
SURVEY

on the Environment and Officially Supported Export Credits Projects

REPORTING COUNTRY INFORMATION**NZL-ECO-SURVEY-MAR-09**Reporting Country Reporting Institution Submission Date Version number **I GENERAL PRINCIPLES****Objectives**

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

NZECO has introduced an environmental screening procedure as a part of the assessment of applications for export credit guarantees. The procedure will require the exporter to submit an environmental report identifying and describing how potential environmental issues will be handled. These may include adverse impacts on the natural environment, as well as the environmentally sensitive nature reserves, health, safety, human resettlement and the country's cultural heritage. Note that NZECO's environmental policy is published on the NZECO website <http://www.nzeco.govt.nz>.

NZL-ECO-SURVEY-MAR-09**II SCREENING AND CLASSIFICATION OF PROJECTS****Exemptions**

2 Are all applications screened?

Please provide details of any exemptions from screening, including the value of any threshold used.

i) value of any threshold used: currency:

ii) details of any exemptions from screening: *New Zealand Dollar*

Applications for NZECO exposure less than NZD 20 million or repayment term less than two years are exempt from the screening process. However, if potential issues are identified as part of the application process, these will be further evaluated on a case-by-case basis.

Information requirements

3 What information is required for the screening process?

Please provide details.

Detailed information about the project, information about environmental sensitivity of project site and of other areas affected by the project and additional information if necessary.

Responsibilities

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

Any other comments.

NZECO may request the project sponsor, the applicant or the guarantee holder to provide information on the proposed project.

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

Please provide details.

Information on the project is initially reviewed by the underwriter. If the review reveals a risk of negative environmental impact, NZECO will require an environmental impact assessment to be completed by an independent environmental specialist at the expense of the applicant.

Timing

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

Scope and criteria of screening

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

Based on the information provided on the project, we assess the different operations of the project and how they are linked to each other. This information is taken into account on a case by case basis.

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

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

Would always conduct own screening

Any other comments.

b) Re-insurance as lead ECA.

Would always conduct own screening

Any other comments.

c) Re-insurance as re-insurer.

Would always conduct own screening

Any other comments.

Scope and criteria of screening

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

Information on the description of goods or project is included in the application form.

New projects

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

Information on the description of goods or project is included in the application form.

Other exports

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

We do not have experience on export deliveries that are neither to existing operations nor to projects.

Classification system

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

No

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Scope of classification

13 Do you classify exports of capital goods and services

a) that are to existing operations?

Yes

Please provide details.

Classification process is applicable for export credit applications with NZECO exposure of at least NZD 20 million or repayment term of at least 2 years.

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

No

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

Classification process is applicable for export credit applications with NZECO exposure of at least NZD 20 million or repayment term of at least 2 years.

Responsibilities for classification

15 Who is responsible for the classification of projects?

Underwriter and Environmental Practitioner (case-by-case basis)

Please provide details.

Information on the project is initially reviewed by the underwriter. If the review reveals a risk of negative environmental impact, ECO will require an environmental impact assessment to be completed by an independent environmental specialist at the expense of the applicant.

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III ENVIRONMENTAL REVIEW

Information requirements

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

Prescribed procedures

Please provide details.

For category A projects: an Environmental Impact Assessment (EIA) of the project is required. The EIA report should include the items referred to in Annex 2 of the Common Approaches and should be complete, objective and produced by an independent and reputable consultant.

For category B projects: NZECO will seek a simple form of EIA, feasibility study, environmental audit report, risk analysis, environmental action plan or environmental monitoring plan.

For category C projects: no environmental review is conducted. However, some action may be taken on a case-by-case basis.

Responsibilities

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

Project Sponsor (in most cases)

NZECO may request the project sponsor, the applicant or the guarantee holder to provide information on the proposed project.

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

Underwriter and Environmental Practitioner (case-by-case basis)

Please provide details.

Information on the project is initially reviewed by the underwriter. If the review reveals a risk of negative environmental impact, NZECO will require an environmental impact assessment to be completed by an independent environmental specialist at the expense of the applicant.

Scope and criteria

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

Based on the information provided on the project, we assess the different operations of the project and how they are linked to each other. This information is taken into account on a case by case basis.

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

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

Would always conduct own review

Any other comments.

- b) Re-insurance as lead ECA.

Would always conduct own screening

Any other comments.

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c) Re-insurance as re-insurer.

Would always conduct own review

Any other comments.

Category A projects

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

No

If an EIA completed by the applicant is not satisfactory, we will request for an additional environmental study to be conducted by an independent environmental consultant.

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

Applicant (in most cases)

Any other comments.

The project sponsor or the applicant may commission an EIA.

ii) Carrying out an EIA?

Other

Please provide details.

We will request the applicant to seek an independent environmental consultant to carry out an EIA for category A projects.

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

Applicant (in most cases)

Any other comments.

The EIA report may also be submitted by the project sponsor or the guarantee holder.

c) Who is responsible for reviewing an EIA report?

Underwriter (always)

The underwriter will review the EIA report assuming the EIA report was completed by an independent environmental consultant. The NZECO will employ an independent Environmental Practitioner on a consultancy basis (as and when required).

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- 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.

The review of category B projects is less extensive than that of A projects and is done on the basis of the information gathered through applications for guarantees and other available information. NZECO may request a simple form of EIA, feasibility study, environmental audit report, risk analysis, environmental action plan or environmental monitoring plan.

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

Annex II:

Executive Summary

Policy, legal and administrative framework

Project description

Baseline data

Environmental impacts

Analysis of alternatives

Environmental Management Plan

Consultation

Paragraph 8 (tired 1):

significant air emissions, effluents, waste or noise

significant use of natural resources

involuntary resettlement

impacts on indigenous peoples

cultural property

Existing operations

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

For an application regarding exports of capital goods and services to an existing operation that is undergoing no material change in output or function, we ask questions about relevant environmental risks from the applicant/sponsor.

For an application regarding exports of capital goods and services to an existing operation that is undergoing material change in output or function, we classify the project according to the relevant environmental category and conduct an environmental review as in case of categories A and B as for new projects. In such a case a site visit to the existing operation might be deemed necessary.

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?

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Standards

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

The project sponsor or buyer is responsible for project approval by import country regulatory agencies. The guarantee holder has to ensure that the necessary permits have been obtained from regulatory agencies. With regard to permits that relate to the import country, it is generally sufficient that the debtor has ensured that permits have been granted, provided no special circumstances dictate otherwise. NZECO may in its guarantee offer specify special environmental preconditions which must be fulfilled before a guarantee can be issued. The environmental issues should, as a rule, be resolved before a guarantee is issued.

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

- a) World Bank Safeguard Policies.

Always

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

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

- c) Regional Development Bank standards.

Where such institutions are supporting the project (always)

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

NZECO pays regard to environmental reviews and assessments made by other guarantee institutes, international finance institutions, regional development banks and aid agencies. For example, if a project is approved from an environmental point of view by an institution within the World Bank Group or regional development banks, NZECO normally uses their assessment as part of reaching its decision.

- 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.

Any other comments.

Sovereign

Rarely

Public/non-sovereign

Rarely

Corporate

Rarely

Limited or non-recourse
project finance
transaction

Rarely

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b) IFC Environmental, Health and Safety Guidelines.

Any other comments.

Sovereign Public/non-sovereign Corporate Limited or non-recourse
project finance transaction

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

a) World Bank Safeguard Policies.

b) International Finance Corporation (IFC) Performance Standards.

c) Regional Development Bank standards.

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

NZECO pays regard to environmental reviews and assessments made by other guarantee institutes, international finance institutions, regional development banks and aid agencies. For example, if a project is approved from an environmental point of view by an institution within the World Bank Group or regional development banks, NZECO normally uses their assessment in reaching its decision.

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

a) The Pollution Prevention and Abatement Handbook.

Any other comments.

Sovereign Public/non-sovereign Corporate Limited or non-recourse
project finance transaction

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b) IFC Environmental, Health and Safety Guidelines.

Any other comments.

Sovereign

Public/non-sovereign

Corporate

Limited or non-recourse
project finance transaction

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

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

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

Site visits

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

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IV EVALUATION, DECISION AND MONITORING

Conditions to official support

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

NZECO clearly stipulates a satisfactory EIA as a condition of its cover in its indicative letter of offer. Any final decision is dependent on the outcome of the EIA review.

Please provide examples of any environmental covenants used.

Denying official support

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

Guarantee application may be declined if the necessary information on and analysis of environmental consequences are not received or the review has revealed a strong negative environmental impact.

Please provide any examples of experience.

Not applicable.

Monitoring

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

Monitoring is decided on a case by case basis at the time when decision on guarantees are taken. NZECO may decide on an independent environmental monitoring and reporting of a project throughout the entire project period. The monitoring should include a review of how the buyer follows the programmes laid down for the environment.

Monitoring frequency/period:

If specific environmental conditions have been specified, compliance with these is monitored according to a specific routine.

Content:

To be agreed with the guarantee holder, applicant or project sponsor.

Reporting method:

To be agreed with the guarantee holder, applicant or project sponsor.

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

Other

Please provide details.

To be decided on a case by case basis.

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

Other

Please provide details.

To be decided on a case by case basis.

Non-compliance measures

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

Such actions need careful consideration on a case by case basis e.g. negotiations with project sponsors on actions to achieve compliance.

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

Other

Please provide details.

To be decided on a case by case basis and most likely together with the approval of the Advisory Board.

Please provide any examples of experience.

Not applicable.

Disclosure of monitoring reports

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

To be decided on a case by case basis.

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

To be decided on a case by case basis.

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V EXCHANGE AND DISCLOSURE OF INFORMATION

Environmental procedural guidance

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

Yes

Where can they be found?

Our environmental policy and description of environmental review procedure can be found in our website; see the address below.

Please provide web address if relevant.

<http://www.nzeco.govt.nz>

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.

For category A and B project assessments, NZECO aims for an exchange of information, cooperation, common requirements and joint action with other institutes taking part in the financing. This leads to an improved overall view and better understanding of the total environmental impact of the project as a whole. Together the institutes have better opportunities to make demands on the various parties involved.

b) competition.

Same answer as to the question 42 a)

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.

For category A projects the associated environmental report, or a summary of it, will be published by NZECO for 30 days before guarantee commitment is issued. NZECO takes into consideration the viewpoints submitted during this period. The EIA report, or a summary of it, will ideally be made available on NZECO's website, but may in exceptional cases also be made available in hardcopy format by NZECO. The responsibility to ensure that NZECO receives access to the environmental report lies with the guarantee holder.

b) The form and language of the information released.

The EIA report, or a summary of it, will ideally be made available on NZECO's website, but may in exceptional cases also be made available in hardcopy format by NZECO.

including website address, if relevant. <http://www.nzeco.govt.nz>

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

30 days

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- 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).

Not applicable

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

Nil.

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

Disclosure of environmental impact information

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

- a) Responsibility for making such information publicly available.

ECA

- b) If the ECA or Guardian Authority is not responsible for such disclosure, please provide details of
i) how third parties are required to make such information publicly available;

- ii) how this is monitored;

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

- iv) please provide any examples of experience.

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

The scope of the information released should cover relevant activities of the project. Disclosed material can be an EIA report, summary of such report and other kind of relevant environmental information.

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

The EIA report, or a summary of it, will ideally be made available on NZECO's website, but may in exceptional cases also be made available in hardcopy format by NZECO.

website address, if relevant.

<http://www.nzeco.govt.nz>

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

30 days

- 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).

ECO will generally obtain the consent of the project sponsor or applicant prior to disclosing information in the website.

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

Not applicable.

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

Ex post disclosure

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

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

Not applicable

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

Not applicable

- c) Who is responsible for disclosing such information.

ECA

- d) The form and language of the information released

Not applicable

including website address, if relevant.

- e) How long the information remains publicly available.

Not applicable

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

Not applicable

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VI REPORTING AND MONITORING OF THE RECOMMENDATION

Accountability of your guidelines

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

Pre-issue of the guarantee – put in place control mechanisms such as counter-signing measures (e.g. the financier/NZECO confirming compliance with NZECO policies and providing requirements to NZECO). Post-issue of the guarantee – internal/external audit.

Monitoring and Evaluation

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

We have occasionally sought feedback from our agent and stakeholders on our environmental review procedure and practices. We use this feedback to update our environmental policy at least bi-annually.

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

We share experiences with our agent who in turn share their experiences with other members in work of environmental practitioners within OECD.

Revising procedures :

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

October 2007

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

Motivation took into account the new Common Approaches text from June 2007.

- 49 Are any modifications foreseen in the near future?

No

Resources

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

NZECO uses the environmental adviser of its agent and occasionally uses external environmental consultants.

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

0

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

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Cost-sharing

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

Costs related to the provision of environmental information to ECO is normally on applicant's/exporter's/sponsor's account. The independent environmental report is at the applicant's / exporter's / project sponsor's cost.

Reporting

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

Other

Please provide details.

NZECO has not provided final commitment for category A and/or B projects.

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.

Not applicable

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

Information related to environmental issues is accessible to all underwriters and NZECO's agent. Environmental issues are discussed in weekly team meetings as required.

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

No

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VII OTHER COMMENTS

Scope

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

There is no formal environmental procedure for such export credits. However, if any relevant environmental information is found out in these cases, it will be considered in the application process.

Any Additional Comments

- 57 Please provide any additional comments.