



International Civil Society Recommendations Regarding China Exim Bank's Environmental Policy Based on International Good Practice

**Prepared by Environmental Defense and International Rivers Network
In Cooperation with The Corner House, ECA Watch, Friends of the Earth/US,
Friends of Nature, Green Watershed, and Pacific Environment**

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I. Introduction

There is a general international consensus about the need for assessing the environmental impacts of any proposed activities that have the potential to significantly affect the environment. The Goals and Principles of Environmental Impact Assessment which UNEP issued on January 16, 1987, stipulate the following:

“States (including their competent authorities) should not undertake or authorize activities without prior consideration, at an early stage, of their environmental effects. Where the extent, nature or location of a proposed activity is such that it is likely to significantly affect the environment, a comprehensive environmental impact assessment should be undertaken.”¹

This obligation was codified, for example, in Principle 17 of the 1992 Rio Declaration on Environment and Development. It was specified for specific environmental impacts in Articles 204-206 of the United Nations Convention on the Law of the Sea, Article 14 of the Convention on Biodiversity, and Article 4(1)(f) of the Climate Convention.

There is now over a third of a century's established experience world-wide in environmental assessment. Nearly a decade ago a Finnish Ministry of Foreign Affairs study examining environmental assessment and export finance concluded that “the assessment of environmental impacts in various planning and decision making situations is an internationally accepted principle from large management schemes to quality

¹ UNEP, Goals and Principles of Environmental Impact Assessment, January 16, 1987, Principle 1

management of small businesses.”² The use of environmental and social assessment for private sector finance, and for public support of private sector activities, is long established not just in industrialized nations but in many developing countries.

China’s Export-Import Bank has rapidly grown to become one of the world’s three largest export credit agencies. If it continues its current growth it will be issuing over \$40 billion in loans and guarantees annually by 2010, making it the largest state supported international financial institution. Many of the projects China Exim Bank is supporting are in environmentally sensitive sectors such as extractive industries and large infrastructure.

China Exim Bank created an Environmental Policy in November 2004, and publicly disclosed it the spring of 2007 (see the Annex). Civil society groups in China and internationally are interested in supporting China’s efforts to strengthen the country’s environmental laws, regulations and policies. In this document civil society groups are presenting recommendations regarding how China Exim Bank’s Environmental Policy can be strengthened based on international good practice. The comments were prepared by Environmental Defense and International Rivers Network, in cooperation with The Corner House, the international ECA Watch network, and Friends of the Earth/US.

II. International Good Practice

Environmental and Social Assessment is at the heart of any environmental policy. Indeed most critical elements of environmental policy, such as specific air emission and water effluent standards, and policies to deal with social impacts of induced environmental change (resettlement, provision for the needs of vulnerable indigenous minorities etc.) are invoked through the environmental assessment process. There is an enormous literature on environmental assessment, and a clear international consensus on basic principles of good practice for private sector, public sector, and mixed private-public undertakings that is based on decades of experience. These principles are procedural, but specific and binding. They involve such elements as screening, scoping, consultation with, and disclosure of information to affected and interested stakeholders, consideration of alternatives, etc.

A. Screening

Screening is conducted by the financing agency in order to determine whether or not a proposal should be subject to environmental assessment and, if so, at what level of detail. For example, many financial agencies require (1) Categorizations of Projects according to the severity of their prospective impacts (A, B, C etc.). They establish (2) Cost Thresholds or (3) Illustrative Lists of Sensitive Sectors to help determine the severity of potential impacts, and set (4) Specific Requirements for Environmental Assessment and

² Ministry of Foreign Affairs, Finland, Environmental Assessment in Public Promotion of Exports and Investments to Developing Countries, September 15, 1998, p. 7.

Review according to the severity of impacts. For example a “Category A” project would require a full Environmental Assessment, a “Category B” project requires a less comprehensive Environmental Review, and a “Category C” would not require environmental assessment or review since it has no significant adverse environmental impacts.

B. Specify Elements of the Environmental Assessment or Environmental Review

Good practice in environmental assessment requires identifying clearly the minimal required elements for the Environmental Assessment. Besides a description of the project and the potentially affected environment, the Environmental Assessment generally includes an assessment of the likely or potential environmental impacts of the proposed activity, including the direct, indirect, cumulative, short-term and long-term effects; a description of practical alternatives and an assessment of their impacts; and a description of measures to mitigate adverse environmental impacts of the proposed activity.

C. Public Consultation and Public Disclosure of Environmental Information

Central to good practice in the preparation of an Environmental Assessment is the consultation with affected and interested stakeholders, and the public release of environmental information, including the draft assessment, before any decision is made to go ahead with the project or investment. This principle has been established in UNEP’s Goals and Principles of Environmental Impact Assessment, which state:

“Before a decision is made on an activity, government agencies, members of the public, experts in relevant disciplines and interested groups should be allowed appropriate opportunity to comment on the EIA.”³

Some financial institutions require consultation and information disclosure at least twice for a Category A Environmental Assessment: first, during the identification of issues to include in the assessment (known as scoping), and second, after a draft assessment is prepared and before project approval.

D. Clear Reference to Standards to Be Applied

Good practice in environmental assessment also requires clear criteria for which standards are to be applied, i.e. for emissions, effluents, chemicals and pesticides etc. as well as associated policies dealing with social impacts, e.g. resettlement, impacts on indigenous peoples etc. For example some financial institutions state that once the Environmental Assessment has identified relevant issues, the higher of host country or international standards are to be applied. International standards often refer to World Bank/International Finance Corporation standards (contained in the World Bank Pollution Prevention and Abatement Handbook), or where appropriate, standards of regional multilateral development banks.

³ UNEP, Goals and Principles of Environmental Impact Assessment, January 16, 1987, Principle 7

E. Environmental and Social Management Plan

A key outcome of the environmental assessment process is the development of an Environmental Management Plan (Action Plan) to address the mitigation issues identified in the Assessment and relevant sector specific policies (e.g. resettlement etc.).

F. Specifying Conditions Under Which Support for a Project May Be Declined or Halted

An important element of good practice is a clear indication that support for a project will be halted or refused if environmental conditions are not met.

G. Monitoring

Requiring or establishing a monitoring system to ensure implementation of mitigation measures or the Environmental Management (Action) Plan is an important element of good practice.

H. Additional Elements of Good Practice

A growing number of private banks and export credit agencies have committed to additional elements of good practice in environmental and social assessment, including (1) Requiring some form of Independent Review of at least Category A Assessments; (2) Requiring that measures to be undertaken in Environmental and Social Management (Action) Plans be included as binding conditions of loan covenants; (3) Establishing Categorical Exclusion Lists of certain kinds of exceptionally harmful activities and projects they will not support; (4) Special pro-active finance programs to give more favorable financing terms for renewable energy, green house gas mitigation measures and other environmentally friendly technologies.

I. Accountability and Grievance Mechanisms

Environmental policies are only useful to the extent that they are actually implemented. Several financial institutions, including at least one export credit agency, have created Accountability and Grievance Mechanisms to handle complaints by affected parties in order to strengthen the compliance with their environmental policies.

III. Examples of International Good Practice

A. Screening

The environmental policies of many export credit agencies offer detailed guidance on how to screen a project for potential social and environmental impacts. The Case Impact Analysis Process of the United Kingdom's ECGD for example includes a questionnaire

with 12 questions.⁴ Exporters need to indicate, for example, whether the goods and services being exported comply with British standards; whether the project in question is in one of 20 potentially damaging business sectors; whether it is located close to sites such as a World Biosphere Reserve, a World Heritage or a Ramsar site; and which core human rights treaties and fundamental ILO conventions the host country has ratified. A detailed list defines which projects classify as high potential impact (or category A), medium or low potential impacts (category B and C, respectively). The list indicates 15 issues and activities which mark category A projects. The list includes issues such as the major pollution of air, soil or water, impact on habitat important to endangered/protected species, work that directly affects public safety, involuntary resettlement, substantial job losses, effects on vulnerable groups, and uncontrolled use of armed security forces.

ECGD stresses that the Case Impact Analysis Process “is not a statement of what will be done in every case”, and that even a breach of international standard will not prohibit it from providing support to a project.⁵ Such discretion significantly weakens the policy’s value.

Türk Eximbank is an example for a Southern export credit agency with more basic environmental guidelines. According to the guidelines, “Turk Eximbank will require information under all applications for officially supported export credits to pre-screen the environmental impacts of the projects (Annex-3). The required information should contain the positive and negative environmental impacts of the project, the parties involved and their roles, the identification of the project including size, sector and aim, also the location of the project and whether it is close to sensitive areas.”⁶ The guidelines include an illustrative list of 26 sensitive sectors and areas which classify projects as Category A projects.

Another critical element of screening concerns the financial threshold – usually the capital value of a project or investment – which triggers the screening process. An increasingly widespread common international threshold is \$10 million adopted by the 51 international private banks adhering to the Equator Principles for project finance. Another is the 10 million SDRs (Special Drawing Rights) – about \$12.6 million –, which is incorporated in the Common Approaches on Environment for OECD export credit agencies.

It is interesting to note that ambitious developing country banks not only are adhering to these standards in growing numbers, but in some cases are declaring more rigorous screening criteria than the common good practice international standard. For example Banco Itau in Brazil, besides adhering to the Equator Principle requirements, explicitly declares that it goes beyond the Equator Principles in extending screening to all projects valued at 5 million Reales (about \$2.6 million) or more.

⁴ See Export Credits Guarantee Department, Business Principles Unit, Case Impact Analysis Process, May 2004

⁵ Letter from John Snowdon, ECGD, to John Napier, WWF-UK, 19 December 2006

⁶ Türk Eximbank, Environmental Guidelines [undated]

The China Exim Bank does not cite any financial threshold in its policy, a provision which potentially could allow for a broader scope of environmental screening.

B. Specify Elements of the Environmental Assessment or Environmental Review

The Australian EFIC “encourages project sponsors to adopt the IFC environmental assessment policy and procedures as described in Safeguard Policy 4.01 that requires, amongst other things, the retaining of independent experts not affiliated with the project to carry out the EA.”⁷

The French export credit agency COFACE, besides invoking the requirements of the OECD Common Approaches, has issued detailed environmental review requirements for three major environmentally sensitive sectors: thermal power plants, large dams, and oil and gas projects. The Oil and Gas guidelines in turn are divided into specific environmental requirements for extraction, transportation (pipelines), refineries, petrochemicals, and storage. These sectoral environmental review guidelines define minimal “reference” standards and criteria which must be met in all cases for a project or investment to be environmentally successful. In addition they identify a more rigorous “target” level of environmental compliance, on which projects will be evaluated on a case by case basis, and a still higher, desirable “good” or “best practice” standard which COFACE seeks to encourage.

The Swiss SERV in its guidance on environmental impact assessment provides a definition of environmental impacts that should be addressed in the EA, as well as referring to issues (standards to be applied etc.) identified in the environmental questionnaire which applicants must fill out. It provides definitions of issues (and useful web links with further information) that should be addressed in the environmental questionnaire and Environmental Assessment such as biodiversity, World Heritage, protected areas, indigenous peoples etc.⁸

SERV requires that Environmental Assessments for Category A projects should also include a Resettlement Action Plan (where resettlement is an issue), a separate evaluation of the Environmental Assessment by a consultant or an International Financial Institution, and, for controversial projects, comments from interested stakeholders. When there are “significant conflicts” between the Environmental Assessment and the views of stakeholders, “a further evaluation should be carried out by the consultant which will take these differences into account.”⁹

⁷ Since the recent (April 2007) adaptation of a revised Common Approaches agreement in the OECD it is not clear whether the EFIC will shift the referenced IFC Safeguard Policy 4.01 to the new Performance Standard 1 on Social and Environmental Assessment and Management System.

⁸ SERV, "Environmental Impact Assessment, Information, http://www.serv-ch.com/fileadmin/serv-dateien/Produkte/Abwicklung/e/Information_Environmental.pdf

⁹ SERV, "SERV guidelines for reviewing environmental and social issues, p.2, http://www.serv-ch.com/fileadmin/serv-dateien/Ethik-Umwelt/e/guidelines_environmental_and_social_issues.pdf

SERV gives special priority to the environmental issues associated with hydroelectric power projects, expecting that the Environmental Assessment show “the extent to which the recommendations of the World Commission on Dams are fulfilled,” suggesting that this be done by an independent panel of experts or an independent consultant.¹⁰

The international private bank HSBC applies the Environmental Assessment requirements of the Equator Principles to a broader range of investments and transactions than the Principles require. It also has five separate sector guidelines and policies with detailed, specific environmental review requirements: Forest Land and Forest Products, Freshwater Infrastructure, the Chemicals Industry, the Energy Sector, and the Mining and Metals Sector. These are comprehensive policies and guidelines which provide guidance on acceptable international standards for each sector and state HSBC’s commitment to not finance activities in environmentally sensitive no-go areas (e.g. commercial logging, mining etc. in primary tropical forests, internationally protected areas etc.), comply with IFC Performance Standards and Environmental, Health and Safety Guidelines where local standards are unsatisfactory, and to not finance “dams that do not conform to the World Commission on Dams Framework.”¹¹

C. Public Consultation and Public Disclosure of Environmental Information

As UNEP’s Goals and Principles of Environmental Impact Assessment point out, public disclosure of information is an essential element of the environmental assessment process. In China, new Regulations on Government Disclosure of Information will take effect on May 1, 2008. They aim to “ensure that citizens, legal persons and other organizations can obtain government information by lawful means, and increase government transparency”.¹² The environment is listed as one of the sectors where transparency is required. According to the regulations, “state secrets, confidential commercial information and individual’s privacy” will not be disclosed, but such protected information does not include Environmental Impact Assessments and similar environmental documents.

There is a large body of international good practice on the disclosure of environmental information by financial institutions, including export credit agencies. The environmental policy of the Japan Bank for International Cooperation includes detailed provisions on the disclosure of information. As a principle, “JBIC welcomes information provided by concerned organizations and stakeholders, so that it may consider a diverse range of opinions and information in its environmental reviews and supervision of projects”.¹³ Once a project has been screened, “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”.¹⁴ For Category A and B projects, “JBIC

¹⁰ Ibid.

¹¹ See <http://www.hsbc.com/1/2/corporate-social-responsibility/our-sustainable-approach-to-banking/sector-guidelines>

¹² Regulations on Government Disclosure of Information, Article 1.

¹³ Japan Bank for International Cooperation, Guidelines for Confirmation of Environmental and Social Considerations, April 2002, Section 5, Article 1.

¹⁴ Ibid., Article 2.

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.”¹⁵

Many export credit agencies, including COFACE of France, EFIC of Australia, and Finland’s Finnvera, require that an Environmental Impact Assessment be disclosed at least 30 days before decisions on the financing of the project are taken.

D. Clear Reference to Standards to Be Applied

The majority of major export credit agencies now explicitly commit to apply the higher of national standards of the host country or international standards, usually standards of the World Bank Group. In a growing number of cases export credit agencies commit to still more comprehensive standards. For example Australia’s EFIC incorporates by reference the standards of the World Bank/IFC Pollution Prevention and Abatement Handbook (PPAH), and conducts separate due diligence with respect to standards it is required to adhere to under international conventions ratified by the Australian government, including international environmental agreements. The French COFACE has additional requirements for three especially sensitive environmental sectors: oil, dams, and thermal power projects. It benchmarks projects in these sectors explicitly against the sectoral standards of the World Bank Group, the World Health Organization, the World Conservation Union (IUCN) and the European Union.

Some 52 private international banks – including a growing number of developing country banks such as Ned Bank in South Africa and four of the largest Brazilian Banks – also commit under the Equator Principles to apply, for project finance and project finance advisory services for transactions of \$10 million and above, World Bank/IFC PPAH and IFC industry sectoral environmental and health guidelines. A growing number of international private banks, such as HSBC, Citigroup and JPMorgan Chase, extend these requirements beyond project finance to most transactions supporting a project greater than \$10 million where the proceeds of the transaction (corporate finance, equity finance etc.) are known to support the project in question.

E. Environmental and Social Management Plan

As part of the move to international good practice, a number of developing country private banks require the preparation of environmental management plans by borrowers for environmentally sensitive projects. The Banco Cuscatlan Group, a regional Central American bank headquartered in El Salvador, and not a signatory to the Equator Principles, requires the preparation of an environmental action plan for sensitive projects.¹⁶

¹⁵ Ibid., Article 2.

¹⁶ International Finance Corporation, "Banking on Sustainability: Financing Environmental and Social Opportunity in Emerging Markets," Washington DC, 2007, p. 38.

The 52 private sector Equator banks are committed to ensuring that borrowers (for investments meeting the screening definitions and thresholds of the Equator Principles, and for some banks, a wider gamut of investments) prepare an Action Plan that addresses the findings and conclusions of the Social and Environmental Assessment for both Category A and B projects. The banks are to ensure that borrowers put in place a Social and Environmental Management System to implement the Action Plan. The Equator Banks are to require that borrowers in the covenants of their loan agreement commit to comply with the Action Plan during the construction and operation of the project in all material respects.

Some leading international private banks operating in developing countries and emerging economies (including China) are more explicit. In 2005, before the adoption of more rigorous Equator Principles in 2006, HSBC stated that “The Environmental Management Plan must address all issues identified in the EA and ensure that, when implemented, the project would comply with IFC guidelines and policies. The EMP must have measurable actions and timelines. We retain independent consultants to advise us in this respect and in particular to confirm that the Environmental Management Plan will ensure Equator Principle compliance. We will also retain independent consultants to review client-prepared Environmental Management Plans.”¹⁷

The OECD export credit agencies commit, through the OECD Common Approaches, to include the preparation of an Environmental Management Plan for Category A projects.

F. Specifying Conditions Under Which Support for a Project May Be Declined or Halted

The Equator Principle banks, including a number of developing country private banks, adhere to the Equator Principles’ very explicit criteria for refusing or halting finance for a project: “We will not provide loans to projects where the borrower will not or is unable to comply with our respective social and environmental policies, procedures, and standards that implement the Equator Principles.”

The spread of good practice in this area is not limited to signatories of the Equator Principles. The Cuscatlan Group (Central America), not a signatory of the Equator Principles, states that if the proposed project or activity is found on its exclusion list (which corresponds to the IFC exclusion list), or if the environmental risk is high and there are no known solutions to mitigate the negative impacts, the bank will reject financing.¹⁸

HSBC, which goes beyond the Equator Principles in its screening thresholds and in other regards, state that “we will not enter into a project finance transaction where an EA has

¹⁷ HSBC, "Equator Principles, 2005 progress update, originally at <http://www.hsbc.com/hsbc/csr/our-sustainable-approach-to-banking/equator-principles> (since superseded by new information on Equator Principles II at <http://www.hsbc.com/1/2/hsbc/csr/our-sustainable-approach-to-banking/equator-principles>)

¹⁸ Banco Cuscatlán de El Salvador, S.A., Sistema de Gestión Ambiental, p. 2, para. 2.1.

not been undertaken that meets our standards. As a result of the EA we may require the borrower to implement improvements to environmental and social impacts of the project as a condition of our credit approval.” In addition, “we will only go ahead with Category A and higher risk Category B projects where free, prior and informed consultation has taken place with affected groups. The consultation should include disclosure of the EA, or a summary of it, in local language and in a culturally appropriate manner.” In addition, HSBC “will not enter into projects where the borrower will not agree to the inclusion” of loan covenants to comply with an Environmental Management Plan that meets HSBC requirements. Finally, “our loan documentation provides an ability to call an event of default if an Environmental Management Plan is breached, much the same if any other agreed loan term was not respected by the borrower.”¹⁹

A number of major export credit agencies have explicit statements regarding rejecting support for exports/projects that do not meet their explicit environmental standards. For example Australia’s EFIC states that “If, after applying the requirements of this Policy, EFIC determines that the environmental and/or social consequences of a proposed project or transaction are unacceptable, or if the proposed mitigation and management plans are inadequate, then the proposal will be declined.” China Exim explicitly states that “those projects that are harmful to the environment or do not gain endorsement or approval from environmental administration will not be funded.”

Finally, some public and private international banks and financial institutions explicitly report on projects they refuse to support because they do not meet environmental requirements. The U.S. Overseas Private Investment Corporation (OPIC) has done so since 2004. (One project was rejected in 2004, four in 2005, in Peru, Morocco, Ecuador and Ghana).²⁰ Citigroup in its 2006 Citizenship Report describes in some detail its rejection of support for a Category A hydroelectric project in Latin America: “In due diligence discussions with the client, it became clear that the client was uncomfortable with the additional level of effort required to comply with Citi’s environmental and social standards, including independent review requirements. As such, Citi did not participate in the project’s eventual funding.”²¹

G. Monitoring

Export credit agencies share a responsibility for the social and environmental impacts of the projects they finance throughout the project cycle. They need to monitor the implementation of the project, including the compliance with the terms of the loan agreements.

¹⁹ HSBC, "Equator Principles, 2005 progress update, originally at <http://www.hsbc.com/hsbc/csr/our-sustainable-approach-to-banking/equator-principles> (since superseded by new information on Equator Principles II at <http://www.hsbc.com/1/2/hsbc/csr/our-sustainable-approach-to-banking/equator-principles>)

²⁰ OPIC, "Annual Environmental Report of the Overseas Private Investment Corporation, Fiscal Year 2005," Washington DC, June, 2006, pp. 4-5.

²¹ Citibank, "Citizenship Report 2006," p. 66.

China Exim Bank's Environmental Policy states: "China Ex-im Bank conducts regular examination for project implementation, which includes the project's environmental impacts. Once any unacceptable negative environmental impacts result during the project implementation, China Ex-im Bank will require the implementation unit to take immediate remedial or preventive measures. Otherwise, they will discontinue financial support."²²

China Exim Bank's commitment to monitoring project implementation is positive. A few other export credit agencies have policies which offer good practice on how monitoring can work in practice. The environmental policy of US Exim Bank clarifies that monitoring is "conducted through the review of information provided by the sponsor and through site visits". The Bank's environmental analysts are responsible for undertaking the monitoring.²³

JBIC's Environmental Policy includes strong provisions on monitoring. The policy clarifies that information about project implementation needs to be provided by the borrowers, and that JBIC will conduct its own investigations if necessary. Yet JBIC also welcomes information about project implementation from third parties, which includes civil society groups, and encourages project sponsors to take appropriate action if necessary. If their response is not appropriate, JBIC will take action according to the loan agreement, "including the suspension of disbursement".²⁴

H. Additional Elements of Good Practice

As part of the Ethics Policy of Belgium's Ducroire/Delcredere, "[e]xporters are encouraged to abide by the social norms mentioned in the OECD's 'Guidelines for Multinational Enterprises'". Following the Guidelines is not mandatory however; applicants only have to certify that they know about them. The Netherlands' Atradius also requires applicants to confirm that they have taken note of the OECD Guidelines, and that they "will make every effort to incorporate these guidelines" into their operations.

Several export credit agencies have excluded certain products from coverage by their services. The US Exim Bank excludes 54 pesticides and 30 industrial or consumer chemicals which have been banned or severely restricted by the US Environmental Protection Agency from coverage by export credits.²⁵ Austria's OeKB, Germany's Hermes and Switzerland's SERV exclude the export of arms and/or nuclear technology from coverage. By law, SERV also has to take the principles of Swiss development policy "into consideration" for exports to poorer developing countries.²⁶

²² China Ex-im Bank's environmental protection policy, Article 2 (unofficial translation)

²³ US Exim Bank, Environmental Procedures and Guidelines, Section V.

²⁴ JBIC, Guidelines for Confirmation of Environmental and Social Considerations, April 2002, Section 4, Article 4.

²⁵ See US Exim Bank, Exclusion List for Export Credit Insurance - Annex C

²⁶ Swiss Federal Law for the Export Risk Guarantee, Article 1

I. Accountability and Grievance Mechanisms

Environmental policies are only as good as their implementation. The policies of many financial institutions, including some of the good practice language presented in this document, suffer from a lack of compliance. Like the World Bank and other multilateral development banks, the Japan Bank for International Cooperation has created an accountability mechanism in the form of an Office of Examiners which aims to promote compliance with the Bank's environmental policy.

The JBIC office consists of two examiners who are independent of the Bank's operational and environmental departments. Their mandate is to investigate complaints submitted by at least two people who "have suffered actual and direct damage" by a JBIC project or are likely to suffer such damage in the future.²⁷ If the examiners decide that a project does not comply with the Bank's environmental policy, they can recommend mitigation measures to JBIC's governor. They can also encourage a dialogue between the interested parties "in order to assist early resolution of disputes concerning specific environmental or social problems which are caused by the project".²⁸ The reports of the examiners and the opinions of the responsible departments are made public on the JBIC website.

²⁷ Summary of Procedures to Submit Objections Concerning JBIC Guidelines for Confirmation of Environmental and Social Considerations, Section IV, Article 2

²⁸ *Ibid.*, Section I

Annex:

China Exim Bank's environmental protection policy *[unofficial translation]*

China Exim Bank is paying high-level of attention to our funded projects' environmental impacts. We enhance environmental monitoring and management before, during and after the project implementation.

(1) Before – Project Review

China Exim Bank considers projects' environmental impact assessment as one of the basic requirements and elements during the project review. We require the funded projects to conduct feasibility study of environmental impacts, and obtain endorsement or approval from the recipient country's environmental administration. Those projects that are harmful to environment or do not gain endorsement or approval from environmental administration will not be funded. This policy is enacted throughout over thousands of China Exim Bank's funded projects.

(2) During – Project Examination

China Exim Bank conducts regular examination for project implementation, which includes the project's environmental impacts. Once any unacceptable negative environmental impacts result during the project implementation, China Exim Bank will require the implementation unit to take immediate remedial or preventive measures. Otherwise, they will discontinue financial support.

(3) After – Post-project review

When the project is stopped or completed, China Exim Bank will conduct post-project review in project implementation and completion status, and its impacts. Environmental assessment is a necessity in the post-project review. According to the post-project review, China Exim Bank will revise the measures taken before and during the project implementation for similar projects. If necessary, the related requirements and policies will be fully revised.