



PRESENTATION ON JBIC RESPONSE TO ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE (ESG) ISSUES

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at

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1. Ladies and gentlemen, as some of you may be well aware, there has been strong awareness of corporate social responsibility (CSR) in the Japanese public over the past few years. Japan Bank for International Corporation (JBIC), which is the sole governmental institution responsible for conducting Japan’s policy-based external financing and which has been involved in a number of projects overseas, is also well aware of this. JBIC as an institution, and the staff members as individuals, thus have a heightened awareness of social responsibility and have been putting environmental and social considerations into practice in our operations.
2. JBIC confirms whether project executing parties have made appropriate environmental and social considerations, based on the *JBIC Guidelines for Confirmation of Environmental and Social Considerations*, which have been effective since October 2003. The Guidelines divide the procedures for confirming environmental and social considerations into 3 stages: “screening,” where we classify projects into 4 categories before making financing decisions; “environmental review,” where we ensure that environmental and social considerations for the projects are made properly; and “monitoring,” after financing decisions. In addition, the Guidelines include provisions for JBIC to accept objections to non-compliance with the Guidelines, and JBIC has introduced the Objection Procedures to ensure compliance with JBIC Guidelines.
3. The history of the Guidelines can be traced back to the early 1990s, when JBIC’s predecessors—the Export-Import Bank of Japan and the Overseas Economic Cooperation Fund—introduced a framework to systematically incorporate environmental and social considerations into their respective financing operations. In the process of preparing the current Guidelines, we listened to opinions of

non-governmental organizations (NGOs) and businesses and were particularly conscious of considerations for the social aspects of operations. Against this background, the JBIC Guidelines are characterized by a focus on promoting community participation and dialogue, confirmation of environmental and social considerations, and proactive information disclosure.

4. In order to be sure of environmental and social considerations vis-à-vis the candidate projects for JBIC financing, it is a “must” to listen to opinions of various stakeholders, not just project executing parties. Therefore, in considering financing decisions, JBIC conducts screening and environmental review while drawing on information provided not only by the borrower, but also by the host country government, its agencies, co-financing partner institutions and a broader spectrum of stakeholders, which JBIC regards as important sources of relevant information too.
5. In addition to its own efforts to put environmental and social considerations into practice, JBIC is pursuing greater project impact by enhancing partnerships with private financial institutions, international organizations, government agencies, local governments, research institutes and NGOs.
6. While it was May last year—not so long ago—that JBIC became a United Nations Environment Program Finance Initiative (UNEP FI) signatory, we have set up an outreach group after close consultation with the secretariat with a view to helping promote UNEP FI activities in the Asia Pacific region. JBIC is currently serving as the chair of this group. Moreover, JBIC signed cooperation agreements on environmental assessment with private financial institutions, and provides information and know-how on environmental assessment for the projects co-financed with them. As of September 2005, we have 18 such agreements signed with private financial institutions.
7. To assess conditions and needs of local communities and to implement projects effectively, JBIC is promoting partnerships with NGOs that are carrying out their activities in close contact with local communities. For example, JBIC solicits advice from local NGOs and delegates to them such tasks as supporting the formation of consensus among community inhabitants, community development as a project component and the designing and operation of microfinance initiative.
8. Let me share with you an example of a unique partnership arrangement with local community inhabitants. With the Batu Hijau copper mine development project in

Indonesia, which is one of the co-financing operations with the US Exim and others on a project finance basis, the agricultural extension program through technical assistance for local people living near the project site was undertaken in partnership with stakeholders. This program resulted in both employment creation and increased food supply at the project site. I would like you to see a few photos that show the local people living in harmony with the project.

9. Although the session title is “Project Finance,” I have explained to you JBIC’s broader efforts for environmental and social considerations, rather than limiting myself to project finance. In the area of project finance, private financial institutions have commonly adopted the *Equator Principles*. However, I would like you to know that there are examples like JBIC where unique efforts have been made.
10. Since the JBIC Guidelines are intended for all overseas projects, there are cases where financial institutions that have adopted the *Equator Principles* make use of the information JBIC has provided in environmental impacts assessments. I believe that it is important for various models to incorporate good practices on a mutual basis. In this way, I would like to continue to share with many people our efforts for environmental and social considerations, which JBIC has been practicing in its day-to-day operations.

Thanks for your attention

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