

[Translation]

Annual Report
of
the Examiners for the JICA Guidelines
for Environmental and Social Considerations

Fiscal Year 2016

The Examiners for the JICA Guidelines
for Environmental and Social Considerations

Japan International Cooperation Agency
(JICA)

Objection System

To ensure compliance with the “Guidelines for Environmental and Social Considerations” published in April 2010 (hereinafter referred to as the “Guidelines”) of Japan International Cooperation Agency (hereinafter referred to as “JICA”), JICA has appointed external examiners for the Guidelines (hereinafter referred to as the “Examiners”), who are to report their findings directly to the President of JICA (hereinafter referred to as the “President”) and are independent from the departments of JICA responsible for individual projects and environmental analysis (hereinafter referred to as the “Operational Departments”).

The objectives of the Objection System are (1) to investigate whether facts behind alleged JICA’s non-compliance exist or not and report the results to the President, aiming to ensure JICA’s compliance with the Guidelines; and (2) to encourage dialogues among the parties concerned, such as those who submitted objections (hereinafter referred to as the “Requesters”), the borrower countries or those who carry out the project (hereinafter referred to as the “Project Proponents”), by their mutual consent, to promptly solve specific environmental and social disputes arising from JICA’s non-compliance with the Guidelines in the context of JICA-supported projects.

The Examiners are required to endeavor to achieve the objectives in compliance with basic principles, namely, independence, neutrality, efficiency, promptness and transparency.

For the details of the procedures for submitting a request to raise objections (hereinafter referred to as the “Request”), please refer to the “Objection Procedures Based on the Guidelines for Environmental and Social Considerations” (proclaimed in April 2010) (hereinafter referred to as the “Objection Procedures”), posted on the following website: http://www.jica.go.jp/english/our_work/social_environmental/objection/c8h0vm0000013oi1-att/objection.pdf

Annual Report of the Examiners

This annual report has been prepared to publicize the activities provided by the Examiners for Fiscal Year 2016, in accordance with the Objection Procedures.

Acknowledgements

This annual report has been prepared in accordance with the Objection Procedures.

As stipulated in the Objection Procedures, the objectives of the Examiners' activities are to find the facts whether JICA has complied with the Guidelines or not and to encourage dialogues among the parties concerned, to promptly solve specific environmental and social disputes of JICA-supported projects, thereby ultimately encouraging JICA's compliance with the Guidelines. For Fiscal Year 2016, no Requests have been made and the Examiners conducted follow-up investigation on the "Thilawa Special Economic Zone Development Project in the Republic of the Union of Myanmar" in order to confirm the status of the implementation of instructions made by the President .

The Examiners would like to take this opportunity to thank you all who cooperated in taking the procedures in response to the relevant Requests.

May 2017

Examiners for the Guidelines

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Mr. HAYASE, Takashi

Professor Emeritus, Nagasaki University

Mr. MATSUSHITA Kazuo

Professor Emeritus, Kyoto University

(listed in the order of the Japanese syllabary)

I. Outline of the Activities for this Fiscal Year

1. Number of the Requests received

For Fiscal Year 2016, no Requests have been made.

2. Number of cases with respect to which the procedures were determined to be commenced/ suspended/ not to be commenced

There were no cases with respect to which the procedures were determined to be commenced, being suspended or rejected for Fiscal Year 2016.

3. Review and analysis of the reasons for making decisions not to commence the procedures

N/A

4. Number of investigation reports issued by the Examiners in response to the Requests

For Fiscal Year 2016, no investigation report was prepared by the Examiners.

5. Analysis with respect to the non-compliance with the Guidelines alleged in the Request

N/A

II. Users' Opinion

1. Opinion submitted by the Requesters

There was no opinion submitted by the Requesters for Fiscal Year 2016.

III. Status of the Implementation of Instructions made by the President

Status of the Implementation of Instructions made by the President in respect to the "Thilawa Special Economic Zone Development Project in the Republic of the Union of Myanmar"

1. Instructions made by the President

As reported in the Annual Report for the Fiscal Year 2014, in respect to the "Thilawa Special Economic Zone Development Project in the Republic of the Union of Myanmar," the President made instructions as of December 5, 2014 to Private Sector Partnership and Finance Department as the Operational Departments handling the project, advising that "the policies stated in the opinion issued by Private Sector Partnership and Finance Department dated December 1, 2014, shall be steadily

implemented, while sincerely reflecting the Examiners' proposals given in their report as well as fully considering the opinions raised by the Requesters and the status of the local site."

The points raised in the President's instructions that need to be improved are as follows:

- (1) "Framework to Resolve Issues" and "Continuous Supports"
 - 1) Encouraging Dialogues between the Project Affected Persons (hereinafter referred to as the "PAPs") and the Myanmar Government
 - 2) Invitation of Facilitators
 - 3) JICA's Supports for Transparent Consultations with the PAPs
- (2) "Measures to be Taken for Particular of Issues (including the Environmental Improvement of the Resettlement Site)"
 - 1) Measures for Flooding (drainage channels and raising the ground level):
 - 2) Maintenance of Toilets
 - 3) Improvement Work for Wells
 - 4) Livelihood Restoration

2. Report by the Operational Department with respect to the status of the implementation of the instructions issued by the President

The Examiners were informed by the Operational Department of the status of the implementation as of February 15 2017 with respect to the instructions issued by the President as follows:

- (1) "Framework to Resolve Issues" and "Continuous Support"
 - 1) Encouraging Dialogues between the PAPs and the Myanmar Government and Invitation of Facilitators

The meetings for Multi-Stakeholder Advisory Group (hereinafter referred to as "MSAG") were held in May, September and December 2015 and March 2016 in order to discuss livelihood restoration of the PAPs of Class A area and so on, among the stakeholders. The person who has a wide network of personal contacts in the Myanmar civil society and experiences in working for a private company in the field of social consideration was invited as a facilitator of the meetings, and the participants of the meetings included Thilawa SEZ Management Committee (hereinafter referred to as "TSMC"), the PAPs, NGOs and Myanmar Japan Thilawa Development Ltd. (hereinafter referred to as "MJTD"). Furthermore, two (2) mediators (a monk and an expert of social development) were selected, considering the opinions of the PAPs, NGOs and TSMC, to facilitate daily discussions between the PAPs and the Myanmar

government.

With respect to the livelihood restoration, as problems related to infrastructure at the relocation site were resolved, and incomes have been increasing, serious problems that had been pending disappeared. Under such circumstance, based on the result of an evaluation for MSAG operations that was conducted by a third party from August to September in 2016, MSAG ended its role and was dissolved in order to advance into the new phase, and, from and after January 2017, was replaced by a regular meeting (Thilawa Community Coordination Meeting) for MJTD and representatives of villages surrounding SEZ to directly exchange information and opinions, through which communication among the stakeholders have been made. In addition, as a consequence that the dialogues through MSAG and mediators, etc. have been encouraged, communication between PAPs and the Myanmar Government has been made more smoothly, and, as for daily consultations, PAPs have been directly contacting mainly with the Yangon region government officials, etc. to seek consultation. Further, monks and residents' associations, etc., have been functioning as liaisons as well.

2) Continuous Support

Financial aid assisting transition was paid to the PAPs pursuant to Social Welfare Support Program which was agreed during the consultation between NGOs and the experts as livelihood restoration assistance. In respect to the Community Development Fund/Micro Finance Program, the business plans therefor have been currently prepared by residents (it is planned to commence operation of the fund by the end of February 2017), and the environment for small business operations is expected to improve further in the future. In addition, 3 acres of common land have been developed in the land adjacent to the relocation site, and consideration is underway among the residents regarding how to utilize the common land, including the possibility of using it as vegetable gardens.

(2) "Measures to be Taken for Particular of Issues"

- 1) Improvement of Flooding, Toilets and Wells: Measures to avoid flood during the rainy season and improvement of toilets and wells took place, with participation of the PAPs. Vault toilets in several houses need vaulting as much as once or twice in a rainy season, and discussion is underway with the intention to make expenditure therefor from expenses for common benefit. Construction of a water supply system with an elevated water tank utilizing deep wells was completed on February 10, 2017, and water supply to each house has already begun.
- 2) Livelihood Restoration:
 - (Livelihood restoration measures) Taking residents' requests into consideration, basic vocational trainings and various vocational trainings, including trainings to obtain driver's license for ordinary vehicles, to become designers, to study sewing

and to become appliance repairers and mushroom cultivation training, are now being provided. In addition, for residents desiring to obtain a job at SEZ, job placement support is being undertaken.

- (Livelihood restoration status) A social economic investigation conducted by hiring an independent consultant in July 2016 shows that, as a result of the aforementioned supports, average income of 68 households in the relocation site has never decreased after the relocation and shows an increasing trend every year. Therefore, it can be considered that livelihood restoration is progressing smoothly as a whole. As for loan problems, almost all households succeeded in decreasing their loan amounts by means of, among others, receiving social welfare fund, the Myanmar government support for negotiations to lower the loan interest rate, employment placement, training of family budgeting management and each family making earnest efforts to afford their livelihood.

3. Examiners' Opinion regarding the Report from the Operational Departments and On-site Investigation by the Examiners

The two (2) Examiners, Mr. Kazuo Matsushita and Mr. Takashi Hayase, visited the site during the period from March 18 to 21, [2017] and conducted hearings to the Requesters and the parties concerned and collected information, in order to confirm the status of implementation of the instructions issued by the President, reported by the Operational Department as of February 15, 2017 (as mentioned in III. 2. above).

As the result of such on-site investigation, it was confirmed that, in general, sincere and steady efforts have been made to implement the President's instruction, as stated in the report by the Operational Department; however, it was also confirmed that some of the PAPs still have problems in restoring their livelihood, and there is a necessity to maintain appropriate communication between the PAPs and TSMC/MJTD, etc. A continued effort is expected to be made in the local site in the future.

IV. Management Structure for Implementation

1. Examiners

The "Examiners" have been appointed by the President pursuant to the Guidelines and the Objection Procedures both of which were proclaimed on April 1, 2010, and enforced on July 1, 2010.

Under the Objection Procedures, two (2) or three (3) Examiners can be appointed. Due to the expiration at the end of June 2016 of the term of office of two (2) Examiners, Mr. ANNEN, Junji, Professor, Chuo Law School and Mr. HARASHINA, Sachihiko, Dean,

Faculty of Policy Information, Chiba University of Commerce, selection committees¹ were held pursuant to the Objection Procedures and , as their successors, two (2) Examiners, Mr. HAYASE, Takashi, Professor, Graduate School of Fisheries Science and Environmental Studies, Nagasaki University² and Ms. KANEKO, Yuka, Professor, Graduate School of International Cooperation Studies, Kobe University, were appointed as of July 1, 2016.

2. Secretariat for the Examiners

In order to process works in relation to the Examiners, a Secretariat was organized in accordance with the Objection Procedures. For Fiscal Year 2016, eight (8) personnel worked for the Secretariat for the Examiners.

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¹ The selection committees, the members of which were selected by JICA one (1) person each from experienced academics, industrial field, the government of Japan, governments of developing countries and NGOs, were held twice, at JICA headquarters on June 3, 2016, and at JICA Research Institute on June 8 2016.

² Professor Emeritus, Nagasaki University as from April 1, 2017.

Reference Materials

N/A

