

SURVEY**on the Environment and Officially Supported Export Credits Projects****REPORTING COUNTRY INFORMATION**

JPN-NEXI-SURVEY-DEC-09

Reporting Country Reporting Institution Submission Date Version number **I GENERAL PRINCIPLES****Objectives**

- 1 In general, please describe the policies and practices that you have established to support the objectives of the Recommendation.

Our Guidelines on Environmental and Social Considerations in Trade Insurance were established in 2001 to contribute to sound development of Japan's external transactions such as foreign trade and have been revised in accordance with the progress of the Recommendation. For detail please refer to our Guidelines.
http://nexi.go.jp/e/pdf/ins_kankyou_gl-e.pdf

JPN-NEXI-SURVEY-DEC-09**II SCREENING AND CLASSIFICATION OF PROJECTS****Exemptions**

- 2 Are all applications screened?

Information requirements

- 3 What information is required for the screening process?
Please provide details.

Please see our Screening Form.
http://nexi.go.jp/e/env/index1_frame.html

Responsibilities

- 4 Who is responsible for providing the information required to screen applications?

Any other comments.

- 5 Who within your Export Credit Agency (ECA) is responsible for screening applications?

Please provide details.

Our underwriters are initially responsible for screening projects. The environmental practitioners will assist the underwriters when required.

Timing

- 6 At what stage does screening occur in the risk assessment process?

Scope and criteria of screening

- 7 Please provide details of how the screening process considers, where appropriate, operational links with associated operations.

In our screening process, we identify the scope of the projects to be reviewed by studying the provided information. If necessary we ask applicants for further information to take into account the operational links, such as, the degree of linkage, ownership, and the potential impact of the associated operations.

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8 Please specify any particular practices followed in screening applications in cases of:

a) Co-insurance/co-finance with other ECAs or International Financial Institutions (IFIs).

Would always conduct own screening

Any other comments.

We screen based on our own guidelines in consultation with the ECAs and/or IFIs involved.

b) Re-insurance as lead ECA.

Would always conduct own screening

Any other comments.

We screen based on our own guidelines and share the screening information with other ECAs.

c) Re-insurance as re-insurer.

Would rely on screening by lead ECA

Any other comments.

The 2007 Recommendation states that "Members supporting exports forming only a minor part of a project, or in re-insurance situations, may take into account the review carried out by another Member, an IFI...or a Member's Development Agency, in accordance with this Recommendation" [Footnote 3] and "In re-insurance situations, Members may rely on the lead Member to undertake the disclosure provisions of this Recommendation" [Footnote 6].

In this context, we generally utilize the screening result of the lead ECAs by sharing the information about projects with lead ECAs. Re-insurance cases as re-insurer are not included in the NEXI Guidelines taking into account "follow the original" practice in re-insurance transactions and the Common Approaches.

Scope and criteria of screening

9 What procedures and practices do you have in place to help identify exports of capital goods and services to existing operations[1]?

Our Screening Form includes a question dedicated to identifying exports of capital goods and services to existing operations. If necessary we ask for further information.

New projects

10 What procedures and practices do you have in place to help identify exports of capital goods and services to projects[2]?

Our Screening Form includes a question dedicated to identifying exports of capital goods and services to projects. If necessary we ask for further information.

Other exports

11 How do you screen exports of capital goods and services that are neither to existing operations nor to projects?

First of all, we try to identify the scope of transactions. Even when the operations or projects to which exports of capital goods and services are destined are not identifiable, such transactions are normally classified as Category C.

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Classification system

12 Does your classification system vary from that of the Recommendation?

No

Scope of classification

13 Do you classify exports of capital goods and services

a) that are to existing operations?

Yes

Please provide details.

We classify exports of capital goods and services to existing operations based on potential impacts by the changes/modifications of operations.

b) that are neither to existing operations nor to projects?

Yes

Please provide details.

Even when exports are neither to existing operations nor to projects, we normally classify them as Category C.

14 In what circumstances do you classify projects in respect of which your share is below SDR 10 million?

We classify all applications including projects in respect of which our share is below SDR 10 million.

Responsibilities for classification

15 Who is responsible for the classification of projects?

Underwriter and Environmental Practitioner (always jointly)

Initially the underwriters will classify projects upon the result of screening. The environmental practitioners will then confirm the results and eventually decide its classification.

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III ENVIRONMENTAL REVIEW

Information requirements

- 16 Do your procedures prescribe the type of information necessary for the review process, or are projects reviewed on a case-by-case basis? Please provide details.

Prescribed procedures

Please provide details.

Our Guidelines describe the type of information necessary for the review process. For Category A projects, EIA reports are required. Generally, we ask applicants for information based on our disclosed checklists used for review.

Responsibilities

- 17 Who is responsible for providing the information required to review projects?

Applicant (in most cases)

- 18 Who within your ECA is responsible for reviewing projects?

Environmental Practitioner (always)

Scope and criteria

- 19 Please provide details of how your review process considers, where appropriate, operational links with associated operations.

In our review process, taking into account several factors such as the degree of linkage, ownership, and the potential impact, we decide the scope of review. When associated operations are included in the scope, we review impacts relevant to associated operations such as, ambient quality, natural environment, and social environment, in accordance with our Guidelines.

- 20 Please specify any particular practices followed in reviewing projects in cases of:

- a) Co-insurance/co-finance with other ECAs, IFIs or your Development Agency.

Would always conduct own review

Any other comments.

We review projects based on our own guidelines in consultation with the ECAs and/or IFIs involved.

- b) Re-insurance as lead ECA.

Would always conduct own screening

Any other comments.

We review projects based on our own guidelines and share the review information with other ECAs.

- c) Re-insurance as re-insurer.

May take account of review carried out by lead ECA

Any other comments.

The 2007 Recommendation states that "Members supporting exports forming only a minor part of a project, or in re-insurance situations, may take into account the review carried out by another Member, an IFI...or a Member's Development Agency, in accordance with this Recommendation" [Footnote 3] and "In re-insurance situations, Members may rely on the lead Member to undertake the disclosure provisions of this Recommendation" [Footnote 6].

In this context, we generally utilise the review result of the lead ECAs by sharing the information about projects with lead ECAs. Re-insurance cases as re-insurer are not included in the NEXI Guidelines taking into account "follow the original" practice in re-insurance transactions and the 2007 Recommendation.

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Category A projects

- 21 Under paragraph 9 of the Recommendation, Members should require an Environmental Impact Assessment (EIA) to be undertaken for Category A projects. Are there any circumstances in which you might accept to review a Category A project for which an EIA has not been undertaken or for which either an EIA report is not available for review or does not adequately address all the issues set out in Annex II of the Recommendation?

No

- 22 a) Who is responsible for
i) Commissioning an EIA?

Project Sponsor (in most cases)

Any other comments.

- ii) Carrying out an EIA?

Independent Consultant (in most cases)

Any other comments.

- b) Who is responsible for providing you with a copy of an EIA report?

Applicant (in most cases)

Any other comments.

- c) Who is responsible for reviewing an EIA report?

Environmental Practitioner (always)

Category B projects

- 23 Under paragraph 10 of the Recommendation, the review of Category B projects should examine a project's potential negative and positive environmental impacts. Please provide details of your general approach to reviewing Category B projects.

We take into account all the relevant aspects of key environmental factors based on EIA reports (if available) or environmental information. We take the same approaches as Category A projects, but generally the scope of review for Category B is narrower.

Which, if any, of the items listed in Annex II of the Recommendation and which key environmental factors, such as those listed in paragraph 8 (tired 1) of the Recommendation, are taken into consideration?

Annex II:

Executive Summary In most cases

Policy, legal and administrative framework In most cases

Paragraph 8 (tired 1):

significant air emissions, effluents, waste or noise In most cases

significant use of natural resources In most cases

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Project description In most casesBaseline data In most casesinvoluntary resettlement In most casesEnvironmental impacts In most casesimpacts on In most casesAnalysis of alternatives In most casesindigenous peoples
cultural property In most casesEnvironmental
Management Plan In most casesConsultation In most cases**Existing operations**

- 24 What procedures and practices do you have in place to review the environmental risks associated with existing operations?

Environmental risk review associated with existing operations is carried out within the screening process based on the information provided in our Screening Form. If necessary we ask for further information.

Other exports

- 25 Do you review the environmental risks associated with Exports of capital goods and services that are neither to existing operations nor to projects?

 Please select Please refer to our answer to question 13 b).**Standards**

- 26 How do you ensure that a project is compliant with host country standards?

We normally review EIA reports or related information to see if the project is compliant with host country standards. In addition we check the letter of approval issued by the relevant authorities.

- 27 Paragraph 12 of the Recommendation sets out the general circumstances in which various international standards should be used for the purposes of evaluating the potential environmental impacts of projects. Please provide details of when, in practice, you would use the following international standards for Category A projects:

- a) World Bank Safeguard Policies.
-
- Other than where IFC/RDB standards apply

- b) International Finance Corporation (IFC) Performance Standards.

 For private sector limited or non-recourse project finance cases (always)

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- c) Regional Development Bank standards.

 Where such institutions are supporting the project (case-by-case basis)

Please provide details.

- d) Other relevant internationally recognised standards, such as European Community standards.

Case-by-case. For example, we will use WHO standards for air quality in accordance with General EHS Guidelines when local standards are not available.

- 28 Please provide details of the circumstances, if any, in which you use the following technical international standards for the purposes of evaluating the potential environmental impacts of Category A projects (i.e. for sovereign, public / non-sovereign, corporate, limited or non-recourse project finance transactions).

- a) The Pollution Prevention and Abatement Handbook.

 We basically use EHS Guidelines since they have replaced PPAH.

Any other comments.

Sovereign Rarely

Regardless of type of transactions, we use EHS Guidelines since they have replaced PPAH

Public/non-sovereign Rarely

Regardless of type of transactions, we use EHS Guidelines since they have replaced PPAH

Corporate Rarely

Regardless of type of transactions, we use EHS Guidelines since they have replaced PPAH

Limited or non-recourse
project finance transaction Rarely

Regardless of type of transactions, we use EHS Guidelines since they have replaced PPAH

- b) IFC Environmental, Health and Safety Guidelines.

Any other comments.

Sovereign In most casesPublic/non-sovereign In most casesCorporate In most casesLimited or non-recourse
project finance transaction In most cases

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- 29 Paragraph 12 of the Recommendation sets out the general circumstances in which various international standards should be used for the purposes of evaluating the potential environmental impacts of projects. Please provide details of when, in practice, you would use the following international standards for Category B projects:

a) World Bank Safeguard Policies.

b) International Finance Corporation (IFC) Performance Standards.

c) Regional Development Bank standards.

Please provide details.

d) Other relevant internationally recognised standards, such as European Community standards.

- 30 Please provide details of the circumstances, if any, in which you use the following technical international standards for the purposes of evaluating the potential environmental impacts of Category B projects (*i.e.* for sovereign, public / non-sovereign, corporate, limited or non-recourse project finance transactions):

a) The Pollution Prevention and Abatement Handbook.

Any other comments.

Sovereign

Public/non-sovereign

Corporate

Limited or non-recourse project finance transaction

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b) IFC Environmental, Health and Safety Guidelines.

Any other comments.

Sovereign

Public/non-sovereign

Corporate

Limited or non-recourse project finance transaction

- 31 Please provide details of any circumstances in which you might apply more than one set of international standards or guidelines.

- 32 Please provide details on the circumstances in which you would use other internationally recognised sector specific or issue specific standards that are not addressed by the World Bank Group.

- 33 Please provide details of your procedures and practices in cases where projects do not meet the international standards or guidelines against which they have been benchmarked.

Site visits

- 34 Please specify in what circumstances you might carry out a site visit as part of the review process.

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IV EVALUATION, DECISION AND MONITORING

Conditions to official support

- 35 How are conditions related to the environment incorporated into documentation prior to or after the decision on official support? Please provide details.

To assure the implementation of environmental and social considerations by the insurance applicants, requirements on environmental and social considerations (Environmental Special Clauses) are set forth in NEXI's insurance policies. In addition, to secure the effect of the Clauses, environmental covenants for which the project sponsors are responsible will be incorporated into the loan documentation prior to the decision on official support.

Please provide examples of any environmental covenants used.

Examples in loan documentations are submission of monitoring reports, compliance with laws and standards, compliance with environmental social management plan etc.

Denying official support

- 36 Under what circumstances would you consider denying support on account of the environmental impacts of a project? Please provide details.

If, as a result of its confirmation of environmental and social considerations, NEXI judges that the relevant project will cause adverse impacts on the environment, it encourages the project sponsors, through the Applicants, to undertake appropriate environmental and social considerations, and there may be cases where a commitment letter is not issued.

Please provide any examples of experience.

No particular experience.

Monitoring

- 37 Please provide details of your procedures for monitoring, as appropriate, the implementation of a project, regardless of its classification, to ensure compliance with the conditions of your official support, including monitoring frequency/period, content and reporting method.

In order to confirm the sponsors' appropriate implementation of environmental and social considerations in Category A and B projects, NEXI checks the results of monitoring through the insurance applicant. The items or the period for monitoring will be decided by taking into account the nature and characteristics of the project. Generally, items related to natural environment (such as air and water quality) and social aspects, where appropriate, will be required for monitoring.

Monitoring frequency/period:

case-by-case

Content:

case-by-case

Reporting method:

Written format.

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- 38 i) Who is responsible for undertaking monitoring of projects, including, if appropriate, site visits and preparing monitoring reports?

Other

- ii) Who is responsible for reviewing monitoring information and deciding on compliance?

Underwriter and Environmental Practitioner (always jointly)

Project sponsor is responsible for undertaking monitoring of projects. NEXI is responsible for checking the monitoring results.

Non-compliance measures

- 39 What actions are available to you in cases where monitoring reveals that conditions are not being complied with?

If we find out the non-compliance with the conditions of our official support and judge that there is a need for improvement, we may ask the project sponsor through the applicant to take appropriate actions, taking into account practicability of the measures. We may cancel the commitment/contract unless the situation is cured within a certain period.

Who is responsible for deciding what actions are appropriate in order to restore compliance?

Underwriter and Environmental Practitioner (always jointly)

Please provide any examples of experience.

No particular experience.

When we receive concerns regarding projects from stakeholders, we may convey such information to project sponsors via applicants and make sure how projects proceed.

Disclosure of monitoring reports

- 40 i) In what circumstances do you encourage project sponsors to make *ex post* monitoring reports and related information publicly available?

We encourage project sponsors to disclose the results of monitoring for category A and B projects in accordance with our Guidelines and the scope of disclosure may be largely dependent on the local legislation.

- ii) In what circumstances, if any, does your ECA require project sponsors to make such information publicly available or itself seek to make such information publicly available?

NEXI will disclose such information on its website to the extent that such information is disclosed to public in the project country. (This procedure is applied to projects to which our revised Guidelines are applied.)

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V EXCHANGE AND DISCLOSURE OF INFORMATION

Environmental procedural guidance

- 41 Have you published national ECA environmental policy statements and procedural guidance?

☐ Yes
Where can they be
found?

Our Guidelines are posted on our website:

Please provide
web address if
relevant.

http://nexi.go.jp/e/pdf/ins_kankyuu_q1-e.pdf

Exchanging information

- 42 Please provide details of your procedures and practices in exchanging information with other ECAs and IFIs in situations of

a) co-insuring/co-financing.

b) competition.

It depends on the case. For instance, in the case of a project with several ECAs involved, environmental due diligence may be conducted and information may be shared by means such as the assignment of an environmental consultant common to the lenders/ECAs.

Disclosure of project information

- 43 Please provide details of your procedures and practices for disclosing publicly information on Category A projects before a final commitment to grant official support, including:

a) The scope and content of information released.

We disclose a project name, country, location, an outline of the project and sector of the project, and its category classification, as well as the reasons for the classification. We also announce the status of the submission of major documents on environmental and social considerations obtained from the applicants, such as EIA reports, etc. on our website, and make available the EIA reports etc.

b) The form and language of the information released.

Japanese and English.

including website address, if relevant. http://nexi.go.jp/e/env/index1_frame.html

c) The required number of days the information should be made available prior to commitment.

We make an effort to disclose information for about 45 days prior to commitment.

d) Any legal constraints to *ex ante* disclosure of such project information (*i.e.* is your ECA legally precluded from making such information publicly available).

No legal constraints besides the general protection of commercially sensitive information.

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- e) Any circumstances in which project information relating to Category A projects is not disclosed prior to commitment.

None so far.

- f) Any comments not covered by sub-sections (a)-(e) above.

Disclosure of environmental impact information

- 44 Please provide details of your procedures and practices for requiring that environmental impact information on Category A projects be made publicly available before a final commitment to grant official support,

a) Responsibility for making such information publicly available.

b) If the ECA or Guardian Authority is not responsible for such disclosure, please provide details of

i) how third parties are required to make such information publicly available;

ii) how this is monitored;

iii) what measures are available in cases of non-compliance:

iv) please provide any examples of experience.

c) The scope and content of information that should be released.

Please refer to our answers to the question 43.

d) The form and language of the information that should be released (including website address, if released by ECA or Guardian Authority).

Please refer to our answers to the question 43. EIA will be disclosed in a local language without translation.

website address, if relevant.

e) The required number of days the information should be made available prior to commitment.

Please refer to our answers to the question 43.

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- f) Any legal constraints in *ex ante* disclosure of environmental impact information (*i.e.* is your ECA legally precluded from requiring the project sponsor to provide the disclosure as a condition of receiving ECA support).

Please refer to our answers to the question 43.

- g) Any circumstances in which environmental impact information relating to Category A projects is not disclosed prior to commitment.

Please refer to our answers to the question 43.

- h) Any comments not covered by sub-sections (a)-(g) above.

Ex post disclosure

- 45 Please provide details of your procedures and practices for making available to the public information on projects classified in Category A and Category B for which you have made a final commitment to provide official support, including:

- a) How often you make publicly available *ex post* information on projects classified in Category A and Category B.

On-going basis

- b) What is the scope and content of such information, including environmental information.

Results of the environmental reviews such as basic information about the project, natural environmental considerations, social environmental considerations, and items to be monitored by the project sponsor.

- c) Who is responsible for disclosing such information.

ECA

- d) The form and language of the information released

Japanese and English.

including website address, if relevant. http://nexi.go.jp/e/env/index1_frame.html

- e) How long the information remains publicly available.

For entire insurance period.

- f) Any comments not covered by sub-sections (a)-(e) above.

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VI REPORTING AND MONITORING OF THE RECOMMENDATION**Accountability of your guidelines**

- 46 Please provide details of any appropriate measures and mechanisms in place to ensure compliance with your policies and procedures.

In order to ensure compliance with the Guidelines, NEXI established the Objection Procedures on Environmental Guidelines in September 2003. If residents in the project country suffer (or may suffer) significant adverse impact of the project insured by NEXI, they can submit objections on NEXI's non-compliance of its Guidelines. When such objections are submitted, an Independent Environmental Examiner will investigate whether NEXI has complied with their Guidelines.

Monitoring and Evaluation

- 47 a) Please provide details of any procedures and practices in place to monitor and evaluate your experience of the Common Approaches at a national level.

- b) Please provide details of any procedures and practices in place to share experiences with other Members.

No specific procedure or practice in place, but occasionally we exchange information with stakeholders and other ECAs at bilateral meetings.

Revising procedures:

- 48 i) When was the last review or update of your environmental procedures conducted? (mm/yy)

July 2009

- ii) What was the motivation for the last review or update of your environmental procedures?

Taking into account the discussion about the Common Approaches in OECD, etc., NEXI's current environmental guidelines were updated in July 2009 in tandem with JBIC's revision process and they came into full effect in October 2009.

- 49 Are any modifications foreseen in the near future?

No

No modification is particularly scheduled.

Resources

- 50 i) What resources have been required as a result of the implementation of your environmental procedures?

There are five (5) practitioners in our Environmental Group. We occasionally retain external consultants to assist practitioners if necessary.

- ii) if appropriate, please provide the number of dedicated Environmental Practitioners

5

- iii) if appropriate, please provide the number of external consultants employed by your ECA.

0

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Cost-sharing

- 51 What costs are shared both during the risk assessment process and after the financing agreement has been concluded?

In general, the costs of environmental due diligence, including consignment of consultants and site visits, will be borne by NEXI. After the conclusion of the agreement, NEXI basically does not bear any cost.

Reporting

- 52 How frequently do you report *ex post* to the ECG, in accordance with paragraph 22 (tiret 1) of the Recommendation, all Category A and Category B projects for which a final commitment has been issued?

Semi-annually

Body of experience

- 53 Do you have any practices and procedures in place to collate experience and/or knowledge from individual cases? If so, please provide details.

Each project is filed so that other practitioners or underwriters can access them and learn from similar cases in the past.

- 54 How do you store and transfer knowledge on environmental issues between Environmental Practitioners and between Environmental Practitioners and Underwriters?

Please refer to our answer to the question 53.

- 55 Do you produce any reports on environmental issues in addition to those required by the Recommendation?

No

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VII OTHER COMMENTS

Scope

- 56 How are environmental issues relating to exports of capital goods and services and the locations to which these are destined addressed for officially supported export credits with a repayment term of less than two years?

The transactions with a repayment term of less than two years are exempted from our Guidelines.

Any Additional Comments

- 57 Please provide any additional comments.