Organisation de Coopération et de Développement Economiques Organisation for Economic Co-operation and Development

10-Dec-2010

English - Or. English

TRADE AND AGRICULTURE DIRECTORATE TRADE COMMITTEE

Working Party on Export Credits and Credit Guarantees

EXPORT CREDITS AND THE ENVIRONMENT: 2010 REVIEW OF MEMBERS' RESPONSES TO THE SURVEY ON THE ENVIRONMENT AND OFFICIALLY SUPPORTED EXPORT CREDITS

This document comprises a Review of Members' responses for 2010 to the Survey on the Environment and Officially Supported Export Credits [TAD/ECG(2007)12/FINAL] concerning their implementation of the 2007 OECD Recommendation on Common Approaches on the Environment and Officially Supported Export Credits [TAD/ECG(2007)9]. Actual responses from Members are available on the OECD website.

Contact: Mr. Julian PAISEY, Export Credits Division, Trade and Agriculture Directorate, OECD Tel: +33 (0)1 45 24 99 23; fax: +33 (0)1 44 30 61 58;

E-mail: julian.paisey@oecd.org; cc: xcred.secretariat@oecd.org

JT03294311

Document complet disponible sur OLIS dans son format d'origine Complete document available on OLIS in its original format

EXECUTIVE SUMMARY

This document contains the 2010 Review of Members' procedures and practices for taking into account environmental considerations when providing officially supported export credits in the context of the implementation of the *Revised OECD Recommendation on Common Approaches on the Environment and Officially Supported Export Credits* [TAD/ECG(2007)9] adopted by the OECD Council on 12 June 2007. It is based on Members' updated responses to the *Survey on the Environment and Officially Supported Export Credits* [TAD/ECG(2007)12/FINAL], which are available on the OECD website.

This Review is the third under the 2007 Recommendation and is based on Survey responses from 28 of 29 Members of the Working Party on Export Credits and Credit Guarantees (ECG), *i.e.* a total of 31 Export Credit Agencies. The Survey is maintained on an on-going basis and, accordingly, Members are requested to provide the Secretariat with updates to their responses at a minimum on an annual basis to reflect any changes in their policies and practices. Members first responded to the Survey in 2008. Since then, in 2009, Mexico responded to the Survey for the first time and eight Members/ECAs (Austria, Germany, Japan (JBIC and NEXI), Korea K-sure, the Netherlands, Portugal and Spain) updated their responses and, in 2010, a further six Members/ECAs (Australia, Hungary (MEHIB), Japan (JBIC), the Netherlands, the Slovak Republic and the United Kingdom) have updated their responses.

This Review shows that, whilst Members' environmental review systems continue to vary and some Members have little or no experience of dealing with projects with potential adverse environmental impacts, the majority of Members have systems in place for reviewing applications for official support that are broadly compliant with the requirements of the 2007 Recommendation. However, some differences in systems still exist, *e.g.* with regard to screening applications, reviewing projects for their potential environmental impacts, benchmarking against host and international standards, and making project and environmental impact information publicly available.

This Review should be read in conjunction with Member's actual responses and, for implementation aspects, with the annual Reviews of Category A and Category B project supported by Members, both of which are available on the OECD website. The information contained in these Reviews will facilitate the Environmental Practitioners' work to build a body of experience on the application of the 2007 Recommendation and Members' review of the 2007 Recommendation.

As agreed by Members at their 116th Meeting held in November 2008, Members' responses to the Survey, as at 31 July 2010, were made publicly available on the OECD website and Civil Society Organisations (CSOs) were invited to comment on such responses for inclusion in this Review, in the context of an enhance peer review process; comments were received from BIAC.

A provisional version of this Review, including the comment from BIAC, was examined and discussed at the 124th ECG Meeting held on 18-19 (a.m.) November 2010. This final version of the Review is issued as an unclassified document and will be made publicly available on the OECD website.

EXPORT CREDITS AND THE ENVIRONMENT: 2010 REVIEW OF MEMBERS' RESPONSES TO THE SURVEY ON THE ENVIRONMENT AND OFFICIALLY SUPPORTED EXPORT CREDITS

I. Introduction

- 1. The aim of this Review is to evaluate Members' implementation of the *Revised OECD Recommendation on Common Approaches on the Environment and Officially Supported Export Credits* (the "2007 Recommendation") [TAD/ECG(2007)9¹], based on their responses, as at 31 July 2010², to a *Survey on the Environment and Officially Supported Export Credits* (the "Survey") [TAD/ECG(2007)12/FINAL], which aims to elicit details of Members' environmental review systems, policies and practices.
- 2. Responses to the Survey have been received from 28 out of 29 Members of the Working Party on Export Credits and Credit Guarantees (ECG): Ireland has not replied as it has no relevant official export credit programme; however, responses from both the Export Credit Agencies (ECAs) of Hungary, Japan and Korea have been reported and analysed separately. In total, therefore, responses have been received from 31 Members/ECAs³.
- 3. This is the third Review of Members' responses under the 2007 Recommendation⁴: the first Review took place in 2008 and was based on Members' original responses to the Survey; and the second Review, in 2009, included original responses from Mexico⁵ and updated responses from six Members/ECAs (Germany, Japan (JBIC and NEXI), Korea K-sure, Portugal and the Netherlands). For this 2010 Review, a further six Members/ECAs (Australia, Hungary (MEHIB), Japan (JBIC), the Netherlands, the Slovak Republic and the United Kingdom) have updated their responses and this Review reflects such updated responses. All Members' responses, as considered in this Review, can be found on the OECD website⁶; any questions concerning these responses should be addressed to the Member concerned.
- 4. Under the provisions of the enhanced peer review process⁷ agreed by Members at their 116th Meeting held in November 2008, Members' updated responses, as at 31 July 2010, were made publicly available on the OECD website and the OECD Secretariat wrote on 30 August 2010 to the Business and Industry Advisory Committee to the OECD (BIAC), the ECA Watch network of Non-Governmental Organisations (NGOs), the European Banking Federation (EBF), the Trade Union

http://webdominol.oecd.org/olis/2007doc.nsf/Linkto/tad-ecg(2007)9.

Hungary (MEHIB) subsequently updated its responses on 20 September 2010.

Greece has previously reported that, given its lack of experience with applications for projects with potential environmental impacts, it has yet to establish procedures within its ECA to achieve the objectives of the 2007 Recommendation: Greece has, therefore, responded only to Sections (i) and (ii) of the Survey.

Previous Reviews were in respect of the original 2003 Recommendation on Common Approaches on Environment and Officially Supported Export Credits [TD/ECG(2003)13/REV2, subsequently replaced by TD/ECG(2005)3]

In this context, Mexico noted that it had established some initial procedures that were consistent with the 2007 Recommendation and was preparing an Environmental Manual with the World Bank.

⁶ http://www.oecd.org/document/38/0,3343.en 2649 34181 41888998 1 1 1 37431,00.html.

http://webdomino1.oecd.org/olis/2008doc.nsf/Linkto/tad-ecg(2008)23.

TAD/ECG(2010)10/FINAL

Advisory Committee to the OECD (TUAC) and Transparency International (TI) inviting them to comment on these responses: one comment was received, which was from BIAC.

- 5. Lastly, many responses to the Survey contain additional information and comments, which it is not possible to analyse in this type of Review; for a full picture of a Member's policies and practices, the Review should be read in conjunction with Member's actual responses available on the OECD website and, for implementation aspects, with the annual Reviews of Category A and Category B project supported by Members, which are available on the OECD website⁸. Any questions concerning Members' responses should be directed to the Member concerned. For information, the Survey responses, this Review and the annual Reviews of Category A and Category B projects are helping to inform Members' review of the 2007 Recommendation, the Environmental Practitioners' work in building a body of experience on the application of the 2007 Recommendation, and the Environment Policy Committee (EPOC) in connection with its reviews of Members' environmental performance.
- 6. This Review comprises the following Sections:
 - Section II: 2010 Updates to Responses
 - Section III: Detailed Review of the Responses to the Survey
 - (i) General Principles
 - (ii) Screening and Classification of Projects
 - (iii) Environmental Review
 - (iv) Evaluation, Decision and Monitoring
 - (v) Exchange and Disclosure of Information
 - (vi) Reporting and Monitoring of the Recommendation
 - (vii) Other Comments
 - Section IV: Civil Society Organisations Comments
 - Section V: General Comments

II. 2010 Updates to Responses

- 7. In 2010, six Members/ECAs (Australia, Hungary (MEHIB), Japan (JBIC), the Netherlands, the Slovak Republic and the United Kingdom) updated their responses to the Survey as follows:
 - *Australia* is currently reviewing its environmental policy and will update its responses further when its review is complete. In the meantime, Australia has amended its responses to Questions 1, 8, 21, 46, 48 and 49, and updated the website links in Questions 41, 43, 44 and 45.

http://www.oecd.org/document/53/0,3343,en 2649 34169 42458549 1 1 1 37431,00.html.

- *Hungary* (MEHIB) reported that its changes were due to the introduction of new responsibilities for its Practitioner and of a new environment committee. Hungary has, therefore, updated its responses to Questions 5, 14, 15, 18, 22, 34, 39, 45 and 48.
- *Japan* (JBIC) has updated a significant number of its responses to reflect the revision of JBIC's guidelines, which came into effect in October 2009, and to reflect its replies to the comments from CSOs, which were provided in the 2009 Review⁹. The one change in implementation reported is that JBIC discloses EIA reports, together with any related reports, that are made publicly available in the host country, on its website (Questions 43 and 44).
- The *Netherlands* reported that its revised responses reflect its new Corporate Social Responsibility policy, introduced in October 2009: as a result, the IFC Performance Standards are the 'default' international standards for benchmarking and questions on the supply chain have been included in the application questionnaire for clients. The Netherlands has, therefore, updated many of its responses, including new website links in Questions 41, 43 and 44.
- The *Slovak Republic* has revised many of its responses as a result of a new directive at EXIMBANKA in early 2010, and amended the website links in Questions Q 41 and 43.
- The *United Kingdom* reported that its Case Impact Analysis Process has been reviewed and replaced by new policies. The United Kingdom has, therefore, updated a significant number of its responses, in particular regarding the introduction of a screening threshold (Question 2), the non-classification of applications for exports to existing operations and to neither existing operations nor projects (Question 13), and the number of days project information should be publicly available prior to issuing a commitment (Question 43).

III. Detailed Review of the Responses to the Survey

- (i) General Principles
- (a) Objectives

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

- 8. The 2007 Recommendation sets out the general objects of the Recommendation [Paragraph 2] and the actions Members should take to achieve these objectives [Paragraph 3]: in this context, this question is intended to allow Members/ECAs to provide a general, high-level description of, or statement about, their policies and practices with regard to the environment, including any particular aspects that they would wish to highlight, for the benefit of stakeholders when these responses are made publicly available.
- 9. All 31 Members/ECAs responded to this question; however, given the nature of the question and the variety of the responses, these have not been analysed for this Review.

9

http://www.oecd.org/officialdocuments/displaydocumentpdf?cote=TAD/ECG(2009)8/FINAL&doclanguage=en.

(ii) Screening and Classification of Projects

- (a) Exceptions
- 2. Are all applications screened? If not, please provide details of any exemptions from screening, including the value of any threshold used.
- 10. The 2007 Recommendation states that "Members should screen all applications for officially supported export credits covered by this Recommendation" [Paragraph 4] and that "this Recommendation applies to all officially supported export credits with a repayment term of two years or more" [Paragraph 1]: in this context¹⁰:
 - Twenty eight Members/ECAs responded that all applications are screened, including four Members/ECAs, i.e. Finland, Luxembourg, Portugal and Spain, which specifically responded that this referred to all applications covered by the 2007 Recommendation, i.e. for support with a repayment period of two years or more, and one Member/ECA, i.e. Korea Eximbank, which screens all applications for support covered by the Arrangement on Officially Supported Export Credits.
 - Two Members/ECAs responded that not all applications are screened: New Zealand reported having a threshold of NZD 20 million; and the United Kingdom reported that applications for support in the aerospace and defence sectors are subject to separate screening provisions and that, in 2010, a screening threshold of SDR 10 million was introduced.
- (b) Information Requirements

3. What information is required for the screening process?

- 11. The 2007 Recommendation does not refer to the information that should be required for the screening process; this question and its responses are for information and transparency: in this context, Members/ECAs reported that the following information is required for the screening process:
 - Application form: 11 Members/ECAs¹¹.
 - Separate environmental questionnaire: 12 Members/ECAs¹².
 - Other information: seven Members/ECAs, of which:
 - On a case-by-case basis, a mixture of project, environmental and other information, as appropriate: four Members/ECAs, *i.e.* Australia, Denmark, Finland and New Zealand.
 - On a case-by-case basis depending on the nature of the application: three Members/ECAs, *i.e.* Canada has different requirements for medium- and long-term and for some short-term transactions; Germany requires a project memorandum for projects above the threshold and sector specific forms for certain sectors; and

The response from Mexico to this question needs to be clarified.

Austria, Belgium, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom and United States.

Czech Republic, France, Hungary Eximbank and MEHIB, Japan JBIC and NEXI, Korea K-sure, Mexico, Poland, Slovak Republic, Spain and Turkey.

Korea Eximbank requires either its environmental screening form or an Environmental Impact Assessment (EIA) report, if available.

- Greece responded that it has no specific policy regarding the information required for the screening process, since it expects screening to be part of the work undertaken and submitted by external consultants for projects subject to the 2007 Recommendation.
- (c) Responsibilities

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

- 12. The 2007 Recommendation states that "the parties involved in an application...should provide all information necessary to carry out the screening" [Paragraph 4]: in this context, Members/ECAs responded that the following were responsible for providing the information:
 - Applicant (in most cases): 24 Members/ECAs.
 - Project sponsor (in most cases): two Members/ECAs, i.e. Korea K-sure and New Zealand.
 - Other, *i.e.* applicant, exporter, borrower or project sponsor on a case-by-case basis: five Members/ECAs, *i.e.* Canada, Denmark, Korea Eximbank, Spain and Turkey.

5. Who within your ECA is responsible for screening applications?

13. The 2007 Recommendation does not refer to whom, within an ECA, responsibility rests for screening of applications; therefore, this question and its responses are for information and transparency: in this context, Chart 1 below shows who is responsible for screening applications¹³.

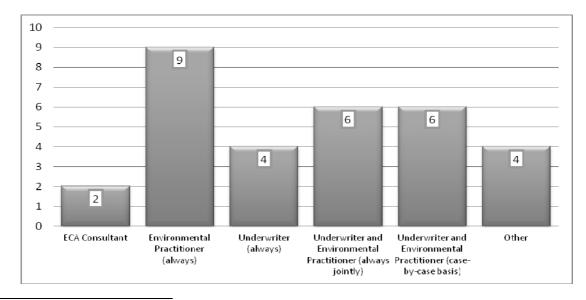


Chart 1: Question 5: Responsibility for screening applications

¹³

^{&#}x27;Other' responses include exporters for smaller transactions otherwise Environmental Practitioners (Canada); input from relevant Ministries (Hungary Eximbank and MEHIB); ECA, plus underwriters and Environmental Practitioners of ONDD Belgium for confirmation (Luxembourg); and underwriters plus consultants (Mexico).

(d) Timing

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

- 14. The 2007 Recommendation states that "screening should take place as early as possible in the risk assessment process" [Paragraph 4]: in this context, Members/ECAs responded that screening takes place:
 - As early as possible in the risk assessment process or on receipt of completed applications, including any necessary environmental information: 27 Members/ECAs.
 - When the underwriter determines that there is a significant chance that the transaction will go ahead: one Member/ECA, *i.e.* Denmark.
 - Before issuing either an indication or offer of support: one Member/ECA, *i.e.* Australia.
 - Before underwriting the risk or assessing the project: two Members/ECAs, i.e. Greece and Mexico.
- (e) Scope and Criteria of Screening
- 7. Please provide details of how the screening process considers, where appropriate, operational links with associated operations.
- 15. The 2007 Recommendation states that in the screening process "Members should, where appropriate, consider operational links with associated operations, taking into account the timing or location of the construction of such identified operations" [Footnote 1]: in this context, Members/ECAs responded that they consider operational links with associated operations on a case-by-case basis, taking into account factors such as ownership, technical and financial links, the nature of the associated operations, including inputs and outputs, their potential environmental impacts and the degree of influence over the associated operations, as well as the timing and location of their construction. Four Members/ECAs, i.e. Australia, Austria, Finland and the United States, indicated that their considerations may impact on decisions regarding the scope of the project, its categorisation and its environmental review.
- 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).
 - (b) re-insurance as lead ECA.
 - (c) re-insurance as re-insurer.
- 16. The 2007 Recommendation does not specify any particular practices that should be followed in the screening of applications in such situations; however, it does state 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]: in this context, Chart 2 below shows how Members/ECAs responded for each of the three given situations¹⁴.

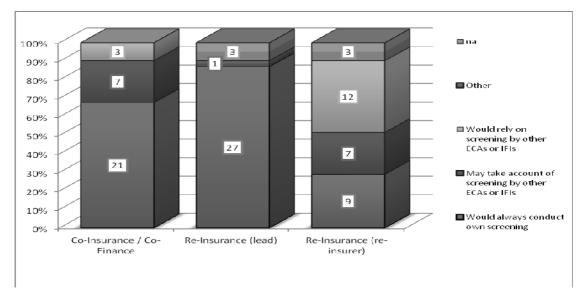


Chart 2: Question 8: Practices in screening applications

(f) Existing Operations, New Projects and Other Exports

- 9. What procedures and practices do you have in place to help identify exports of capital goods and services to existing operations¹⁵?
- 10. What procedures and practices do you have in place to help identify exports of capital goods and services to projects¹⁶?
- 11. How do you screen exports of capital goods and services that are neither to existing operations nor to projects?
- 17. The 2007 Recommendation states that screening should identify exports of capital goods and services to existing operations and to projects, as defined in Paragraphs 5.1 and 5.2 respectively: in this context, these questions seek information on how Members/ECAs screen applications to identify exports of capital goods and services to existing operations, or to projects, or those that are neither to existing operations nor to projects. The responses should be read in conjunction with the responses to subsequent questions concerning the classification and review of exports (*c.f.* Questions 13, 24 and 25):

For questions 8 (b) and 8 (c) Hungary Eximbank, Japan JBIC and Korea Eximbank responded 'Not Applicable' as they do not provide insurance and, for question 8 (b), Mexico responded 'Other', which needs to be clarified.

For the purposes of this Survey, "projects" are any new commercial, industrial or infrastructure undertaking at an identified location or any identifiable existing operation that is undergoing a material change in output or function.

For the purposes of this Survey, "existing operations" are any identifiable existing operations that are undergoing no material change in output of function.

- Members/ECAs would refer to the answers provided in the application and screening documentation (*c.f.* Question 3), together with follow-up questions and independent research (*e.g. via* the internet), where necessary, to identify exports to existing operations, or to projects, or that are neither to existing operations nor to projects, *i.e.* the same screening process is used for all applications, the purpose of which is to identify the destination (existing operation, new project or stand-alone delivery) of the exported goods and services and their potential environmental impacts.
- In addition, one Member/ECA, *i.e.* Turkey, reported that it requires the export contract to be provided to identify the destination of the export (*i.e.* a new project or existing operation) and that, once the transaction has been approved, it is checked against customs documentation.

(g) Classification System

12. Does your classification system vary from that of the Recommendation? If so, please provide details.

- 18. The 2007 Recommendation states that Members should classify projects into one of three Categories: A (significant adverse potential environmental impacts), B (less adverse potential environmental impacts) and C (minimal or no adverse potential environmental impacts) [Paragraph 8]: in this context:
 - All Members/ECAs reported having the same three Categories for classification as set out in the 2007 Recommendation. In addition, six Members/ECAs reported having additional internal categories for certain types of applications (*c.f.* Question 13 for more details on the purpose of such internal categories):
 - Finland and Spain: those exports to existing operations or that are neither to existing operations nor to projects, which are not classified according to the 2007 Recommendation, are labelled internally as "non-projects".
 - Germany: two categories are used for internal purposes only to identify: (i) certain short term projects¹⁷ and (ii) exports to existing operations without material change in output or function.
 - Japan JBIC: Category FI for projects where JBIC's funding is provided to a financial intermediary, the selection and assessment of the actual sub-projects is substantially undertaken by that financial intermediary only after JBIC's approval of the funding, and those sub-projects are expected to have potential impact on the environment.
 - Netherlands: the label M is applied for existing operations that are undergoing no material change in output or function, operations in the project surroundings and refinancing applications. M stands for a marginal review focusing on the track record of the project sponsor in environmental and social aspects and on compliance with applicable local standards for the operations.
 - Sweden: free standing deliveries, *i.e.* trucks for a retailer, a pump to a plant for producing drinking water, etc. (*e.g.* exports that are neither to existing operations nor to projects).

17

Projects that would fall in Category A under long term conditions, or are in three specific sensitive sectors (pulp and paper, dams and mining) or are turn-key delivery of large plants above EUR 50 millions.

(h) Scope of Classification

- 13. Do you classify exports of capital goods and services (a) that are to existing operations or (b) that are neither to existing operations nor to projects? If so, please provide details.
- 19. The 2007 Recommendation states that applications for exports to existing operations that are undergoing no material change in output or function "may not be classified" [Paragraph 5.1]; it does not refer to how exports that are neither to existing operations nor to projects should be treated. This question seeks information on whether Members/ECAs classify such applications according to the system set out in the 2007 Recommendation, which might be informative for its next review.
- 20. With regard to applications for exports to existing operations:
 - Twenty-two Members/ECAs classify such applications using the classifications set out in paragraph 6 of the 2007 Recommendation: in this context, Czech Republic and Slovak Republic would classify them as Category C (in most cases).
 - Three Members/ECAs sometimes classify such applications using the classifications set out in paragraph 6 of the 2007 Recommendation, i.e. France and Spain (if there are significant environmental or social impacts) and Finland (if the existing operation is in or near sensitive areas); if such applications are not classified, Finland and Spain label them internally as "non-projects".
 - Six Members/ECAs, i.e. Canada, Germany, Netherlands, Italy, Turkey and United Kingdom, do not classify applications for exports to existing operations using the classifications set out in paragraph 6 of the 2007 Recommendation; of these, Germany and the Netherlands reported identifying such applications by way of a category for internal purposes only.
- 21. With regard to applications for exports that are neither to existing operations nor to projects:
 - Thirteen Members/ECAs¹⁸ classify such applications using the classifications set out in paragraph 6 of the 2007 Recommendation: in this context, Japan JBIC and NEXI, Korea Eximbank and K-sure, Norway, Slovak Republic and United States would classify them as Category C (in most cases).
 - Three Members/ECAs sometimes classify such applications using the classifications set out in paragraph 6 of the 2007 Recommendation: i.e. France (if there are significant environmental or social impacts), Finland (on a case-by-case basis) and Switzerland (if the goods and / or services have a potentially serious impact); if such applications are not classified, Finland labels them internally as "non-projects".
 - Fifteen Members/ECAs¹⁹ do not classify applications for exports that are neither to existing operations nor to projects using the classifications set out in paragraph 6 of the 2007 Recommendation; of these, Spain and Sweden reported identifying such applications by way of a category for internal purposes only.

Australia, Czech Republic, Denmark, Japan JBIC and NEXI, Korea Eximbank and K-sure, Luxembourg, Mexico, Netherlands, Norway, Slovak Republic and United States.

Austria, Belgium, Canada, Germany, Greece, Hungary Eximbank and MEHIB, Italy, New Zealand, Poland, Portugal, Spain, Sweden, Turkey and United Kingdom.

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

- 22. The 2007 Recommendation states that "Members should classify all projects in respect of which their share is above SDR 10 million and all projects in or near sensitive areas in respect of which their share is below SDR 10 million" [Paragraph 5.2]: in this context:
 - Classify all projects in or near sensitive areas, in sensitive sectors, or with high potential environmental risks regardless of value: 17 Members/ECAs²⁰.
 - Classify all projects regardless of value: 13 Members/ECAs²¹.
 - Other: one Member/ECA: New Zealand currently only classifies projects for which its share is above NZD 20 million and with a repayment term of two years of more.
- (i) Responsibilities for Classification

15. Who is responsible for the classification of projects?

23. The 2007 Recommendation does not state who is responsible for the classification of a project; therefore, this question and its responses are for information and transparency and, in this context, Chart 3 below shows responsibility for classifying projects²²:

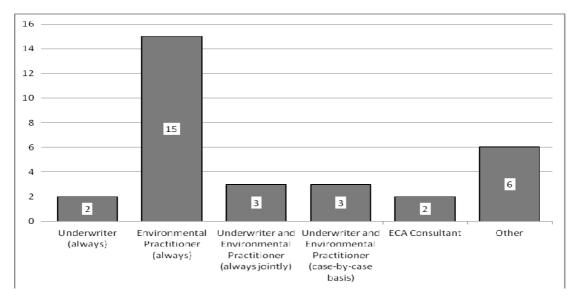


Chart 3: Question 15: Responsibility for classifying projects

²⁰

Canada, Czech Republic, Germany, Finland (or if the export delivery contract price is above EUR 5 million), France, Greece, Hungary Eximbank and MEHIB, Korea Eximbank and K-sure, Netherlands, Poland, Portugal, Sweden, Switzerland (as from 2008), Turkey and United Kingdom.

Australia, Austria, Belgium, Denmark, Italy, Japan JBIC and NEXI, Luxembourg (if with a repayment term of more than one year), Mexico, Norway, Slovak Republic, Spain, and United States.

²² 'Other' responses include underwriter and external consultant (Greece, Mexico and Portugal), input from relevant Ministries (Hungary Eximbank), ECA Board (Luxembourg), and applicant or Environmental Practitioner (Poland).

(iii) Environmental Review

- 24. The following Sections of this Review relate to responses from 30 Members/ECAs as Greece responded only to Sections (i) and (ii) of the Survey.
- (a) 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.
- 25. The 2007 Recommendation states that "Members should indicate to the appropriate parties involved in the project the type of information they require in relation to the potential environmental impacts of the project, including, where appropriate, the need for an Environmental Impact Assessment (EIA)" [Paragraph 8]: in this context:
 - Twenty-six Members/ECAs responded that they have prescribed procedures for the type of information necessary for the review process; and
 - Four Members/ECAs, *i.e.* Germany, Mexico, Norway and Portugal, responded that they have adopted a case-by-case approach to information requirements.
- (b) Responsibilities

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

- 26. The 2007 Recommendation states that "The applicant is responsible for providing the appropriate information" for an environmental review [Paragraph 8]: in this context, Members/ECAs responded that the following were responsible for providing the information:
 - Applicant (in most cases): 22 Members/ECAs.
 - Project Sponsor (in most cases): three Members/ECAs, i.e. Canada, Korea KEIC and New Zealand.
 - Other, *i.e.* applicant, exporter, borrower or project sponsor on a case-by-case basis: five Members/ECAs, *i.e.* Denmark, Korea Eximbank, Poland, Spain and Turkey.

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

27. The 2007 Recommendation does not state who is responsible for reviewing projects: therefore, this question and its responses are for information and transparency: in this context, Chart 4 below shows responsibility for classifying projects²³.

²³ 'Other' responses include input from relevant Ministries (Hungary Eximbank) and underwriter and external consultant (Mexico and Portugal).

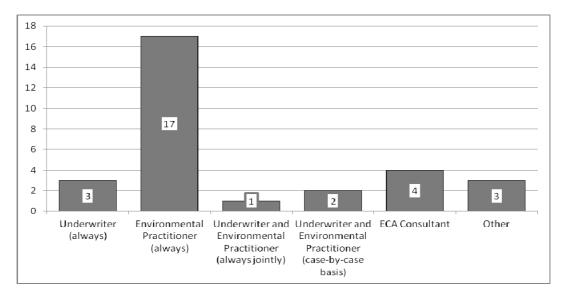


Chart 4: Question 18: Responsibility for reviewing projects

(c) Scope and Criteria

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

- 28. The 2007 Recommendation states that in the review process "Members should, where appropriate, consider operational links with associated operations, taking into account the timing or location of the construction of such identified operations" [Footnote 1]: in this context, Members/ECAs responded that they consider operational links with associated operations on a case-by-case basis as part of the environmental review process. However, in general, once an associated operation has been identified as falling within the scope of an overall project, it is reviewed as part of that project and in the same manner. In particular, Members/ECAs reported that they considered the cumulative impacts of the overall project on, for example, ambient conditions, inputs, emissions, local residents etc: such considerations might be a factor in whether to proceed with support for the relevant application.
- 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.
 - (b) Re-insurance as lead ECA.
 - (c) Re-insurance as re-insurer.
- 29. 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]: in this context, Chart 5 below shows how Members/ECAs responded for the three given situations²⁴.

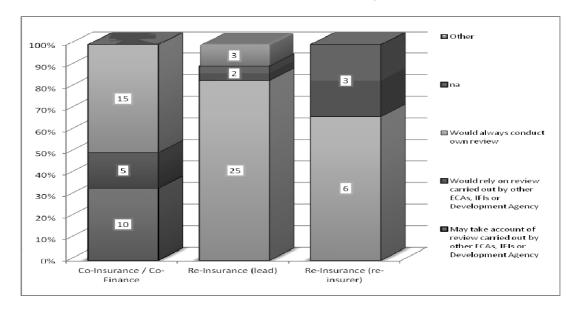


Chart 5: Question 20: Practices in reviewing applications

(d) 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? Please provide any examples of experience.

30. The 2007 Recommendation states that "Members should require an EIA to be undertaken" for Category A projects [Paragraph 9]: in this context:

- Twenty-one Members/ECAs responded that there are no circumstances in which they might accept to review a Category A project for which an EIA has not been undertaken or for which either an EIC report is not available for review or does not adequately address all the issues set out in Annex II of the Recommendation, of these, three Members/ECAs, i.e. Austria, New Zealand and Poland, provided additional details of how they would deal with an incomplete or inadequate EIA report; and
- Nine Member/ECAs responded that there are such circumstances:
 - Canada reported that it requires an EIA to be submitted for review for all Category A
 projects; however, Canada does not require an EIA to be submitted for review in
 G7 countries, where the focus of its review is on compliance with host country
 standards, which have been determined to be higher standards under the
 2007 Recommendation; and

_

For questions 20 (b) and 20 (c) Hungary Eximbank, Japan JBIC and Korea Eximbank responded 'Not Applicable' as they do not provide insurance and, for question 20 (b), Mexico responded 'Other', which needs to be clarified.

• Eight Members/ECAs, *i.e.* Australia, Denmark, Finland, Germany, Italy, Netherlands, Turkey and United Kingdom, reported that they would either try to bring an EIA report up to a level commensurate with the provisions of the 2007 Recommendation or use alternative environmental and social reports to fill any gaps in the EIA report or where an EIA report did not exist.

22. Who is responsible for:

- (a) Commissioning and carrying out an EIA?
- (b) Providing you with a copy of an EIA report?
- (c) Reviewing an EIA report?
- 31. The 2007 Recommendation does not state who should be responsible for commissioning, carrying or review an EIA report; however, the applicant is responsible for providing the resulting EIA report, which should not be carried out and reviewed by the same party [Paragraph 9]: in this context, Chart 6 below shows how Members/ECAs responded concerning responsibilities for commissioning, carrying out and providing an EIA report²⁵.

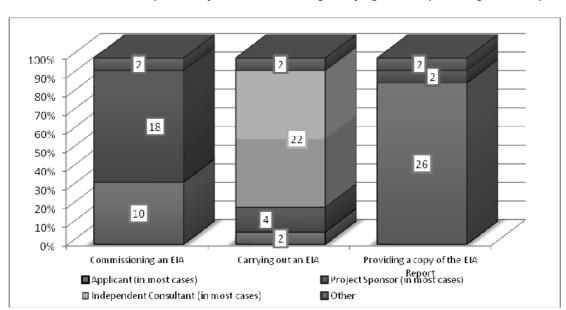


Chart 6: Question 22: Responsibility for commissioning, carrying out and providing an EIA report

32. The 2007 Recommendation does not state who should be responsible for reviewing an EIA report; therefore, this question and its responses are for information and transparency: in this context,

²⁵

^{&#}x27;Other' responses include: for commissioning an EIA, either importer, exporter or project sponsor (Poland) and applicant (*i.e.* borrower) or project sponsor (Turkey); for carrying out an EIA, either importer, exporter or project sponsor (Poland) and applicant, project sponsor or independent consultant (Portugal); and for providing an EIA, either borrower, exporter or project sponsor (Korea Eximbank) and exporter or project sponsor (Spain).

Chart 7 below shows how Members/ECAs responded concerning responsibility for reviewing an EIA report²⁶.

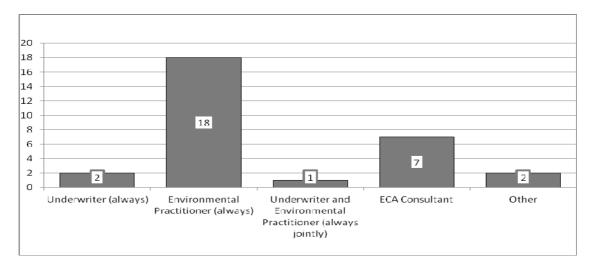


Chart 7: Question 22: Responsibility for reviewing an EIA report

(e) 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, including 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 (tiret 1) of the Recommendation, are taken into consideration.
- 33. The 2007 Recommendation states that "The scope of a review for a Category B project may vary from project to project" [Paragraph 10]: in this context, Members/ECAs reported that their reviews of Category B projects are undertaken on a case-by-case basis, depending on the project in question; however, in general, they take a similar approach to reviewing Category A projects in looking at the potential environmental impacts of projects and comparing the project standards to host and international standards. For example, some Members/ECAs stated their preference for having an EIA, or similar, report; in contrast, other Members/ECAs reported that the scope of review for Category B projects is narrower, with a focus, for example, on project emissions.
- 34. The Survey invited Members/ECAs to comment on which, if any, of the items listed in Annex II of the 2007 Recommendation and which key environmental factors, such as those listed in Paragraph 8 (tiret 1) of the 2007 Recommendation, are taken into consideration when reviewing Category B projects: in this context, 28 Members/ECAs²⁷ responded in full and such responses are given in Chart 8 and 9 below.

²⁶ 'Other' responses include Environmental Practitioner and consultant (Mexico) and not-defined, but it should not be carried out and reviewed by the same party (Portugal).

Italy and Korea Eximbank did not respond in detail to all sub-questions: where no response was received, this is shown as np.

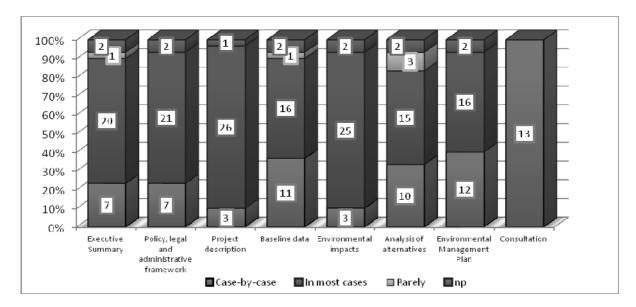
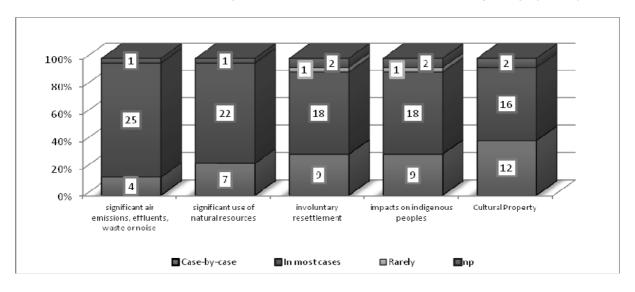


Chart 8: Question 23: Items in Annex II taken into consideration in reviewing Category B projects

Chart 9: Question 23: Items in Paragraph 8 taken into consideration in reviewing Category B projects



(f) Existing Operations

- 24. What procedures and practices do you have in place to review the environmental risks associated with existing operations?
- 35. The 2007 Recommendation states that "applications for exports of capital goods and services to existing operations...shall be reviewed for environmental risks before any final commitment to provide official support" [Paragraph 5.1]: in this context, this question seeks information on Members'/ECAs' review procedures and practices for applications that might not be classified nor subject to Sections III-V of the 2007 Recommendation; the responses may be read in conjunction with the responses to Question 13a, which asks whether Members/ECAs classify applications for such exports:

- As for projects: six Members/ECAs, i.e. Australia, Belgium, France, Luxembourg, Mexico and Korea (K-sure), review applications for existing operations in the same way as those for projects.
- A more limited or case-by-case review: 24 Members/ECAs: of these, responses varied from those Members/ECAs that undertake a full review if any potential environmental impacts are found to those Members/ECAs that review the applications only as part of the screening process.

(g) 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? If so, please provide details.
- 36. The 2007 Recommendation does not state whether or how exports of capital goods and services that are neither to existing operations nor to projects are to be reviewed: in this context, this question seeks information on Members'/ECAs' approach to such exports; the responses may be read in conjunction with the responses to Question 13b, which asks whether Members/ECAs classify applications for such exports:
 - Seventeen Members/ECAs²⁸ review the environmental risks associated with exports of capital goods and services that are neither to existing operations nor to projects. For information, four Members/ECAs reported examples of what they might look at:
 - the end use of the exports and factors such as the host country, sector, site location, compliance history and track records of the parties involved (Canada);
 - compliance with exporting country law or international guidelines (Mexico);
 - the potential environmental impacts of the goods themselves, *e.g.* for engines, boilers, cooling systems, ships etc information might be required to make sure they comply with international standards such as for air emissions, the Montreal Protocol and the MARPOL Convention (Spain); and
 - for certain 'high risk' sectors, *i.e.* mining, hydropower, infrastructure and metal, an extended review of the export might be undertaken (Sweden).
 - Thirteen Members/ECAs²⁹ do not review the environmental risks associated with such exports.

(h) Standards

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

37. The 2007 Recommendation states that "*Projects should, in all cases, comply with host country standards*" [Paragraph 13]: in this context, Members/ECAs reported a number of ways in which they ensure that a project is compliant with host country standards, not all of which are mutually exclusive and may depend on the Category of the project:

Australia, Canada, Czech Republic, Denmark, Finland, Italy, Japan JBIC and NEXI, Korea Eximbank, Mexico, Netherlands, Norway, Slovak Republic, Spain, Switzerland, Sweden, United Kingdom.

Austria, Belgium, France, Germany, Hungary Eximbank and MEHIB, Korea K-sure, Luxembourg, New Zealand, Poland, Portugal, Turkey and United States.

- Information contained in EIA, or similar, reports.
- Responses in application forms or environmental questionnaires.
- Sight of copies of environmental permits, licenses, import documentation etc. from host country or consultation with host country authority in charge of environmental standards.
- ECA comparison of actual host country standards with potential project standards.
- Confirmation through inclusion of specific warranties in loan or policy documentation.
- Information from the applicant or confirmation from the borrower/buyer.
- Monitoring of the on-going project.
- 38. Two Members/ECAs reported that they have no specific procedures to ensure that a project complies with host country standards: (i) Denmark, except for concession agreements, relies on projects meeting IFC Performance Standards and EHS Guidelines as being higher than host country standards and (ii) Portugal relies on its exporters complying with Portuguese standards, which it considers equivalent to EU standards and, in almost all cases, to be more stringent than host country standards, since its exports are mainly to African countries.
- 27. Paragraph 12 of the Recommendation sets out the general circumstances in which 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
 - (b) International Finance Corporation (IFC) Performance Standards.
 - (c) Regional Development Bank standards.
 - (d) Other relevant internationally recognised standards, such as European Community standards.
- 39. Members/ECAs responded, with regard to international standards for Category A projects:
 - Eleven Members/ECAs³⁰ always use World Bank Safeguard Policies and 15 Members/ECAs use them except when IFC/RDB standards apply. Three Members/ECAs, *i.e.* Austria, Finland and Norway, use the Safeguard Policies when they are relevant for the project and one Member/ECA, *i.e.* Poland, uses them "in most cases".
 - Thirteen Members/ECAs³¹ always use IFC Performance Standards for private sector limited or non-recourse project finance cases and 12 Members/ECAs do so on a case-by-case basis, for example, if requested by the project sponsor or if an Equator Principles Financial

Belgium, Canada, Czech Republic, Denmark, France, Hungary Eximbank and MEHIB, Japan NEXI, Luxembourg, Netherlands, New Zealand, Switzerland and United States.

Czech Republic, Germany, Italy, Korea Eximbank, Luxembourg, Mexico, New Zealand, Slovak Republic, Sweden, Switzerland and Turkey.

Institution is participating in the transaction. Two Members/ECAs, *i.e.* Australia and Norway, use the Performance Standards when they are relevant for the project; one Member/ECA, *i.e.* Germany, uses them where advantageous to the applicant; and one Member/ECA, *i.e.* Poland, uses them "in most cases". One Member/ECA, *i.e.* Mexico, stated that Bancomext does not operate with IFC.

- Seven Members/ECAs³² always use Regional Development Banks standards, where such institutions are supporting the transaction, and 22 Members/ECAs do so on a case-by-case basis, for example, if the RDB standards are consistent with or more stringent than the Performance Standards or if requested to do so by the project sponsor. One Member/ECA, *i.e.* Denmark, would use RDB standards in other circumstances (no details provided).
- With regard to other relevant internationally recognised standards: 21 Members/ECAs³³ responded with information on when they use such standards, for example, on a case-by-case basis when such standards are more stringent than or not addressed by World Bank Group standards or if a project is based in an EU or high-income OECD country; and 18 Members/ECAs³⁴ gave examples of the type of other relevant internationally recognised standards that they use, typically European Community standards, but also, for example, those of the World Commission on Dams and the World Health Organisation
- 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.
 - (b) IFC Environmental, Health and Safety Guidelines.

40. The Survey invited Members/ECAs to provide details of the circumstances, if any, in which they use the Pollution Prevention and Abatement Handbook (PPAH) and the IFC Environmental, Health and Safety (EHS) Guidelines for evaluating the potential environmental impacts of Category A projects: in this context, 29 Members/ECAs responded in full³⁵: Charts 10 and 11 provide details. Increasingly, Members/ECAs are rarely using the PPAH for Category A projects or are only using them for projects where sector guidance is not available in the IFC EHS Guidelines or where applications for support were received prior to the adoption and/or implementation of the 2007 Recommendation. In parallel, more Members/ECAs are using the IFC EHS Guidelines in most cases, particularly for corporate or limited/non-recourse project finance transactions. In contrast, one Member/ECA, *i.e.* Mexico, reported that it does not use the IFC EHS Guidelines, as Bancomext does not operate with IFC.

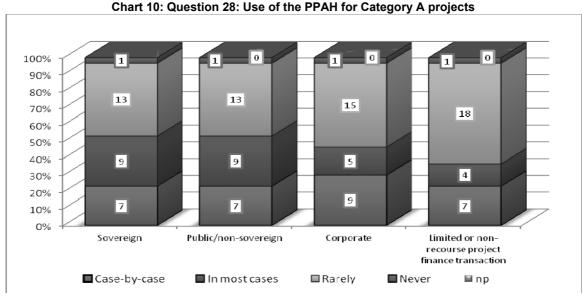
32

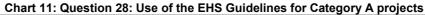
Czech Republic, Luxembourg, Mexico, Netherlands, New Zealand, Norway and Switzerland.

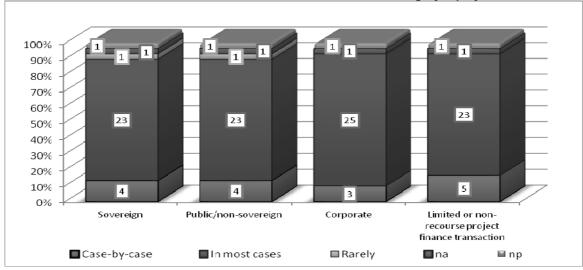
Australia, Canada, Denmark, Finland, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC, Korea Eximbank and K-sure, Mexico, Netherlands, Norway, New Zealand, Poland, Slovak Republic, Spain, Sweden, Turkey and United States.

Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Japan NEXI, Luxembourg, Mexico, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

Korea Eximbank did not respond in detail to the question concerning use of EHS Guidelines for Category A projects: where no responses was received, this is shown as np.







- 29. Paragraph 12 of the Recommendation sets out the general circumstances in which 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) IFC Performance Standards.
 - (c) Regional Development Bank standards.
 - (d) Other relevant internationally recognised standards, such as European Community standards.
- 41. Members/ECAs responded, with regard to international standards for Category B projects as follows:

- Thirteen Members/ECAs³⁶ always use World Bank Safeguard Policies and 14 Members/ECAs use them except when IFC/RDB standards apply. Two Members/ECAs use the Safeguard Policies in other circumstances: Austria (in those circumstances where they are relevant for the project) and Poland (in most cases); one Member/ECA, *i.e.* Mexico, did not respond to this question.
- Thirteen Members/ECAs³⁷ always use IFC Performance Standards for private sector limited or non-recourse project finance cases and 14 Members/ECAs do so on a case-by-case basis. Two Members/ECAs use the Performance Standards in other circumstances: Australia (where relevant) and Germany (where advantageous to the applicant). One Member/ECA, *i.e.* Mexico, stated that Bancomext does not operate with IFC.
- Five Members/ECAs³⁸ always use Regional Development Banks standards, where such institutions are supporting the transaction, and 23 Members/ECAs do so on a case-by-case basis. Two Members/ECAs would use RDB standards in other circumstances: Austria (when co-insuring or co-financing) and Denmark (no details provided).
- With regard to other relevant internationally recognised standards, 29 Members/ECAs³⁹ provided details: 20 Members/ECAs⁴⁰ responded with information on when they use such standards, for example, on a case-by-case basis when such standards are more stringent than or not addressed by World Bank Group standards or if a project is based in an EU or high-income OECD country; and 18 Members/ECAs⁴¹ gave examples of the type of other relevant internationally recognised standards that they use, typically European Community standards, but also, for example, those of the World Health Organisation.
- 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.
 - (b) IFC Environmental, Health and Safety Guidelines.
- 42. The Survey invited Members/ECAs to provide details of the circumstances, if any, in which they use PPAH and the IFC EHS Guidelines for evaluating the potential environmental impacts of Category B projects: Charts 12 and 13 provide details. As with Question 28 concerning Category A projects, there has

.

Czech Republic, Finland, Germany, Hungary Eximbank and MEHIB, Italy, Korea Eximbank, New Zealand, Norway, Slovak Republic, Sweden, Switzerland and Turkey.

Belgium, Canada, Czech Republic, Denmark, France, Hungary Eximbank and MEHIB, Japan NEXI, Luxembourg, Netherlands, New Zealand, Norway and United States.

³⁸ Czech Republic, Mexico, Netherlands, New Zealand and Norway.

Finland did not provide details.

Australia, Canada, Czech Republic, Denmark, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC, Korea Eximbank and K-sure, Mexico, Netherlands, Norway, New Zealand, Slovak Republic, Spain, Sweden, Turkey and United States.

Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Japan NEXI, Mexico, Luxembourg, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

been an increase in the number of Members/ECAs that rarely use the PPAH for Category B projects and in the number of Members that use the EHS Guidelines for Category B projects in most cases. Again, one Member/ECA, *i.e.* Mexico, reported that it does not use the IFC EHS Guidelines, as Bancomext does not operate with IFC.

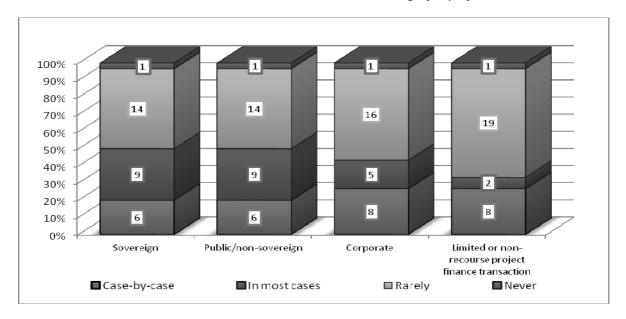
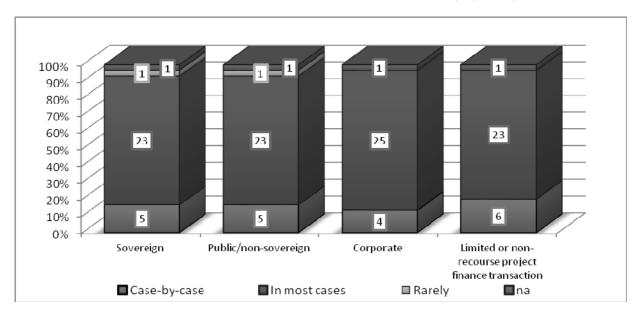


Chart 12: Question 30: Use of the PPAH for Category B projects





- 31. Please provide details of any circumstances in which you might apply more than one set of international standards or guidelines.
- 43. In response to this question, 28 Members/ECAs responded⁴²:
 - Eleven Members/ECAs reported that they might apply additional standards for issues not adequately addressed by the primary standards, such as unique effluent or discharge (Canada), animal production (Denmark), social issues (Korea Eximbank) and emissions (Sweden); in addition, Australia also reported that it may apply a second set of standards when comparing a transaction against other projects where the available data differed to that being used for comparison.
 - Eight Members/ECAs, i.e. Hungary Eximbank and MEHIB, Japan JBIC, Korea K-sure, Mexico, Netherlands, Turkey and United States, reported that they might apply additional standards, depending on the other IFIs involved in a transaction.
 - Two Members/ECAs, *i.e.* Belgium and Portugal, reported that they might apply additional standards on a case-by-case basis.
 - Five Members/ECAs, i.e. Czech Republic, Italy, Japan NEXI, Luxembourg and Slovak Republic, reported that they have no experience of applying more than one set of international standards or guidelines.
 - New Zealand reported that it does not foresee any circumstances in which it might apply more than one set of international standards or guidelines, and the United Kingdom reported that it prefers to apply only one set of international standards or guidelines, but may apply additional standards for environmental aspects not covered by the primary standards.
- 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.
- 44. In response to this question, 28 Members/ECAs responded⁴³:
 - Twenty-one Members/ECAs reported that they may use other internationally recognised sector specific or issue specific standards where such standards are not addressed by the World Bank, such as,
 - Exporting country standards for air quality (Germany) and animal production (Denmark)
 - International Atomic Energy Agency (IAEA) standards for nuclear projects (Canada, Italy and United States)
 - International Commission on Large Dams (ICOLD) (Hungary Eximbank and MEHIB)
 - International Cyanide Management Code (Canada)
 - IUCN Red list for endangered species (Italy, Japan JBIC and NEXI)
 - MARPOL Convention (Canada and Japan NEXI)

25

Finland and Norway did not respond to this question.

Finland and Mexico did not respond to this question.

- Montreal Protocol (Spain)
- Multilateral Investment Guarantee Agency standards for investment insurance (Hungary MEHIB)
- Ramsar Convention (Japan JBIC)
- World Commission on Dams and International Hydropower Association (Austria, France, Germany, Spain and Sweden)
- World Health Organisation for water quality (Canada and United Kingdom)
- Three Members/ECAs, i.e. Belgium, Netherlands and Turkey, reported that they may use
 other internationally recognised sector specific or issue specific standards on a case-by-case
 basis.
- Three Members/ECAs, i.e. Czech Republic, Luxembourg and Slovak Republic, reported that they have no experience of using other internationally recognised sector specific or issue specific standards.
- New Zealand reported that it does not foresee any circumstances in which it might 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.
- 45. The 2007 Recommendation states that "in exceptional cases, a Member may decide to support a project that does not meet the international standards against which it has been benchmarked" [Paragraph 13]: in this context, Members/ECAs were asked about their procedures and practices for dealing with such projects and responded:
 - Members/ECAs look to understand the reasons behind any potential gaps between project and international standards, engage with the applicant and/or project sponsor, and seek to put in place preventative or mitigation measures, such as covenants, to bring the project into line with international standards.
 - If a project will still not meet international standards, Members/ECAs will seek justification from the applicant and/or project sponsor and may, in exceptional cases, still proceed to support the case: two specific examples were provided of such circumstances:
 - The project represents an opportunity to improve environmental conditions in the host country above baseline conditions (Canada); and
 - The decision to support such a project will not alter the balance between the Member's international obligations and its duty to promote exports (Switzerland).
 - A decision to support a project that will not meet international standards, however minor the deviation, is generally taken at a high level: some Members/ECAs reported that such decisions would be taken by an ECA's Board of Directors or by the Guardian Authority and would always be reported and justified to the ECG. However, one Member/ECA, i.e. Mexico, reported that it would not support such a project.

(i) Site Visits

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

- 46. The 2007 Recommendation does not refer to the circumstances in which a site visit might be carried out as part of the review process; therefore this question and its responses are for information and transparency. Members/ECAs reported that site visits are generally carried out for Category A projects and, exceptionally, for Category B projects, for example, to review existing operations. Although site visits are generally carried out on a case-by-case basis, Members/ECAs reported that they are more likely to conduct a site visit in the following circumstances, not all of which are mutually exclusive:
 - The project is in a sensitive area or sector, or involves complex or unusual environmental or social issues.
 - The information in the EIA report needs augmenting or verifying "in person".
 - The project is generating significant interest from Civil Society Organisations.
 - For project finance transactions.

(iv) Evaluation, Decision and Monitoring

(a) 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 and examples of any environmental covenants used.
- 47. The 2007 Recommendation states that "Members should, in the event that support is to be provided, decide whether this should involve conditions to fulfil prior to, or after the final commitment for official support" [Paragraph 15]: in this context, Members/ECAs responded with information on how conditions related to the environment are incorporated into documentation prior to or after the decision on official support:
 - Conditions may be incorporated into documentation either as standard or on a case-by-case basis depending on the type of transaction and the nature of the conditions; such decisions are usually taken by Environmental Practitioners as part of the review process.
 - Conditions can be in the form of (i) conditions attached to an offer from the Member/ECA to the exporter, for example, submission of specific information such as an acceptable EIA report; (ii) 'Conditions Precedent' that have to be completed before loan can be disbursed, for example, submission of warranties concerning host country and international standards; and (iii) conditions that have to be completed during the life of a loan, for example, submission of monitoring reports.
 - Some conditions can be negotiated directly with the exporter/bank, and some have to be inserted into the underlying loan agreement: the latter is easier to achieve when a Member/ECA has a direct contact with a project sponsor, for example, when lending directly or involved in a project finance transaction.

- Ideally, covenants should allow a Member/ECA to suspend loan disbursements, accelerate
 the loan or withdraw its guarantee where conditions are not being fulfilled (an Event of
 Default).
- 48. The Netherlands was the only Member/ECA to respond that, in principle, it does not apply environmental covenants. In contrast, some Members/ECAs provided examples of the types of generic and specific covenants used, including:
 - Generic
 - Provision of environmental information, such as a satisfactory EIA report.
 - Compliance with Environmental Management Action Plan or Resettlement Action Plan.
 - Compliance with host country laws, international standards and guidelines.
 - Compliance with monitoring arrangements and provision of monitoring reports.
 - Timely reporting of environmental incidents and accidents.
 - Specific
 - Installation of additional waste water treatment plant.
 - Installation of waste gas treatment.
 - Change in design of a plant and additional SNCR plant.
 - Providing periodic measurements of emissions.
 - Obtaining and maintaining certification.
- 49. In addition, Mexico reported that for Category A projects, an applicant should follow any recommendations from the Mexican Cleaner Production Centre before Bancomext would consider it eligible for financing.
- 50. For information, the issue of environmental conditions and covenants is an on-going item of discussion by the ECG's Environmental Practitioners at their semi-annual Meetings.
- (b) Denying Official Support
- 36. Under what circumstances would you consider denying support on account of the environmental impacts of a project? Please provide details and any examples of experience.
- 51. The 2007 Recommendation states that "Members should evaluate the information resulting from screening and review, and decide whether to request further information, decline or provide official support" [Paragraph 15]: in this context, Members/ECAs were asked about the circumstances in which they would consider denying official support for environmental reasons. Members/ECAs reported a variety of circumstances in which they would consider denying official support, not all of which are mutually exclusive:
 - Inconsistency with ECA environmental policy or guidelines.
 - Evidence that the project has significant potential adverse environmental impacts that cannot be adequately prevented or mitigated.

- Lack of sufficient documentation available to review properly the potential impacts of a project.
- The project will not comply with host country standards and/or meet the international standards against which it was benchmarked.
- A high reputational risk.
- Lack of project sponsor credibility to implement required mitigation measures.
- Refusal of exporter and/or sponsor to incorporate satisfactory covenants into project documentation.
- The project is not conducive to developing a Member's external transactions and/or the economic or social development of the host country.
- The project is included in the exclusion list of an International Financial Institution (IFI).
- 52. In addition, Canada responded that its Environmental Review Directive requires projects to meet one of the following criteria before support can be provided, *i.e.* if none of these criteria are met, support will be denied: (i) the adverse environmental effects, taking into account mitigation measures, associated with the project are not viewed as significant; (ii) the project is designed to meet or exceed internationally recognised good practices, guidelines or standards; (iii) the project represents an opportunity to improve environmental conditions in the host country above base-line conditions; or (iv) the project provides the opportunity to transfer environmentally sound technologies, services and knowledge to, or for the benefit of, the host country.
- 53. With regard to any examples of experience of projects where support has been denied on account of the environmental impacts, ten Members/ECAs⁴⁴ reported experiences with transactions have not gone ahead either because support has been denied or because an applicant has withdrawn an application based on the conditions of cover or a likely denial of cover. Of these ten Members/ECAs, Belgium, France, Netherlands, Portugal and United States provided examples of actual projects where support had been denied together with the environmental reasons concerned.

(c) Monitoring

(c) Monitor

- 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.
- 54. The 2007 Recommendation states that "Where support for a project is provided subject to fulfilment of certain conditions, Members should ensure that procedures are in place to monitor, as appropriate, the implementation of the project...to ensure compliance with the conditions of their official support" [Paragraph 16]: in this context:
 - In general, project monitoring is undertaken on a case-by-case basis, dependent on the project and the conditions for support that were agreed during the negotiation of the project

Belgium, Canada, Denmark, France, Germany, Netherlands, Portugal, Spain, Sweden and United States.

documentation; monitoring reports should address the issues raised in the action plans and the conditions for support imposed by the Member/ECA.

- In terms of procedures, most Members/ECAs reply on project sponsors or independent consultants to undertake monitoring and to provide the reports necessary to review compliance. In some cases, it is then the Environmental Practitioners who oversee the monitoring process by reviewing compliance and, if necessary, undertaking site visits. In other cases, Members/ECAs rely on consultants for this role; Australia has a specific team, i.e. the Portfolio Management Group, which is responsible.
- Belgium reported holding regular meetings with clients and consultants to ensure compliance with its environment conditions; Mexico requires semi-annual reports from the Mexican Cleaner Production Center and annual reports from its consultants; Switzerland expects the project sponsor to publish monitoring reports and has experience of a project where an independent committee of experts has been established to monitor the project and report on compliance; and the United States requires monitoring reports for all Category A projects.
- With regard to the frequency of monitoring, Members/ECAs responded that monitoring is carried out on a case-by-case basis and its frequency depends on the specifics of the project and the issues that may be raised in the action plans; however, 15 Members/ECAs⁴⁵ responded with information on the likely frequency of monitoring reports, varying from a monthly or quarterly basis, to a semi-annual or annual basis, which in some cases might vary from the construction period to the operation period.
- With regard to the content of monitoring reports, Members/ECAs reported that this depends on the conditions imposed for a project particularly through the ESMP, but may include the following, not all of which are mutually exclusive:
 - Quantitative data related to emissions, such as air, waste water and noise, and a comparison with the agreed limits, such as local permits or international standards.
 - Implementation of, and compliance with, environmental action/management plans to prevent and mitigate environmental impacts.
 - Results of site audits by external parties or expert groups.
 - Project-specific conditions relating to, for example, natural habitats or resettlement issues.
 - Unforeseen situations, such as site accidents, spillages or pollution.
 - An overall evaluation of the above data and information, together with a comparison with the standards agreed upon and, if necessary, information on measures to mitigate any environmental impacts.
- Monitoring reports are generally provided in a written format agreed on a case-by-case basis by the parties involved.

_

Austria, Belgium, Czech Republic, Denmark, Finland, France, Italy, Korea K-sure, Mexico, Netherlands, Slovak Republic, Spain, Switzerland, Sweden and United States.

- 38. Who is responsible for undertaking monitoring of projects, including, if appropriate, site visits and preparing monitoring reports, and who is responsible for reviewing monitoring information and deciding on compliance?
- 55. The 2007 Recommendation does not state who should be responsible for undertaking project monitoring or for reviewing monitoring information and deciding on compliance; therefore, these questions and their responses are for information and transparency: in this context, Chart 14 below shows how Members/ECAs responded⁴⁶.

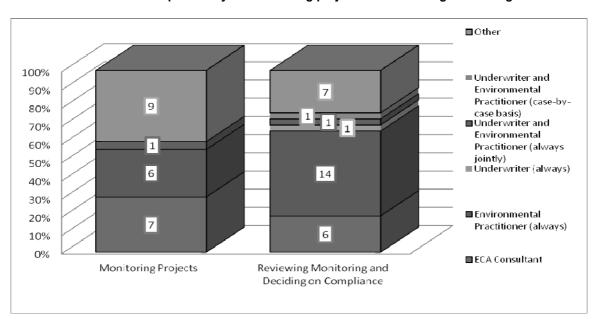


Chart 14: Question 38: Responsibility for monitoring projects and reviewing monitoring information

(d) Non-compliance Measures

39. What actions are available to you in cases where monitoring reveals that conditions are not being complied with and who is responsible for deciding what actions are appropriate in order to restore compliance? Please provide any examples of experience.

56. The 2007 Recommendation states that "In the case of non-compliance with the conditions of official support by applicants, Members should take any action that they deem appropriate in order to restore compliance" [Paragraph 16]: in this context, Members/ECAs responded that the processes for dealing with situations of non-compliance are decided on a case-by-case basis, depending on the conditions agreed in the transaction documentation. As a first step, Members/ECAs would engage in negotiations with all relevant parties, for example, the applicant, project sponsors, host country authorities or other ECAs involved, to find solutions to the problems of non-compliance, or demand from the borrower/project

4

^{&#}x27;Other' responses include: for monitoring projects, Portfolio Risk Manager and Environmental Practitioner (Australia), Underwriter and, if necessary, external Consultant (Portugal), Environmental Practitioner and if necessary, external Consultant (Korea K-sure and Norway), Mexican Cleaner Production Center and independent consultant (Mexico), and case-by-case (New Zealand, Slovak Republic, Switzerland and United States); and for reviewing monitoring information and deciding on compliance, Portfolio Risk Manager and Environmental Practitioner (Australia), Environmental Practitioner and Consultant (Austria, Finland and Portugal), ECA staff, Mexican Cleaner Production Center and independent consultant (Mexico), and case-by-case (New Zealand and Slovak Republic).

sponsor a Corrective Action Plan to bring the project back into compliance. If problems persist with a project, Members/ECAs reported that they have various options to try to impose re-compliance, including the use of diplomatic channels and the threat of calling an Event of Default, which would result in a policy being null and void, loan disbursements being stopped or the loan repayments accelerated.

57. With regard to who is responsible for deciding what actions are appropriate in order to restore compliance, Chart 15 below shows how Members/ECAs responded⁴⁷:

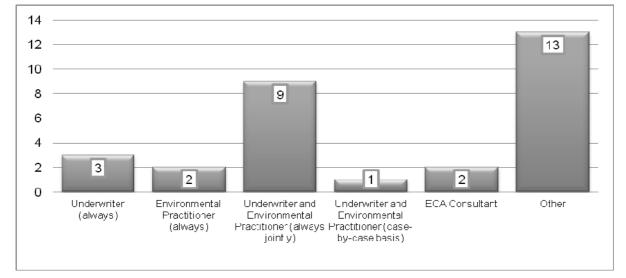


Chart 15: Question 39: Responsibility for deciding actions to restore compliance

- 58. With regard to experience with non-compliance, four Members/ECAs, *i.e.* Australia, Denmark, Germany and the United States, provided additional information.
- (e) Disclosure of Monitoring Reports

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

- 59. The 2007 Recommendation states that "Members should, where appropriate, encourage project sponsors to make ex post monitoring reports and related information publicly available" [Paragraph 17]: in this context, Members/ECAs responded that they encourage project sponsors to make ex post monitoring reports and related information publicly available in the following circumstances:
 - For Category A projects or environmentally sensitive projects: 13 Members/ECAs⁴⁸;

⁴⁷ 'Other' responses include case-by-case (Australia, Germany, New Zealand, Slovak Republic and Switzerland), Environmental Practitioners and external consultant or financial department (Austria and Korea Eximbank), internal decision-making body (Finland, Hungary MEHIB and Luxembourg), ECA staff (Mexico), Guardian Authority (Portugal), and no experience (Sweden).

Belgium, Canada, Denmark, Hungary Eximbank and MEHIB, Italy, Korea K-sure, Luxembourg, Poland, Spain, Switzerland (and Category B projects where an EIAR has been published), Turkey and United States.

- Project sponsors encouraged, in general, to disclose monitoring reports and related information (*i.e.* no particular circumstances): nine Members/ECAs, *i.e.* Austria, Finland, France, Japan JBIC and NEXI, Korea Eximbank, Norway, Portugal and United Kingdom;
- Other: four Members/ECAs, of which:
 - Where required as a condition of support, for example, compliance with IFC Performance Standards: one Member/ECA, *i.e.* Australia.
 - Projects with high public interest (*i.e.* hydro-power projects, or projects involving resettlement): one Member/ECA, *i.e.* Germany.
 - In non-compliance cases: one Member/ECA, *i.e.* Mexico.
 - Case-by-case: one Member/ECA, *i.e.* New Zealand.
- No requirement to encourage disclosure of monitoring reports and related information: one Member/ECA, *i.e.* Netherlands.
- No experience: three Members/ECAs, *i.e.* Czech Republic, Slovak Republic and Sweden.
- 60. In addition, Members/ECAs responded that they require project sponsors to make monitoring reports and related information publicly available or seek to make such information publicly available themselves in the following circumstances:
 - For Category A projects or environmentally sensitive projects: six Members/ECAs, *i.e.* Belgium, Hungary Eximbank and MEHIB, Luxembourg, Spain and United States.
 - Other: ten Members/ECAs, of which:
 - Where required as a condition of support, for example, compliance with IFC Performance Standards: three Members/ECAs, *i.e.* Australia, Canada and Switzerland.
 - Projects with high public interest and under Freedom of Information requests: one Member/ECA, *i.e.* Austria.
 - Under the provisions of the Equator Principles: one Member/ECA, *i.e.* Denmark.
 - In non-compliance cases: one Member/ECA, *i.e.* Mexico.
 - Case-by-case (non-specified): two Members/ECAs, *i.e.* Germany and New Zealand; and case-by-case (to the extent that such information is disclosed in to public in the project country): two Members/ECAs, *i.e.* Japan JBIC and NEXI.
 - No requirement for disclosure of monitoring reports and related information: four Members/ECAs, *i.e.* Finland, Italy, Turkey and United Kingdom.
 - No experience: five Members/ECAs, i.e. Czech Republic, France, Poland, Portugal and Slovak Republic.
 - Not provided: five Members/ECAs, i.e. Korea Eximbank and K-sure, Netherlands, Norway and Sweden.

Exchange and Disclosure of Information (v)

- (a) Environmental Procedural Guidance
- 41. Have you published national ECA environmental policy statements and procedural guidance? If so, where can they be found (please provide website address if relevant)?
- The 2007 Recommendation states that "Members should publish national ECA environmental 61. policy statements/principles and procedural guidance" [Paragraph 18]: in this context:
 - All 30 Members/ECAs have published national ECA environmental policy statements and procedural guidance.
 - All Members/ECAs, except Korea Eximbank and Mexico⁴⁹, have posted this information on their websites and provided links to their sites⁵⁰; of these, Hungary Eximbank, Korea K-sure and Luxembourg reported that they are updating their websites.
- *(b)* 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 and
 - (b) competition.

The 2007 Recommendation states that "Members should share information with other Members 62. with a view to seeking, where appropriate, common positions on the review of projects, including project classification, and reply in a timely manner to requests from other Members in a co-financing or a competitive situation on the environmental standards accepted by the Member" [Paragraph 19].

With regard to exchanging information with other ECAs and IFIs in situations of co-insuring / 63. co-financing, Members/ECAs responded that they have either no set procedures for, or no or little experience of, exchanging information; however, in practice, Members/ECAs are keen to exchange information with other ECAs and IFIs involved in the same transaction, particularly with regard to the classification and environmental review of a project. These exchanges, which can involve sharing information, documents and opinions, are generally carried out by telephone, email, website research, teleconferences and meetings, and aim to help Members/ECAs develop common positions on, for example, identifying issues, formulating recommendations and agreeing mitigation measures or conditions of support. Some Members/ECAs noted that they have to seek consent from the exporter or project sponsor before exchanging information (Austria and Denmark), or liaise with the exporter over the information exchanged (Luxembourg) or take into account business confidentiality (Portugal).

Mexico reported that its website is being rebuilt and that its environmental manual will be included, when

⁵⁰ Denmark, Hungary Eximbank, Korea K-sure, New Zealand, Poland, Sweden, Slovak Republic, Turkey and United States have provided links to their ECA home pages rather than to the specific environmental policy and procedural pages.

- 64. Many Members/ECAs responded in a similar way with regard to exchanging information with other ECAs and IFIs in situations of competition; however, Denmark noted that they are often unaware of who else was competing for a transaction and the United States noted that information would rarely be exchanged in such situations. Other Members/ECAs noted that in competitive situations they have to seek consent from the exporter or project sponsor before exchanging information (Austria, Denmark and Switzerland), or liaise with the exporter over the information exchanged (Luxembourg) or take into account business confidentiality (Netherlands and Portugal).
- (c) 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.
 - (b) The form and language of the information released (including website address, if relevant).
 - (c) The required number of days the information should be made available 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).
 - (e) Any circumstances in which project information relating to Category A projects is not disclosed prior to commitment.
- 65. The 2007 Recommendation states that, "Members should, for Category A projects, disclose publicly project information, including project name, location, description of project and details of where additional information may be obtained, as early as possible in the review process and at least 30 calendar days before a final commitment to grant official support" [Paragraph 19].
- 66. In this context, Members/ECAs⁵¹ responded that they make the required information regarding the project publicly available, such as project name, location, description of project and details of where additional information may be obtained (either direct from their ECA or *via* a link to the project sponsor's website). In addition, some Members/ECAs stated that they provide details of the sector, exporter / project sponsor, export contract amount and reasons for classification, or that they specifically ask for comments on the projects.
- 67. Members/ECAs generally make information on Category A projects publicly available *via* their websites, although additional information can sometimes be made available in printed form; for example, Japan JBIC makes information available at its information centre. In terms of language, most Members/ECAs disclose project information in both their native language and in English, with the exception of Austria and the Netherlands, which currently make project information available only in their native language. All Members/ECAs endeavour to release project information at least 30 calendar days before a final commitment as a minimum requirement and three Members/ECAs for longer: Japan JBIC and NEXI (45 days) and Luxembourg (30 working days).

Mexico's response to this question requires clarification.

- 68. With regard to Members' legal frameworks for disclosure, nine Members/ECAs⁵² reported that they have no legal constrains to *ex ante* disclosure of project information, except for provisions regarding commercial confidentiality and 16 Members/ECAs⁵³ reported that they sought consent from the exporter/project sponsor before releasing project information. The majority of Members/ECAs could not foresee any circumstances in which project information relating to Category A project would not be disclosed prior to commitment: the exceptions reported were: Germany, Poland, Portugal and United Kingdom, in case of a lack of consent to disclosure; Hungary MEHIB and Netherlands, for exceptional and justifiable reasons; and Belgium, which reported experience of not being able to disclose publicly project information prior to a commitment, when a buyer refused to allow publication due to security issues related to terrorist threats. Lastly, Canada reported that *ex ante* disclosure of project information is not a precondition to support for projects in G7 countries because it considers public disclosure requirements to be sufficiently rigorous in these countries.
- (d) Disclosure of environmental 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, including:
 - (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 how third parties are required to make such information publicly available; how this is monitored; and what measures are available in cases of non-compliance: please provide any examples of experience.
 - (c) The scope and content of information that should be released.
 - (d) The form and language of the information that should be released (including website address, if released by ECA or Guardian Authority).
 - (e) The required number of days the information should be made available prior to commitment.
 - (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).
 - (g) Any circumstances in which environmental impact information relating to Category A projects is not disclosed prior to commitment.
- 69. The 2007 Recommendation states that "Members should, for Category A projects, require that environmental impact information be made publicly available (e.g. EIA report, summary thereof) as early as possible in the review process and at least 30 calendar days before a final commitment to grant official support" [Paragraph 19].
- 70. In this context, 24 Members/ECAs responded that their ECAs are responsible for making environmental impact information publicly available: in most cases, this is *via* a link to the information on

Belgium, Czech Republic, Denmark, France, Japan JBIC and NEXI, Luxembourg, Netherlands and Slovak Republic.

Australia, Austria, Canada, Finland, Germany, Italy, Korea Eximbank and K-sure, Norway, Poland, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

the project sponsor's website, with printed copies being made available on request; Japan JBIC also noted that it also requires EIA reports publicly available in the country and to the local residents where the project is to be implemented. Four Members/ECAs, *i.e.* Australia, Canada, Turkey and United Kingdom, responded that the project sponsors are primarily responsible; and two Members/ECAs, *i.e.* Czech Republic and Slovak Republic, responded that exporters are responsible for making such information available. Where the project sponsor or exporter is responsible for disclosing environmental impact information, most of the Members/ECAs concerned reported that they monitor the relevant websites to ensure compliance and that, in cases of non-compliance, they can decide not to proceed with supporting the transaction.

- 71. The majority of Members/ECAs referred in their responses to making EIA or Social and Environmental Assessment (SEA) reports or summaries thereof publicly available and also responded that environmental impact information would generally be made available in English. Although Japan NEXI noted that EIAs would be disclosed in a local language without translation. All Members/ECAs reported that the minimum disclosure period for environmental impact information is 30 days; in addition, Japan JBIC and NEXI reported disclosing such information for 45 days and Denmark responded that it follows the IFC Performance Standards.
- 72. Members/ECAs responses regarding any legal constraints in *ex ante* disclosure of environmental impact information were similar to the responses for Question 43 above; however, Canada noted that, with regard to environmental impact information, *ex ante* disclosure is expected in all cases even for projects in G7 countries.
- (e) 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.
 - (b) What is the scope and content of such information, including environmental information.
 - (c) Who is responsible for disclosing such information.
 - (d) The form and language of the information released (including website address, if relevant).
 - (e) How long the information remains publicly available.
- 73. The 2007 Recommendation states that "Members should make available to the public at least annually...information on projects classified in Category A and Category B...for which a Member has made a final commitment" [Paragraph 19]: in this context, Members/ECAs responded as follows with respect to the frequency of making information publicly available:
 - After providing official support: 11 Members/ECAs, i.e. Austria, Belgium, Canada, Germany, Japan JBIC and NEXI, Korea Eximbank and K-sure, Luxembourg, Netherlands and Slovak Republic;
 - Quarterly: two Members/ECAs, *i.e.* France and Spain.

- Every four months: one Member/ECA, *i.e.* Italy.
- At least semi-annually: one Member/ECA, *i.e.* Poland.
- At least annually: 13 Members/ECAs, plus two Members/ECAs, i.e. Denmark and Spain, which release project-specific information more frequently, but which also produce separate annual reports of related statistics.
- 74. With regard to the scope and content of the information made available, most Members/ECAs responded that the information made publicly available *ex post* is similar to, or based on, the project and environmental impact information previously made available. In addition, over half the Members/ECAs reported releasing information concerning the amount of support provided; Japan JBIC and NEXI reported releasing the items to be monitored by the project sponsor; and the United States reported releasing monitoring reports as they become available.
- 75. In all cases, the ECA is responsible for making this information available, except in Australia, where the Guardian Authority is responsible for publishing EFIC's Annual Report, which is tabled by the Minister in the Australian Parliament prior to it being made publicly available. The preferred form for releasing information is *via* Members'/ECAs' websites, the majority of which are available in both the national language and in English (with the exception of France, Netherlands, Norway and Turkey, where the information is only available in the national language). With regard to the length of time the information remains publicly available, there is a difference in approach by Members/ECAs⁵⁴:
 - One month: two Members/ECAs, *i.e.* Korea Eximbank and Turkey;
 - One or two years: six Members/ECAs, i.e. Belgium, Canada, Czech Republic, Korea K-sure, Netherlands, and Switzerland;
 - Up to five years: six Members/ECAs, *i.e.* Austria, Finland, Poland, Sweden, United Kingdom and United States;
 - Life of support: three Members/ECAs, i.e. Japan JBIC and NEXI, and Luxembourg; and
 - Indefinitely: eight Members/ECAs, *i.e.* Australia, Denmark, France, Germany, Hungary Eximbank and MEHIB, Italy, and Spain.
- 76. In conclusion, it appears that Members/ECAs are in general fulfilling their obligations to make information available *ex post* on Category A and Category B projects supported; however, there remain differences in the content and detail of the information, both project and environmental, that is disclosed and the length of time the information remains available to the public.

_

Norway, Portugal and Slovak Republic responded that they had no set rules for the length of time information should remain publicly available, New Zealand responded that it had no experience, and Mexico did not respond in detail to some sections of this question.

(vi) Reporting and Monitoring of the Recommendation

- (a) Accountability of your Guidelines
- 46. Please provide details of any appropriate measures and mechanisms in place to ensure compliance with your policies and procedures.
- 77. The 2007 Recommendation states that "Members shall ensure, through appropriate measures and mechanisms, compliance with their policies and procedures pursuant to the Recommendation" [Paragraph 21]: in this context, Members/ECAs provided a number of examples of the ways in which they ensure compliance with their policies and procedures⁵⁵: for example, pre-issue, operational rules or control mechanisms such as counter-signing measures and the need for Board or Guardian Authority approval for some transactions, and, post-issue, review measures such as internal and/or external audits, the role of compliance officers and complaint procedures for effected people. In addition, Austria and Spain both noted that their environmental review procedures are certified under ISO 14001; and Denmark responded that it has no measures and mechanisms apart from reporting to the OECD and for the Equator Principles.
- (b) Monitoring and Evaluation
- 47. Please provide details of any procedures and practices in place to monitor and evaluate your experience of the Common Approaches at a national level and to share experiences with other Members.
- 78. The 2007 Recommendation states that "Members shall monitor and evaluate, over time, the experience with this Recommendation at a national level and to share experiences with other Members" [Paragraph 19]. At a national level, Members/ECAs reported a number of measures for monitoring and evaluating their experience with the Recommendation: some of these measures are informal, such as internal reviews, exchange of information between Practitioners and feedback from stakeholders, and some of these measures are more formal, such as annual reports or reviews, reports to Guardian Authorities and, in one case (Germany), the building of a database of example projects and assessment topics.
- 79. With regard to sharing experiences with other Members, Members/ECAs referred to both formal mechanisms, such as the Practitioners' meetings and OECD reporting, and informal measures, such as bilateral exchanges between Practitioners, the sector working groups and informal information exchanges (e.g. Q&As and existing operation survey).
- (c) Revising Procedures

(6) 116,131.18 17.000.11.05

- 48. When was the last review or update of your environmental procedures conducted and what was the motivation for it?
- 49. Are any modifications foreseen in the near future and, if so, when and for what reason?
- 80. For 29 Members/ECAs, the last review or update of their environmental procedures took place after the adoption of the 2007 Recommendation in June 2007 and, for 23 of these Members/ECAs, the primary motivation was to review their procedures in light of the provisions of the 2007 Recommendation;

For this question, two Members/ECAs, *i.e.* Luxembourg and Slovak Republic, responded with reference to compliance measures with any underwriting conditions imposed as a condition for providing cover, rather than with ways of ensuring compliance with their own internal procedures: they have been asked to revise their responses for the next iteration of this Review.

secondary motivations included adoption of the Equator Principles (Canada), extending environmental procedures to investment insurance (Hungary MEHIB), publication of a CSR policy (Netherlands) and to reflect changes in the ECA organisation (Switzerland). The remaining five Members/ECAs reviewed their environmental procedures for a variety of reasons: to introduce more detailed procedures on specific topics, *i.e.* monitoring process, biodiversity and climate change issues etc. (Belgium), to identify new ways to screen and assess short-term transactions (Denmark), as a result of review clauses in their existing guidelines (Japan JBIC and NEXI), or as a result of an agreement with an IFI (Mexico).

- 81. Of the 29 Members/ECAs that have already reviewed their environmental procedures since the adoption of the 2007 Recommendation, 11 Members/ECAs foresee further modifications in the near future, *i.e.* Australia (as a result of an ongoing review), Belgium (to update information on impacts), Canada (a review of its environmental policy), the Czech Republic and the Slovak Republic (based on experience with the 2007 Recommendation), Denmark (to evaluate changes to short-term procedures and guidelines), Japan JBIC (within five years due to a review clause in the new guidelines), Mexico (finalisation of Environmental Manual), Norway (due to the employment of an environmental specialist), Switzerland (to revise approach to projects that do not fall within the scope of the 2007 Recommendation) and the United Kingdom (as a result of the ECG review of the 2007 Recommendation).
- 82. The remaining Member/ECA, *i.e.* France, reported that its environmental procedures predate the adoption of the 2007 Recommendation in June 2007; however, in its response to ECA Watch (*c.f.* Annex I of <u>TAD/ECG(2009)8/FINAL</u>), noted that its procedures and requirements were updated in 2007 to take into account the 2007 Recommendation: France may, therefore, wish to revise its response to this question.

(d) Resources

- 50. What resources have been required as a result of the implementation of your environmental procedures? Please provide details of such resources including, if appropriate, the number of dedicated Environmental Practitioners and/or external consultants employed by your ECA.
- 83. Members/ECAs responded that the implementation of their environmental procedures have required resources in areas such as environmental experts, staff training, additional administration, translation costs, consultants and site visits; however, three Members/ECAs, *i.e.* Poland, Portugal and Turkey, responded that the implementation has not required any additional resources to be made available. In terms of the number of dedicated Environmental Practitioners, 23 Members/ECAs reported employing dedicated Environmental Practitioners and/or external consultants: 21 Members/ECAs reported employing 69 Environmental Practitioners and six Members/ECAs reported employing 14 external consultants; the remaining Members/ECAs either do not employ any dedicated Environmental Practitioners and/or external consultants or did not provide details. Chart 16 shows the total numbers of Environmental Practitioners and external consultants per Member/ECA:

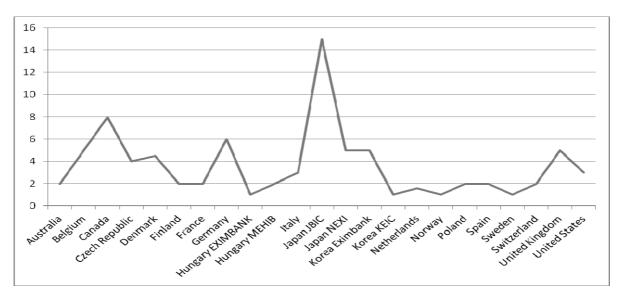


Chart 16: Question 50: Total number of Environmental Practitioners and external consultants per Member/ECA

(e) Cost Sharing

- 51. What costs are shared both during the risk assessment process and after the financing agreement has been concluded?
- 84. The 2007 Recommendation does not refer to the issue of costs and how they might be shared both during the risk assessment process and after the financing agreement has been concluded: therefore, this question and the related responses are for information and transparency; in this context, Members/ECAs responded that costs are shared in the following circumstances:
 - The cost of providing all environmental information required for screening and reviewing an
 application, including undertaking an EIA and, in cases, translating the resulting EIA report,
 is paid by the applicant or project sponsor.
 - The cost of screening and reviewing application and application is paid by the Member/ECA, except that such costs are sometimes off-set by premium fees, handling charges etc.
 - For project finance transactions, some Members/ECAs expect the project sponsor to pay the
 costs of any independent consultants and/or any site visits necessary: other Members/ECAs
 pay for these items themselves.
 - Some post-issue monitoring costs are borne by the project sponsors and some by the Member/ECA.

(f) 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?
- 85. The 2007 Recommendation states that "Members shall report to the ECG ex post on an on-going basis or at a minimum semi-annually...all projects classified in Category A and Category B for which a final commitment has been issued" [Paragraph 22]: in this context, Members/ECAs have reported that they report ex post to the ECG as follows:
 - On-going basis: three Members/ECAs, *i.e.* Austria, Norway and Portugal.
 - Quarterly: one Member/ECA, i.e. Germany.
 - Semi-annually: 25 Members/ECAs.
 - No experience: one Member/ECA, *i.e.* New Zealand.
- (g) 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.
- 54. How do you store and transfer knowledge on environmental issues between Environmental Practitioners and between Environmental Practitioners and Underwriters?
- 86. The 2007 Recommendation states that "Members shall build a body of experience on the application of this Recommendation..." [Paragraph 22]: in this context, this question seeks information on Members'/ECAs' practices and procedures for collating experience and/or knowledge from individual cases. Some Members/ECAs responded that they had no formal practices or procedures in this respect; others reported the following means of collating experience and/or knowledge:
 - Internal electronic project databases containing all information regarding reviewed projects, including documentation, exchanges, standards applied and convents imposed.
 - Internal circulation of assessment results within the project and environmental department.
 - Annual workshop with all relevant departments within the ECA.
 - Exchanges between Environmental Practitioners and external consultants.
 - Exchanges with Environmental Practitioners of other ECAs on specific projects as well as on general interpretation, such as through the informal sector experts groups.
 - Publication of case studies with annual reports.
 - Periodic analyses of experience, both of ECA and of other IFIs and ECAs.

- Reference to files for reviewing applications for existing operations where the project has previously been reviewed as a new project.
- With regard to how knowledge on environmental issues is stored and transferred between 87 Environmental Practitioners and between Environmental Practitioners and Underwriters, some Members/ECAs responded that they had no formal practices in this respect; other Members/ECAs reported the following means:
 - Internal electronic project databases, accessible to both Environmental Practitioners and Underwriters.
 - Seminars, workshops and training sessions;
 - Informal discussions and meetings, particular for smaller ECAs.
 - Regular (e.g. weekly) team meetings between Environmental Practitioners and Underwriters.
 - Use of shared mailbox for final assessments.
 - Updating staff manual, as necessary.
- 55. Do you produce any reports on environmental issues in addition to those required by the Recommendation? If so, please provide details.
- In response to this question, 16 Members/ECAs⁵⁶ noted that they produce reports on environmental issues in addition to those required by the 2007 Recommendation, including an annual CSR Report (Canada), an Environmental and Social Activities Report every other year (Japan JBIC) and an annual sustainability report (Netherlands): the remaining 14 Members/ECAs do not produce any additional reports.

(vii) **Other Comments**

(a) 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 2007 Recommendation applies to "officially supported export credits with a repayment term of two years or more" [Paragraph 1]: therefore, this question and its responses are for information and transparency:
 - Short-term business not subject to the 2007 Recommendation: 11 Members/ECAs, i.e. Czech Republic, Italy, Japan NEXI, Korea Eximbank and K-sure, Poland, Portugal, Spain, Turkey, United Kingdom and United States.

Australia, Austria, Canada, Denmark, Finland, France, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC, Netherlands, Norway, Spain, Switzerland and United Kingdom.

- Short-term business is reviewed for potential environmental impacts on a case-by-case basis: nine Members/ECAs, i.e. Austria, Canada, Denmark, Finland, France, Hungary Eximbank and MEHIB. New Zealand and Sweden.
- Short-term business subject to separate environmental review procedure: three Members/ECAs, i.e. Germany, Mexico and Switzerland (if the value is over CHF 10 million).
- Short-term business is treated in the same way as other business under the 2007 Recommendation: seven Members/ECAs, i.e. Australia, Belgium, Japan JBIC, Luxembourg, Netherlands, Norway and Slovak Republic.
- *(b)* Any Additional Comments

57. Please provide any additional comments.

90. Two additional comments were provided: Canada stated that its ECA is subject to external audits of its environmental review practices conducted by the Auditor General of Canada and regularly benchmarks the environmental practices of other financial institutions in order to stay abreast of emerging best practice; and Poland stated that its implementation of the 2007 Recommendation shows that its new procedures were accepted quite quickly by clients, that exporters were still not very keen to disclosure information, but that the environmental aspects of projects were becoming increasingly important in the risk assessment process.

IV. **Civil Society Organisations Comments**

Under the provisions of the enhanced peer review process⁵⁷ agreed by Members at their 91. 116th Meeting held in November 2008, Members' updated responses, as at 31 July 2010, were made publicly available on the OECD website and the OECD Secretariat wrote on 30 August 2010 to the Business and Industry Advisory Committee to the OECD (BIAC), the ECA Watch network of Non-Governmental Organisations (NGOs), the European Banking Federation (EBF), the Trade Union Advisory Committee to the OECD (TUAC) and Transparency International (TI) inviting them to comment on these responses: only one comment was received, which was from BIAC:

We find that the replies to the Peer Review support the BIAC view that (i) the guidelines need to be clarified so that they are less open to different interpretations, and (ii) we do not believe they should be strengthened at this stage.

Members considered this comment at their 124th Meeting held on 18-19 (a.m.) November 2010. 92.

V. **General Comments**

Overall, the majority of Members'/ECAs' environmental review systems appear to be broadly compliant with the provisions of the 2007 Recommendation; however, there are some exceptions and some differences in practical approaches to addressing potential environmental impacts. In addition, some Members/ECAs have little or no experience of Category A and/or Category B projects and, therefore, do not appear to have complete systems in place to deal with such applications.

http://webdominol.oecd.org/olis/2008doc.nsf/Linkto/tad-ecg(2008)23.

94. The following key points may be concluded from the responses to the Survey with regard to Members'/ECAs' environmental systems:

(a) Screening and Classification of Projects

- Two Members/ECAs reported that not all applications are screened (both Members/ECAs have screening thresholds and one Member/ECA explicitly excludes aerospace and defence applications); other Members/ECAs screen all applications.
- All Members/ECAs screen applications to identify exports to projects, to existing operations and those that are neither to existing operations nor to projects.
- All Members/ECAs have three Categories A, B and C for classifying exports to projects, as set out in the 2007 Recommendation; 22 Members/ECAs always use the same Categories for classifying exports to existing operations and 13 Members/ECAs always use the same Categories for classifying exports that are neither to existing operations nor to projects. Six Members/ECAs have an additional category for internal purposes only for certain types of applications.
- Members'/ECAs' practices for considering operations links with associated operations vary, particularly with regard to the factors taken into account and with regard to how this information is used in the classification and review processes.
- Responsibilities for screening and classifying applications, and practices when co-insuring, co-financing or re-insuring with other ECAs/IFIs vary.

(b) Environmental Review

- Eight Members/ECAs provided details of the circumstances in which they might review a Category A project without a complete EIA report being available, including the steps they might take to rectify the situation, and one Member/ECA noted that its Environmental Policy does not require an EIA report to be submitted for review for Category A projects in G7 countries.
- Members'/ECAs' practices for reviewing Category B projects vary, including the items in Annex II and Paragraph 8 of the 2007 Recommendation that are taken into account: some Members/ECAs concentrate on issues such as project emissions and other Members/ECAs prefer to review an EIA, or similar, report.
- All Members/ECAs review exports to existing operations, of which six Members/ECAs reported doing so in the same way as exports to projects; 17 Members/ECAs review the environmental risks associated with exports that are neither to existing operations nor to projects.
- Two Members/ECAs reported that they have no specific procedures to ensure that projects comply with host country standards: they rely on projects meeting international or exporting country standards.
- Members'/ECAs' practices for benchmarking Category A and Category B projects vary, with regard to the type and range of international standards used for benchmarking, and in

- dealing with projects that do not meet the standards against which they have been benchmarked; use of the PPAH as a technical standard is becoming rarer, reflecting the fact that the majority of its sector guidelines have been replaced by the IFC EHS Guidelines.
- Responsibilities for various aspects of the environmental review process, practices when co-insuring, co-financing or re-insuring with other ECAs/IFIs, and circumstances for carrying out a site visit vary.

(c) Evaluation, Decision and Monitoring

- Members'/ECAs' policies and procedures for incorporating environmental conditions for support into documentation, denying support to projects for environmental reasons and post-issue monitoring and non-compliance issues vary, with not all Members/ECAs having experience of such issues.
- Members'/ECAs' practices with regard to making monitoring information publicly available also vary, with 26 Members/ECAs reporting circumstances in which they might encourage project sponsors to disclose such information and 16 Members/ECAs reporting circumstances in which they might require project sponsors to disclose such information.

(d) Exchange and Disclosure of Information

- All Members/ECAs have published national ECA environmental policy statements and procedural guidance.
- All Members/ECAs make project information for Category A projects publicly available prior to a final commitment and some reported that they disclose additional information and for a longer minimum period than required under the 2007 Recommendation; one Member/ECA reported that disclosure of project information for Category A projects in G7 countries is not a pre-condition of support under its Environmental Policy.
- Twenty-four Members/ECAs reported that the ECA is responsible for disclosing environmental impact information for Category A projects; the remaining Members/ECAs rely on exporters or project sponsors and monitored their websites to ensure compliance.
- All Members with experience undertake *ex post* public disclosure of Category A and Category B projects; the content and detail of the information and the length of time that such information remains available to the public vary.

(e) Reporting and Monitoring of the Recommendation

- Members/ECAs provided examples of the ways in which they ensure compliance with their policies and procedures, including counter-signing measures, audits, compliance officers and ISO certification;
- Members/ECAs provided detailed information on (i) how they monitor and evaluate their experience of the 2007 Recommendation and share such experience with other Members; (ii) their resources, in terms of Environmental Practitioners and consultants that they have available, and how costs are shared with applicants and projects sponsors; and (iii) how they are building a body of experience on the application of the 2007 Recommendation within their ECAs.