff.

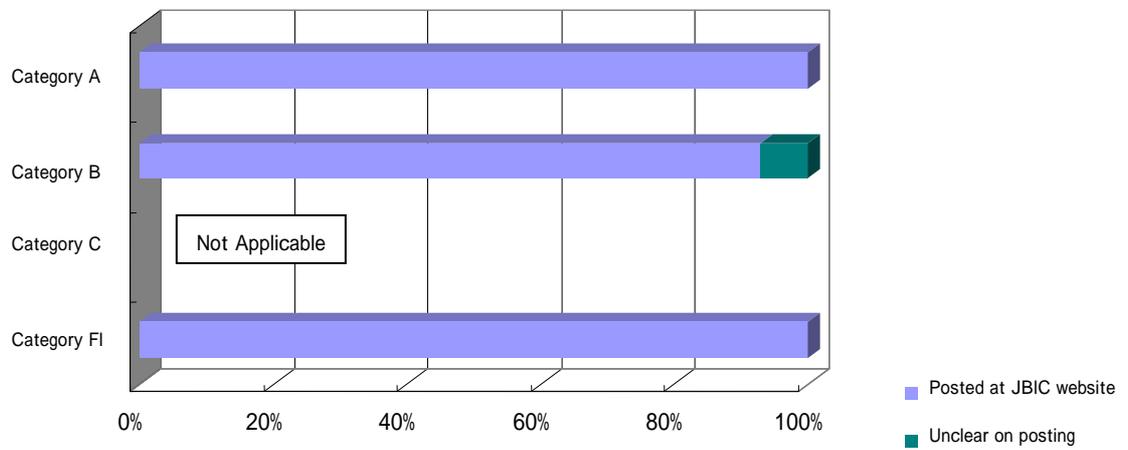
Figure 4-9 Public Availability of EIA Reports on Category A and B Projects



d. Posting of Environmental Review Reports in Category A, B and FI Projects

- Category A: It was confirmed that Environmental Review Reports on all Category A projects were posted at the JBIC website.
- Category B: Among 14 Category B projects, Environmental Review Reports on 13 projects (93%) were posted at the JBIC website.
- Category FI: It was confirmed that Environmental Review Reports on all Category FI projects were posted at the JBIC website.

Figure 4-10 Posting of Environmental Review Reports in Category A, B and FI Projects



4.2.5 Taking Environmental Reviews into Account for Decision-making and Loan Agreements

(1) Objective of the Study

The objective of the study was to examine whether the findings of environmental reviews and the provisions in Part 1, Section 6 of the Guidelines shown below have been taken into account for decision-making and loan agreements.

Part 1, Section 6 of the Guidelines

JBIC will make its utmost effort to ensure that the following requirements are met through loan agreements or their attached documents, when it is considered necessary to ensure the enforcement of environmental and social considerations by borrowers and related parties:

- The borrower is to report to JBIC on measures and monitoring related to environmental and social considerations undertaken by the project proponents. If, due to unforeseen circumstances, there is a possibility that the requirements for environmental and social consideration may not be fulfilled, the borrower is to report this to JBIC;
- If any problems regarding environmental and social considerations arise, the borrower is to make efforts for discussions to be held between the project proponents and project stakeholders;
- 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 is to endeavor to enter into agreements with these parties as well; and
- If it becomes evident that the borrower and the project proponents have not met the conditions required by JBIC under the Guidelines, or if it becomes apparent that the project will have an adverse impact on the environment after funding is extended, due to the borrower's or related parties' failure to supply correct information during the environmental review process, JBIC may, in accordance with the loan agreement, suspend the disbursement or declare all the principal outstanding at the time, with interest and any other charges thereon, to be payable immediately.

(2) Scope of the Study

The following 4 points regarding loan agreements and their attached documents were examined in order to assess that the findings of environmental reviews and the provisions in Part 1, Section 6 of the Guidelines shown above have been taken into account for decision-making and loan agreements in the covered projects.

- a. Point i: Reporting requirements of monitoring and other measures taken
- b. Point ii: Whether consultations were made with project stakeholders
- c. Point iii: Whether there were arrangements (if necessary) with project proponents and the host governments other than the borrower in relation to environmental and social considerations
- d. Point iv: Whether disbursement was suspended or additional measures were taken in the case where contractual conditions required by JBIC under the Guidelines were not met.

(3) Results

- a. Point i: Reporting requirements of monitoring and other measures taken
 - There were provisions of reporting requirement on monitoring in the loan agreements and/or related documents in all Category A projects.
 - There were provisions of reporting requirement on monitoring in the loan agreements and/or related documents in all Category B projects.
 - There were provisions of reporting requirement on monitoring in the loan agreements and/or related documents in 31 of 33 Category C projects (94%). Among the 2 projects where there were no such provisions, general reporting requirement substituted for them in one project, while the other project did not need such provisions because requirements under the Guidelines did not apply, given the nature of the project.
 - There were provisions of reporting requirement on monitoring in the loan agreements and/or related documents in all Category FI projects.
- b. Point ii: Whether consultations were made with project stakeholders
 - There were provisions on consultations with project stakeholders in the loan agreements and/or related documents in 25 of 30 Category A projects (83%). Among the 5 projects where there were no such provisions, there were provisions of compliance with the JBIC Guidelines (3 projects) or compliance requirements of the World Bank (one project), which are interpreted to be equivalent to

provisions for making consultations with project stakeholders. In the remaining one project, there was no such explicit statement, but there was a provision of compliance with the local standards.

- There were provisions on consultations with project stakeholders in the loan agreements and/or related documents in all Category B projects.
- There were provisions on consultations with project stakeholders in the loan agreements and/or related documents in 31 of 33 Category C projects (94%). In the 2 projects where there were no such provisions, general reporting requirement substituted for them.
- There were provisions on consultations with project stakeholders in the loan agreements and/or related documents in 7 of 8 Category FI projects (88%). The remaining one project did not need such provisions because requirements under the Guidelines did not apply, given the nature of the project.

c. Point iii: Whether there were arrangements (if necessary) with the project proponents and the host governments other than the borrower in relation to environmental and social considerations

- There were provisions on agreement/arrangements with project proponents and the host governments other than the borrower in the loan agreements and/or related documents in 24 of 30 Category A projects (80%). Among 6 projects where there were no such provisions, in the case of one project, such provisions did not exist because there was no project proponent other than the borrower and the role of the government was not important in that project. In the 4 projects, there were provisions of compliance with the JBIC Guidelines (3 projects) or compliance with requirements of the World Bank (one project), which are interpreted to be equivalent to provisions for such arrangements. In the remaining one project, there was no such explicit statement, but there was a provision of compliance with the local standards.
- There were provisions on the arrangements with project proponents and the host governments other than the borrower in the loan agreements and/or related documents in all Category B projects.
- There were provisions on the arrangements with project proponents and the host governments other than the borrower in the loan agreements and/or related documents in 26 of 33 Category C projects (79%). Among 7 projects where there were no such provisions, requirements under the Guidelines did not apply for 5

projects. In the case of another project, such provisions did not apply because the borrower was a government agency. In the remaining one project, general reporting requirement substituted for such provisions.

- There were provisions on the arrangements with project proponents and the host governments other than the borrower in the loan agreements and/or related documents in 7 out of 8 Category FI projects (97%). There were no such provisions in the remaining one project because such provisions did not apply to it, given the nature of the project.

d. Point iv: Whether disbursement was suspended or other measures were taken in the case where contractual conditions required by JBIC under the Guidelines were not met.

- There were provisions on suspension of disbursement and other measures in the loan agreements and/or related documents in 29 of 30 Category A projects (97%). In the remaining one project, there was no such wording, but there was a provision of compliance with the local standards.
- There were provisions on suspension of disbursement and other measures in the loan agreements and/or related documents in all Category B projects.
- There were provisions on suspension of disbursement and other measures in the loan agreements and/or related documents in 31 out of 33 Category C projects (94%). There were no such provisions in the remaining one project because such provisions did not apply to it, given the nature of the project.
- There were provisions on suspension of disbursement and other measures in the loan agreements and/or related documents in 7 out of 8 Category FI projects (88%). There were no such provisions in the remaining one project because such provisions did not apply to it, given the nature of the project.

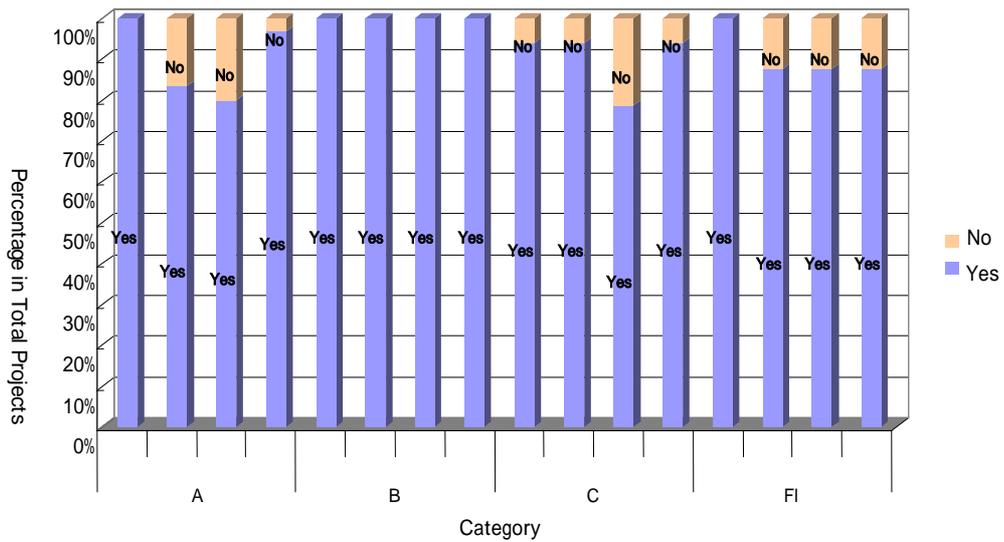
Summing up these results, requirements under the Guidelines were not taken into account in decision-making and loan agreements in the following cases.

- Requirements under the Guidelines did not apply because of the nature of the project.
- Other requirements (such as compliance with local standards, general reporting obligation and compliance with requirements of the World Bank) were set forth in the provisions.
- The borrower was a government agency.
- There was no project proponent other than the borrower and the role of the government was not important.

Table 4-2 Whether Environmental Reviews were Taken into Account for Decision-Making and Loan Agreements

Category	Item	Yes	No
A		30	—
		25	5
		24	6
		29	1
B		14	—
		14	—
		14	—
C		31	2
		31	2
		26	7
		31	2
FI		8	—
		7	1
		7	1
		7	1

Figure 4-11 Whether Environmental Reviews were Taken into Account for Decision-making and Loan Agreements (Percentage)



4.2.6 Monitoring

(1) Objective of the Study

The objective of the study was to confirm that monitoring was conducted appropriately for the covered projects in accordance with Part1, Section 4 (4) of the Guidelines shown below.

Part1, Section 4 (4) of the Guidelines

JBIC in principle confirms through the borrower over a certain period of time, the results of monitoring the items which have a significant environmental impact by the project proponents. This is in order to confirm the project proponents' undertaking of environmental and social considerations for category A and B projects.

(2) Scope of the Study

In Category A and B projects (Category A: 30 and Category B: 12) out of all the projects covered by the study, the receipt of monitoring report was examined.

(3) Results

- Category A: Monitoring was planned in all Category A projects. Among 30 Category A projects, monitoring was conducted or monitoring reports were received in 18 projects (60%). At present, regarding the 12 projects on which JBIC has not received monitoring reports yet, JBIC is expected to receive their monitoring reports an appropriate time based in accordance with the loan agreements (after completion of work when monitoring is required after completion but the project has not been completed).

- Monitoring was planned in all Category B projects. In 6 projects (43%) out of 14 projects, monitoring was conducted or monitoring reports were received. In the case where monitoring reports have not been received at present, the reports JBIC is expected to receive monitoring reports at an appropriate time in accordance with the loan agreements (after completion of work when monitoring is required after completion but the project has not been completed).

Figure 4-12 Monitoring of Category A and B Projects

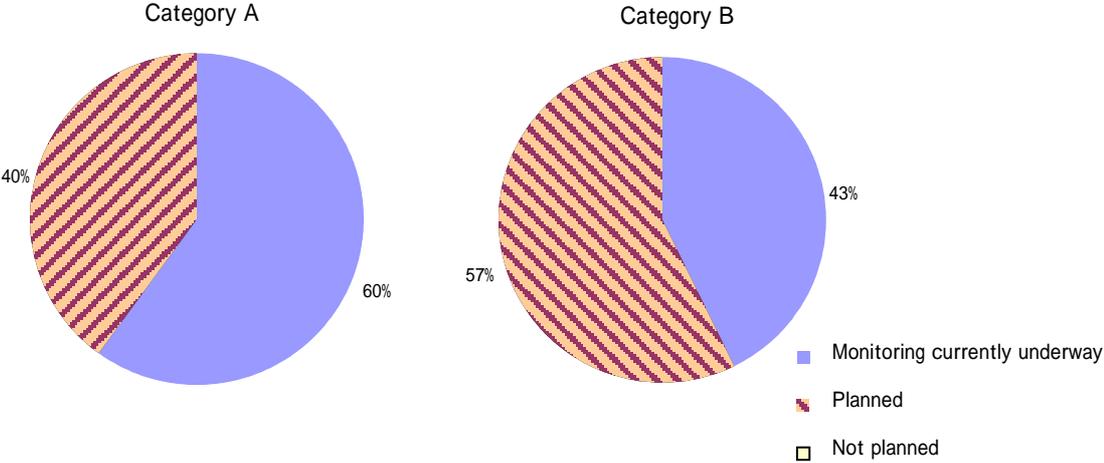
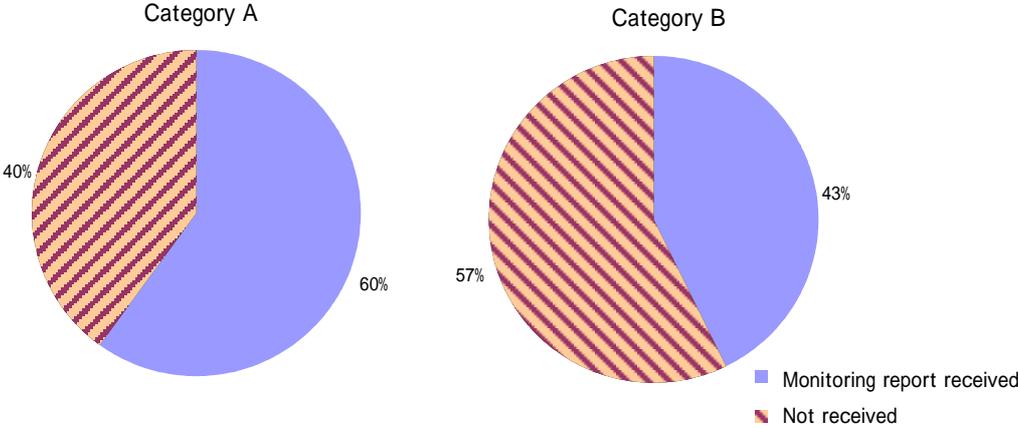


Figure 4-13 Receipt of Monitoring Reports in Category A and B Projects



5. Environmental Review (Phase 2 Study)

The Phase 2 Study was conducted on 30 Category A projects to which loan commitments were made by JBIC up to the end of March 2007 and the Guidelines were applied by using the screening form, consultant report, environmental diagnosis report for each project. The results of environmental review based on the Guidelines were summarized by environmental factor and analyzed trends for specific environmental factors. Table 5-1 and 5-2 respectively broke down Category A projects covered by the Phase 2 Study (30 projects) by sector and by country.

Table 5-1 Category A Projects (30) Grouped by Sector

Sector	Number
Mining	3
Oil and Natural Gas Development	7
Petrochemicals	3
Petroleum Refining	2
Chemical Manufacturing	1
General Manufacturing	2
Thermal Power	10
Other Electric Generation	1
Power Transmission and Distribution Lines	1
Total	30

Table 5-2 Category A Projects (30) Grouped by Country

Host Country	Number
China	2
Vietnam	2
Thailand	2
Indonesia	2
Philippines	1
Saudi Arabia	2
Qatar	2
Oman	2
Jordan	1
UAE	1
Australia	2
Mexico	4
Bolivia	1
Peru	1
Venezuela	1
Brazil	1
Equatorial Guinea	1
Kazakhstan	1
Bulgaria	1
Total	30

5.1 Analysis for Each Environmental Factor

5.1.1 Mitigating Measures

Part1, Section3 (4) Standards for Confirmation of Appropriateness of Environmental and Social Considerations

JBIC ascertains whether a project complies with environmental laws and standards, of the host national and local governments concerned, as well as whether it conforms to their environmental policies and plans.

JBIC also uses, as reference points or benchmarks, examples of standards and/or good practices regarding environmental and social considerations established by international and regional organizations and developed countries such as Japan [hereinafter called “international standards” in this report]. 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 this deviation.

5.1.1.1. Air Pollution

(1) Overall Trend

1) Emission of Air Pollutants

Among the 30 Category A projects covered by the study, emissions of air pollutants were foreseen in 28 projects, while emissions were not foreseen in the remaining 2 projects (wind power generation project and underwater power transmission cable project).

2) Compliance with Local Environmental Standards

Among 28 projects in which emissions of air pollutants were foreseen, the projected emission levels met the local emission standards in 21 projects. As the remaining 7 projects are offshore oil and gas field development projects and mine projects, either the local emission standards were not set or applied.

In conducting the environmental review of these 7 projects, the projected emission levels were compared with international standards and their validity was confirmed.

3) Comparison with International Standards

The projected emission levels of 24 projects out of the 28 projects in which emission of air pollutants were foreseen were found to be below international standards. In the remaining 4 projects, while the projected emission levels met the local standards, some items could somewhat exceed international emission standards. However, their projected atmospheric dispersion figures remained below international standards.

(2)Points of Concern and Measures Taken to Address Them

Sector	Points of Concern	Measures Taken
Oil and Natural Gas Development (4 out of 7 projects)	There were cases where no domestic emission standards exist in the host country.	<ul style="list-style-type: none"> ➤ While no local emission standards were set by the host country, the projected emission levels were below international standards when compared with them. ➤ The project proponents planned to take anti-pollution measures with reference to guiding indicators in the oil development industry in the host country
	There were cases where the projected NOx levels met the local standards but exceeded international standards.	<ul style="list-style-type: none"> ➤ The project proponents drew up a pollution control plan that included pollution abatement measures.
Thermal Power (4 out of 10 projects)	There was a case where the projected NOx levels met the local standards but exceeded international standards.	<ul style="list-style-type: none"> ➤ Flue gas desulfurization equipment, a low NOx burner and electrostatic precipitator will be installed. ➤ The results of study on atmospheric dispersion showed that the projected dispersion met both local environment standards and international standards.
	There was a case where while the projected soot and dust emissions met the local standard, their levels exceeded international standards.	<ul style="list-style-type: none"> ➤ Use of low sulfur coal and a low NOx burner and an electrostatic precipitator will be installed. ➤ The projected atmospheric dispersion met both local environment standards and international standards.
	There was a case where the projected atmospheric dispersion of total suspended particulates (TSP) exceeded international standards.	<ul style="list-style-type: none"> ➤ As the background level of TSP was high, the local standards will be met but international standards will be exceeded now matter which fuel—natural gas or backup fuel—is used.
	There was a case where the background levels of NO ₂ and particulate matter (PM) were high, as they were caused by	<ul style="list-style-type: none"> ➤ The projected flue gas emissions will meet the local standards but be below international standards. ➤ Although initially, the project proponents

Sector	Points of Concern	Measures Taken
	dust from nearby road traffic and soil dust from dirt ground.	had not planned to monitor the quality of air near the project site, upon request from JBIC, they planned to monitor the air.
Petroleum Refining (1 out of 2 projects)	There was a case where the host country had no standards on atmospheric quality set in the host country.	➤ While the local standards were not set, when the projected atmospheric dispersion was compared with international standards, the projected figures were below international standards.
Petrochemicals (1 out of 2 project)	There was a case where while the projected PM met the local standards, it exceeded international standards.	➤ The projected atmospheric dispersion met both local and international standards.
General Manufacturing (1 out of 2 projects)	There was a case where the projected PM met the local standards but exceeded international standards.	➤ The projected atmospheric dispersion met both local and international standards.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.1.2 Water Pollution

(1) Overall Trend

1) Among the 30 Category A projects covered by the study, effluents discharged outside the project site were foreseen in 25 projects, while such discharge was not foreseen in the remaining 5 projects.

2) Compliance with Local Environmental Standards

Among 25 projects in which effluents discharged outside the project site were foreseen, the projected effluent levels met the local wastewater standards in 23 projects. In the remaining 2 projects, the local standards were not set. In these 2 projects, the projected effluent levels were compared with their international standards and their validity was confirmed.

3) Comparison with International Standards

Among 25 projects in which effluents discharged outside the project site were foreseen, the projected effluent levels met the local wastewater standards in 22 projects. In the remaining 3 projects, while effluents and thermal effluents exceeded international standards, it was confirmed that there would be no impact on the ecological system.

(2) Points of Concern and Measures Taken to Address Them

Sector	Points of Concern	Measures Taken
Oil and Natural Gas Development (2 out of 7 projects)	There was a case where no local wastewater standards were set for effluents at the discharge point.	➤ While the local wastewater standards were not set in the host country, when comparison was made with international standards, the projected figures were below international standards.
	There was a case where no concrete regulatory standards on toxicity test were set for mud-contaminated water in the host country.	➤ The local environmental authorities were planning to set standards similar to international standards on toxicity test of mud-contaminated water. The project proponents planned to comply with these standards.
	There was a case where no local wastewater standards were set in the host country.	➤ While the local wastewater standards were not set in the host country, when comparison was with international standards, the projected figures were below international standards.
Petroleum Refining (1 out of 2 projects)	There was a case where the project proponents had concerns over the effect of discharge of thermal effluents and salt-contained effluents on the ecosystem from a desalination plant.	<p>➤ By discharging thermal and salt-contained effluents from a desalination plant into the port, any impact on the corral will be reduced.</p> <p>➤ It was planned to make the higher temperature of thermal effluents below international standards.</p>
Thermal Power (3 out of 10 projects)	There were cases where the temperature of thermal effluent exceeded international standards.	➤ The temperature of thermal effluents met the local standards, but exceeded international standards. However, no impact on the unique ecosystem in the region was confirmed.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.1.3 Noise

(1) Overall Trend

1) Among the 30 Category A projects covered by the study, the occurrence of noise was foreseen in 29 projects, while it was not foreseen in the remaining 1 project.

2) Compliance with Local Emission Standards

Among 29 projects in which the occurrence of noise was foreseen, the projected noise level met the local noise standards in 23 projects. In the remaining 6 projects, either the local standards were not set or not applicable.

3) Comparison with International Standards

Among 29 projects in which the occurrence of noise was foreseen, the projected noise level was below international standards on noise (including those of the World Bank and the International Finance Corporation (IFC)) in 18 projects. In the remaining 11 projects, the projected noise level would exceed international standards, but the project proponents planned to reduce the impact by taking various noise mitigating measures.

(2) Points of Concern and Measures Taken to Address Them

Sector	Points of Concern	Measures Taken
Oil and Natural Gas Development (4 out of 7 projects)	There was a case where noise standards were not applied to offshore oil development projects.	<ul style="list-style-type: none"> ➤ The applicable noise standards are only workplace noise standards for the project workers, and ordinary environmental noise standards do not apply. ➤ The project proponents planned to comply with the local workplace noise standards. When noise levels are high, the workers will be equipped with noise protection devices or other measures will be taken to meet the relevant provisions in the IFC Guidelines.
	There was a case where no noise standards were set for offshore oil development projects in the host country.	<ul style="list-style-type: none"> ➤ The noise level was predicted to exceed international standards at the boundary of the project compounds. Thus appropriate measures will be taken to keep the noise below international standards, including additional installation of mufflers to gas turbines.
	There were cases where the predicted noise levels exceeded international standards.	<ul style="list-style-type: none"> ➤ The project proponents were planning to take various noise-reduction measures for the machinery and equipment that will be used during drilling, construction and operation and that could become noise sources.
Petroleum Refining (1 out of 2 projects)	There was a case where no noise standards were set in the host country.	<ul style="list-style-type: none"> ➤ Standards of the state oil company in the host country were applied, and the predicted noise met these standards.
Thermal Power (2 out of 10 projects)	There was a case where the predicted noise levels exceeded international standards.	<ul style="list-style-type: none"> ➤ According to the findings of noise prediction, the predicted noise level during the operation of this project met the local standards. However, given a high background noise level, the overall noise level may exceed international

Sector	Points of Concern	Measures Taken
		standards. ➤ It was planned to meet the local noise standards by installing such noise-producing sources as boilers and turbines inside building structures. ➤ As a noise reduction measure, trees will be planted e at the boundaries of the project compounds.
	There was a case where the predicted noise levels exceeded international standards.	➤ According to the findings of noise prediction, the predicted noise level during the operation of this project met the local standards. However, given the high background noise level caused by nearby road traffic, the overall noise level including background noise may exceed international standards. ➤ The project proponents were planning to reduce adverse impact of noise on the receptors near the boundaries of the project compounds by taking such measures as installing sound-barrier walls and noise-reduction equipment, and redesigning as much as possible the layout of machinery and equipment in detailed designing of the plant.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.1.4 Waste

(1) Overall Trend

1) In all 30 Category A projects covered by the study, the waste produced in operating the project was projected to be disposed of appropriately in accordance with the local law and regulations, international standards and relevant international treaties.

(2) Points of Concern and Measures Taken to Address Them

Sector	Points of Concern	Measures Taken
Oil and Natural Gas Development (3 out of 7 projects)	Processing/disposal of sulfur compounds produced as by product.	➤ As sulfur compounds are produced as byproduct of the production of natural gas, there was a plan to construct integrated sulfur processing facilities (which include transport of liquid sulfur,

Sector	Points of Concern	Measures Taken
		storage and shipment in solid form and a plant for solidifying and storage in solid form in emergency) for comprehensive processing.
	There is no domestic processing/disposal site of toxic waste.	<ul style="list-style-type: none"> ➤ The local environmental authorities have drawn up procedures in line with the Basel Convention. ➤ Toxic waste was planned to process and dispose appropriately in accordance with the Basel Convention after exporting it to other countries. ➤ The project proponents had inspected the processing and disposal sites in the countries where the toxic waste is exported.
Petroleum Refining (1 out of 2 projects)	There is no adequate regulation on toxic waste in the host country.	<ul style="list-style-type: none"> ➤ The project proponents was planning appropriate management of toxic waste by applying USEPA standards and guidelines.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.2 Natural Environment

5.1.2.1 Protected Areas

Part 2, Section 1 of the Guidelines Environmental and Social Considerations Required for Funded Projects

Projects must, in principle, be undertaken outside protected areas that are specifically designated by laws or ordinances of the government for the conservation of nature or cultural heritage (excluding projects whose primary objectives are to promote the protection or restoration of such designated areas). Projects are also not to impose significant adverse impact on designated conservation areas.

(1) Overall Trend

1) Projects with Concerns over Adverse Impact on Protected Areas

Among the 30 Category A projects covered by the study, there were concerns over protected areas in 4 projects. In these projects, appropriate mitigating measures had been taken to avoid adverse impact on them. In the remaining 26 projects, there was no such concern.

(2) Points of Concern and Measures Taken to Address Them

Sectors	Points of Concern	Measures Taken
Oil and Natural Gas Development (4 out of 7 projects)	There was a case where nature protected areas are located near the project site.	<ul style="list-style-type: none"> ➤ The project proponents conducted an ecology study and drew up a map of environmentally fragile area. ➤ Although it is not related to a direct impact from the project, a plan was drawn up to prepare for a large oil spill-accident.
	There was a case where an area to be designated a national park for protecting endangered species was located near the project site.	<ul style="list-style-type: none"> ➤ Project impact mitigating measures were taken by refraining from oil/gas development in the area to be designated a national park
	There was a case where part of the project site was a nationally designated special environment protected area.	<ul style="list-style-type: none"> ➤ The project proponents were planning to mitigate impact by selecting routes and examining how to lay pipelines and restriction on project implementation during winter.
	There was a case where a total of 28 protected areas were located in the area studied for the project.	<ul style="list-style-type: none"> ➤ As the offshore project operates 120 km from the coast, impact on the protected areas was not foreseen in normal operation. ➤ In preparation for the occurrence of oil spill accident in project operation, a simulation was conducted on oil spill accidents. At the same time, a plan was drawn up to deal with an oil spill-accident.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.2.2. Ecosystem

(1) Overall Trend

1) Projects Located at or near Ecologically Fragile Areas

Among 30 Category A projects covered by the study, the existence of ecologically fragile areas were confirmed near the sites of 11 projects. In these projects, appropriate

mitigating measures had been taken to avoid adverse impact on them..

2) Projects Likely to Have Adverse Impact on Rare Species

Among 30 Category A projects covered by the study, the habitat of rare species was confirmed near 11 project sites. In these projects, appropriate mitigating measures had been taken to avoid adverse impact on them.

(2) Points of Concern and Measures Taken to Address Them

Sector	Point of Concern	Measures Taken
Ecologically Fragile Area		
Oil and Natural Gas Development (3 out of 7 projects)	There was a habitat of birds near the project site.	<ul style="list-style-type: none"> ➤ Coastal reed beds are nesting grounds of wild birds. The construction period will be adjusted to the winter time when wild bird activity will decline. ➤ When flare is foreseen to affect birds flying in to their nesting grounds, the flare will be stopped.
	There was mangrove forest near the project site.	<ul style="list-style-type: none"> ➤ The protection plan was prepared for the entire industrial zone where the project site is located. ➤ Measures to minimize water pollution (including silt screen) will be taken, if necessary, when constructing piers and other structures.
Petroleum Refining (1 out of 2 projects)	There were coral reefs near the project site.	<ul style="list-style-type: none"> ➤ There was a plan to examine the areas likely to be affected by effluents and change the location of an effluent discharge outlet in order to avoid impact on coral reefs.
General Manufacturing (1 out of 2 projects)	Logging mangrove forest	<ul style="list-style-type: none"> ➤ There was a plan to plant new mangrove in the areas designated by the city.
Thermal Power (4 out of 10 projects)	Logging mangrove forest	<ul style="list-style-type: none"> ➤ The project proponents are to pay compensation under agreement with the local government, which had a plan to make investment for planting mangrove.
	There were coral reefs near the project site.	<ul style="list-style-type: none"> ➤ The project proponents had a plan to reduce the temperature of thermal effluents by directing them through channels and discharge them at the designated outlet.
	Disappearance of mangrove forest with the expansion of the dust disposal site.	<ul style="list-style-type: none"> ➤ Experts are to be present and observe at the place where vegetation is removed for the dust disposal site, and mangrove will be planted in alternative sites.
Power	There were corral reefs near	<ul style="list-style-type: none"> ➤ In laying cables, an unmanned

Sector	Point of Concern	Measures Taken
Transmission and Distribution Lines (1 out of 1 project)	the project site.	<p>remote-controlled submarine will be used for undersea observation to avoid coral reefs.</p> <ul style="list-style-type: none"> ➤ When it is not possible to divert cables from coral reefs, measures will be taken to form coral reefs.
Rare Species		
Mining (3 out of 3 projects)	The protected species under the domestic law were found in the areas near the project site.	<ul style="list-style-type: none"> ➤ Before project operation, the Cover Material Management Plan is to be prepared to mitigate impact on fauna in the mining site. There was a plan that if rare species is found during mining, a study will be conducted and, depending on the importance of such species, appropriate measures will be taken. ➤ The project proponents had a plan to take the following measures: <ul style="list-style-type: none"> ● Some tools for rescuing animals will be placed on hand to prepare for the cases where an animal that strays into the mine dam find itself unable to move. ● There was a plan to educate employees and subcontractors. ➤ A study will be conducted on the habitat of slow-moving lizards (<i>Liolaemus insolitus</i>), and those living in the areas to be affected will be captured and moved to other places of a similar environment.
	The protected species under the domestic law and the species in the red list of IUCN were confirmed in the areas studied near the project site.	<ul style="list-style-type: none"> ➤ The project proponents had a plan to take the following measures: <ul style="list-style-type: none"> ● There was a plan to provide education to workers on the importance of rare species. ● When discarding the mine dam, risk assessment, including monitoring on water quality and wild animals, will be conducted. ● The measures to protect protected species will be prepared in accordance with the Performance Standard of IFC.
Oil and Natural Gas Development (3 out of 7 projects)	The existence of rare species under the domestic law and also listed in the International Union for the Conservation of Nature and Natural Resources (IUCN) as endangered species were confirmed in the areas near the project site.	<ul style="list-style-type: none"> ➤ A study conducted on the effect of underwater noise found no impact on aquatic mammals. ➤ The project proponents are to take measures to avoid collision accidents, which include training ship captains (on regulations on their habitats and inhabiting period near the navigation route and the protection of their ecosystems, a communications method when

Sector	Point of Concern	Measures Taken
		observing aquatic mammals, the measures to be taken and a communication method when collision occurs) and setting a navigation route that avoids areas where aquatic mammals migrate.
	One rare species of trees was found in the project site.	➤ The project proponents forested the plants of the same species based on the mitigation measures prepared with experts.
	There is a breeding ground of <i>Eretmochelys imbricata</i> (sea turtles) near the project site.	➤ The project proponents had a plan to take the following measures: <ul style="list-style-type: none"> ● The new pipeline will be laid in parallel to the existing pipeline, thereby minimizing the coastal area used by the project. ● Construction work will be done in the same period to minimize impact of construction work. ● Construction work in the beach will be conducted by avoiding the breeding season (May-September) and beach will be restored afterwards.
Petrochemicals (1 out of 3 projects)	The habitat of rare species was confirmed near the project site.	➤ Wastewater will be processed in a comprehensive wastewater processing plant for the project site and the industrial zone and afterward be transported through an underwater pipeline to 20 kilometers offshore and discharged in the waters where effluents will be dispersed relatively easily.
Thermal Power (4 out of 10 projects)	The protected species of amphibians and birds were found in the study area, while the existence of seals was confirmed in the project site.	➤ The project proponents had a plan to take the following measures in order to protect animals including rare species: <ul style="list-style-type: none"> ● Vegetation will be removed from one direction only to ensure that animals are allowed to have an escape route. It will be done in the seasons (August-March) when there are fewer animals. ● Vegetation will be removed in the presence of experts. When rare species are found, they will be moved to a place with a similar environment. ● The speed limit will be set for automobiles to prevent traffic accidents involving animals. ● Hunting and poaching of wild animals and logging will be banned.
	The birds listed in endangered species were found in the study area.	➤ As the project site is not a main habitat of animals and the area where work is done is in the compounds of the existing power plant, construction work will not involve a new

Sector	Point of Concern	Measures Taken
		<p>modification in nature and a significant impact on the ecosystem.</p> <ul style="list-style-type: none"> ● The project proponents had a plan to take measures, which include posting signs banning the hunting of wild animals, reforesting bare land and preventing trespassing by outsiders.
	The animals to be protected under the domestic law were found in the project site.	<ul style="list-style-type: none"> ➤ The project proponents had a plan to transfer those animals whose activity area is limited regardless of their designation of protected species based on the transfer plan of animals approved by the relevant local environmental authorities.
	The amphibians and reptiles to be protected under the domestic law were found in the project site.	<ul style="list-style-type: none"> ➤ The project proponents had a plan to take the following measures: <ul style="list-style-type: none"> ● Harvesting plants and hunting in and near the project site will be banned. ● Vegetation will be removed by avoiding the routes through which animals move. ● When amphibians and reptiles to be protected are found, they will be rescued and moved to a place with a similar environment.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.3 Social Environment

5.1.3.1 Resettlement

Part 2, Section 1 of the Guidelines Environmental and Social Considerations Required for Funded Projects

People to be resettled involuntarily and people whose means of livelihood will be hindered or lost must be sufficiently compensated and supported by the project proponents, etc. in timely manner. The project proponents, etc. must make efforts to enable the people affected by the project, to improve their standard of living, income opportunities and production levels, or at least to restore them to pre-project levels. Measures to achieve this may include: providing land and monetary compensation for losses (to cover land and property losses), supporting the means for an alternative sustainable livelihood, and providing the expenses necessary for relocation and the re-establishment of a community at relocation sites;

(1) Overall Trend

1) Projects involving Resettlement

Among 30 Category A projects covered by the study, 6 projects involved resettlement in project implementation. The status of measures being taken for resettlement is as follows.

2) Confirming the Status of Measures being Taken to Mitigate the Impact of Resettlement

In all 6 projects involving resettlement in project implementation, consultation with the residents to be relocated and compensation for them were confirmed in the environmental review.

(2) Points of Concern and Measures Taken to Address Them

Sector	Point of Concern	Measures Taken
Mining (1 out of 3 projects)	Involves large-scale resettlement	<ul style="list-style-type: none">➤ In selecting resettlement location, the project proponents showed multiple choices and residents will voluntarily determine their relocation area.➤ Compensation was already paid for affected communities.
Oil and Natural Gas Development (1 out of 7 projects)	Involves small-scale resettlement	<ul style="list-style-type: none">➤ One family (of 6 members) resided in the project area. After consultation with the project proponents, the family moved to a nearby village. The project proponents provided compensation for lost housing and fields.
Thermal Power (2 out of 10 projects)	Involves large-scale resettlement	<ul style="list-style-type: none">➤ The resettlement compensation committee was set up under the domestic law, consisting of representatives of administrative authorities, project proponents, and local community. This commission implements resettlement and land acquisition in its own responsibility.➤ The resettlement compensation committee held several meetings with affected residents.➤ The resettlement action plan (RAP) had been prepared.➤ There was a plan to compensate for land, housing and other structures, plants and crops. The compensation package was approved by the relevant administrative

Sector	Point of Concern	Measures Taken
	Involves large-scale resettlement	<p>authorities.</p> <ul style="list-style-type: none"> ➤ The project proponents and the local government jointly set up a compensation committee, and under government ordinance, oversees the process on compensation for land acquisition. ➤ One-to-one negotiation was conducted with the affected households. ➤ The affected households were to move to the alternative land. ➤ Although an independent RAP had not been prepared, a social study on the assets and economic conditions of the affected households for resettlement and land acquisition, and its results were put together in a document.
General Manufacturing (2 out of 2 projects)	Involves small-scale resettlement	<ul style="list-style-type: none"> ➤ The affected residents agreed to resettlement on the condition that relocated land should be found near the present location and that appropriate compensation should be made. ➤ In resettlement, agreement with local community residents was reached following multiple meetings held by the city. Resettlement and compensation were made with the city taking the responsibility. ➤ Agreement was reached in which the project proponents pay all the costs involved in relocation and make compensation. The project proponents further have to employ one person competent for employment in each relocated household.
	Involves large-scale resettlement	<ul style="list-style-type: none"> ➤ The municipal government held a meeting describing an overall plan on removal and relocation. ➤ Relocated residents obtained the right to purchase units in a housing complex, in addition to receiving monetary compensation.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.3.2 Ethnic Minorities and Indigenous Peoples

Part 2, Section 1 of the Guidelines Environmental and Social Considerations Required for Funded Projects

When a project may have adverse impact on indigenous peoples, all of their rights in relation to land and resources must be respected in accordance with the spirit of the relevant international declarations and treaties. Efforts must be made to obtain the consent of indigenous peoples after they have been fully informed.

(1) Overall Trend

1) Ethnic Minorities and Indigenous Peoples

Among 30 Category A projects covered by the study, ethnic minorities or indigenous peoples do not inhabit in or near the project site in 28 projects. In the remaining 2 projects, while ethnic minorities or indigenous peoples inhabit in or near the project site, appropriate measures were taken.

(2) Points of Concern and Measures Taken to Address Them

Sector	Point of Concern	Measures Taken
Mining (2 out of 3 projects)	There were cases where indigenous peoples inhabit in or near the project site.	<ul style="list-style-type: none"> ➤ The project proponents drew up a plan on indigenous people, supporting them by making compensation for the affected people and land. ➤ The project proponents transferred and restituted a sacred stone and church—their religious symbols—in their original form from the old land.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.3.3 Cultural Heritage

Part 2, Section 1 of the Guidelines Environmental and Social Considerations Required for Funded Projects

Projects must, in principle, be undertaken outside protected areas that are specifically designated by laws or ordinances of the government for the conservation of nature or cultural heritage (excluding projects whose primary objectives are to promote the protection or restoration of such designated areas). Projects are also not to impose significant adverse impact on designated conservation areas.

(1) Overall Trend

1) Existence of Cultural Heritage

Among 30 Category A projects covered by the study, the existence of cultural heritage was identified in or near the project site in 4 projects, and appropriate measures were taken.

(2) Points of Concern and Measures Taken to Address Them

Sector	Point of Concern	Measures Taken
Mining (2 out of 3 projects)	There is cultural heritage in the project site.	➤ There was a plan to prepare the Cultural Heritage Management Plan under the domestic law, conduct archaeological study and take other necessary measures.
	There is cultural heritage near the project site.	➤ Since discovered artifacts were transportable small finds such as potteries and items of personal adornment, there was a plan to store them in the local museum to be built by the project proponents.
Oil and Natural Gas Development (2 out of 7 projects)	Ruins, pottery sherds, and other artifacts were found in the site where the construction of project facilities was planned.	<ul style="list-style-type: none"> ➤ The change in pipeline route was examined. ➤ Since new archaeological ruins may be discovered during construction, there was a plan to take appropriate measures for digging by asking the presence of experts and for protecting any ruins discovered.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.1.3.4 Monitoring

**Part 2, Section 1 of the Guidelines Environmental and Social Considerations
Required for Funded Projects**

In cases where sufficient monitoring is deemed essential for the achievement of appropriate environmental and social considerations, such as the projects for which mitigation measures should be implemented while monitoring their effectiveness, project proponents must ensure that project plans include monitoring plans which are feasible.

(1) Overall Trend

1) Implementation of Monitoring

Among 30 Category A projects covered by the study, monitoring was planned.

2) The Preparation of the Monitoring Plan

Among 30 Category A projects covered by the study, the monitoring plan was either under preparation or its details were not determined at the time of environmental review. Therefore, the review concluded that the progress in its preparation and details of the plan should be confirmed. Following the review, these points were confirmed.

(2) Points of Concern and Measures Taken to Address Them

Sector	Point of Concern	Measures Taken
Oil and Natural Gas Development (2 out of 7 projects)	The monitoring plan was being implemented.	➤ Consultations were held with the local environmental authorities and monitoring items were determined.
	The host government did not require monitoring.	➤ In accordance with the Guidelines, the project proponents prepared the monitoring plan and was to conduct monitoring.

Note: The number in the sector column indicates the number of projects where there were points of concern out of the total number of projects in the sector.

5.2 Permits

(1) Overall Trend

1) Preparation of EIA Report

Part 1, Section 4 (3) of the Guidelines: Environmental Review for Each Category

Environmental Impact Assessment (EIA) reports must be submitted for Category A projects (see Section 2 of Part 2).

Among 30 Category A projects covered by the study, EIA Reports were prepared in accordance with the domestic law in 27 projects. In the remaining 3 projects, although EIA is not required under the domestic law, the project proponents voluntarily conducted EIA and prepared EIA reports for their projects to respond to the environmental review pertaining to confirmations of environmental and social considerations under the Guidelines. JBIC conducted its environmental review upon submission of these EIA Reports from the borrowers and related parties.

2) Approval of EIA Reports

Part 2, Section 2 of the Guidelines EIA Reports for Category A Projects

The following conditions are met in principle:

- When assessment procedures already exist in host countries, and 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.

Among 27 projects for which EIA Reports were prepared under the domestic law, the domestic authorities had already approved 25 projects at the time of the environmental review (of which 22 projects had conditions attached and 3 projects had no conditions attached).

3) Environment-related Permits Other than EIA

Among 30 Category A projects covered by the study, applications for environment-related

permits other than EIA were either under review or yet to be submitted at the time of the environmental review in 6 projects. Their environmental reviews therefore concluded the need to confirm the acquisition of these permits. Following the environmental review, however, it was confirmed that these permits were obtained.

(2) Notable Points

Among 30 Category A projects covered by the study, although EIA is not required for 3 projects under the domestic law, the project proponents voluntarily conducted EIA and prepared EIA reports for their projects to respond to the environmental review pertaining to confirmations of environmental and social considerations under the Guidelines.

5.3 Explanations to the Public

(1) Overall Trend

1) Explanations Made to the Stakeholders in Accordance with the Domestic Law

Part 1, Section 3 (3) of the Guidelines Information Required for Confirmation of Environmental and Social Considerations

- 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, in accordance with the environmental impact assessment systems of the host country.

Among 30 Category A projects covered by the study, explanations to the stakeholders (including public consultation) were made in 17 projects in accordance with the domestic law.

In the remaining 13 projects, explanations to the stakeholders were not made because in 8 projects, the domestic law does not require explanations to the stakeholders, and in 5 projects, the stakeholders did not request the meeting during the period when they could make such request. However, regardless of the domestic legal requirements, the project proponents made explanations in the following cases.

2) Voluntary Explanations Made by the Project Proponents to the Stakeholders

Among 13 projects for which explanations had not been made to the stakeholders in accordance with the domestic law, the project proponents for 12 projects voluntarily made explanations to the stakeholders.

3) Information Disclosure of EIA Report

Part 2, Section 2 of the Guidelines EIA Reports for Category A Projects

The following conditions are met in principle:

- EIA reports are required to be made available in the country and to the local residents where the project is to be implemented. The EIA reports are required to be available at all times for perusal by project stakeholders such as local residents and that copying be permitted.

Among 30 Category A projects covered by the study, EIA Reports were or were planned to be made available to the public in 19 projects in the host countries in accordance with the domestic law.

In the remaining 11 projects, although the domestic law does not require information disclosure, the project proponents for 8 projects voluntarily made or planned to make EIA Reports available to the public to meet the Guidelines. EIA Reports were not made public in 3 projects.