
SURVEY

on the Environment and Officially Supported Export Credits Projects

REPORTING COUNTRY INFORMATION**ITA-SACE-SURVEY-MAY-08**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.

Practices of cooperation and experience sharing with other environmental experts are very frequent on a project basis and through informal exchanges. Environmental questionnaires, forms and web site environmental pages are frequently reviewed with the aim to improve procedures and awareness of environmental assessment.

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II SCREENING AND CLASSIFICATION OF PROJECTS

Exemptions

2 Are all applications screened?

Information requirements

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

The screening questionnaire is part of the application form and requires a description of: supply destination, location, production capacity, presence of sensitive areas, resettlement or land expropriation, availability of environmental reports, possible involvement of other ECAs.

Responsibilities

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

Any other comments.

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

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.

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).

Any other comments.

b) Re-insurance as lead ECA.

Any other comments.

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c) Re-insurance as re-insurer.

Would rely on screening by lead ECA

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]?

The screening questionnaire provides basic information on the project of destination, if pre-existent, then ad hoc questions help understanding possible change in functionality.

New projects

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

The screening questionnaire.

Other exports

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

With the same screening questionnaire.

Classification system

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

No

Scope of classification

13 Do you classify exports of capital goods and services

a) that are to existing operations?

No

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?

Always, but normally they are C.

Responsibilities for classification

15 Who is responsible for the classification of projects?

Environmental Practitioner (always)

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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.

In case of category A projects an EIA is always required. In case of category B an "audit questionnaire" is required.

Responsibilities

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

Applicant (in most cases)

Formally the Applicant, although it is the Exporter who practically provide information. In case of project finance transactions it is the Sponsor often.

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

Environmental Practitioner (always)

Scope and criteria

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

On a case by case basis, taking into consideration functional links, presence of other developments insisting on the same facilities, leverage, etc.

- 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.

Cooperation and share of information if timeline are similar; exchange of views and joint approach whenever possible.

- b) Re-insurance as lead ECA.

Would always conduct own screening

Any other comments.

Reinsurance is frequently known only later in the process, when the review is almost complete. In these cases SACE provides the other insurer with project classification and environmental review main findings.

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c) Re-insurance as re-insurer.

Would rely on review carried out by lead ECA

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?

Yes

Please provide details,
including any examples
of experience.

An EIA is always required for category A and it should be tailored on the project nature.
Information gaps relevant to the project can be filled later in the review process through
dedicated studies or addressed through specific monitoring.

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

Applicant (in most cases)

Any other comments.

The Sponsor might be more appropriate in Project Finance.

- ii) Carrying out an EIA?

Applicant (in most cases)

Any other comments.

Consultants normally prepare EIAs, but their appointment is under the Applicant responsibility, or maybe under the Sponsors' in case of Project Finance.

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

Applicant (in most cases)

Any other comments.

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

Environmental Practitioner (always)

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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.

Category B review in principle takes into consideration all impacts relevant to the specific transaction. SACE audit questionnaire requires information on air emissions, water use and discharge, use of soil, waste management, noise, use of hazardous materials. Impacts on resettlement, cultural property, indigenous peoples, sensitive areas normally address classification toward category A.

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	<input type="text" value="Please select"/>
Policy, legal and administrative framework	<input type="text" value="Please select"/>
Project description	<input type="text" value="In most cases"/>
Baseline data	<input type="text" value="Please select"/>
Environmental impacts	<input type="text" value="Please select"/>
Analysis of alternatives	<input type="text" value="Please select"/>
Environmental Management Plan	<input type="text" value="Please select"/>
Consultation	<input type="text" value="Please select"/>

Paragraph 8 (tired 1):

significant air emissions, effluents, waste or noise	<input type="text" value="In most cases"/>
significant use of natural resources	<input type="text" value="In most cases"/>
involuntary resettlement	<input type="text" value="Please select"/>
impacts on indigenous peoples	<input type="text" value="Please select"/>
cultural property	<input type="text" value="Please select"/>

Existing operations

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

On a case by case basis, the review takes into consideration aspects related to company track record on environmental performance, incidents, environmental management systems and certification, etc.

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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?

Yes

Please provide details.

To a limited extent, depending on the case.

Standards

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

Through specific reference in the financial documents.

- 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 (case-by-case basis)

Please provide details.

In Project Finance with Equator Principles Financial Institutions.

- c) Regional Development Bank standards.

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

Please provide details.

Possible in co-financing with RDBs with same timelines (little experience).

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

For projects located in High-Income OECD Countries or in the EU.

- 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

In use only for applications received before June 2007 and for those few industry sectors where no new IFC EHS Guidelines have yet been officially produced.

Public/non-sovereign

Rarely

In use only for applications received before June 2007 and for those few industry sectors where no new IFC EHS Guidelines have yet been officially produced.

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Corporate Rarely

In use only for applications received before June 2007 and for those few industry sectors where no new IFC EHS Guidelines have yet been officially produced.

Limited or non-recourse
project finance transaction Rarely

In use only for applications received before June 2007 and for those few industry sectors where no new IFC EHS Guidelines have yet been officially produced.

b) IFC Environmental, Health and Safety Guidelines.

Any other comments.

Sovereign In most cases

In use for all new applications received later than June 2007.

Public/non-sovereign In most cases

In use for all new applications received later than June 2007.

Corporate In most cases

In use for all new applications received later than June 2007.

Limited or non-recourse
project finance transaction In most cases

In use for all new applications received later than June 2007.

- 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. Always

b) International Finance Corporation (IFC) Performance Standards.

 For private sector limited or non-recourse project finance cases (case-by-case basis)

Please provide details.

 Same as for category A.

c) Regional Development Bank standards.

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

Please provide details.

 Same as for category A.

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

Same as for category A.

- 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

In use only for applications received before June 2007 and for those few industry sectors where no new IFC EHS Guidelines have yet been officially produced.

Public/non-sovereign

In use only for applications received before June 2007 and for those few industry sectors where no new IFC EHS Guidelines have yet been officially produced.

Corporate

In use only for applications received before June 2007 and for those few industry sectors where no new IFC EHS Guidelines have yet been officially produced.

Limited or non-recourse project finance transaction

In use only for applications received before June 2007 and for those few industry sectors where no new IFC EHS Guidelines have yet been officially produced.

- b) IFC Environmental, Health and Safety Guidelines.

Any other comments.

Sovereign

In use for all new applications received later than June 2007.

Public/non-sovereign

In use for all new applications received later than June 2007.

Corporate

In use for all new applications received later than June 2007.

Limited or non-recourse project finance transaction

In use for all new applications received later than June 2007.

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

No relevant experience to report.

- 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.

For Nuclear sector transactions, not addressed by the World Bank Group, reference is made to the IAEA. For endangered species reference is made to the IUCN Red list.

- 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.

Depending on the reasons why and the extent to which standards are not met, different actions can be taken into consideration, including negotiation of appropriate mitigation measures to meet the standards (or reduce the distance), compensation measures, further assessment of alternative solutions, etc.

Site visits

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

Normally for category A transactions.

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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.

Conditions are preferentially included in the loan documents as they normally are commitments under the Sponsor/Borrower's responsibility, while SACE policy applies to the Applicant.

Please provide examples of any environmental covenants used.

Several different conditions can be implemented depending on the nature of the transaction. Typical examples are: compliance with standards and laws, implementation of environmental action plans, periodic reporting, granted access to site for advisors and Lenders, etc.

Denying official support

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

Decision of support is the result of an overall assessment of the transaction, including environmental impacts. Transactions that are below acceptable standards on environmental or financial grounds are subject to further negotiation to improve acceptability before being in the position to present the transaction to the Board for a final decision.

Please provide any examples of experience.

Monitoring

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

Mostly, environmental monitoring is carried out by independent consultants, for the loan duration.

Monitoring frequency/period:

every 4 or 6 months during construction and once a year during operation

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Content:

The report is the result of desk review and often site visits, and is aimed to inform the Lenders about project compliance with the environmental requirements and general environmental performance. In a few cases the report is directly prepared by the borrower for both the local authorities and the Lenders.

Reporting method:

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

ECA Consultant

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

Environmental Practitioner (always)

Non-compliance measures

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

In case of non-compliance to environmental conditions, available options are defined in the documents, normally a cure period is envisaged to restore compliance that, if failed, may bring to call an event of default.

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

Underwriter and Environmental Practitioner (always jointly)

Please provide any examples of experience.

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?

Disclosure of ex-post monitoring report might be encouraged in case of very sensitive category A projects.

- 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?

as above.

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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?

on SACE web site at:

http://www.sace.it/grupposace/opencms/en/consumer/services/environment_focus/

Please provide
web address if
relevant.

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.

SACE is keen to exchange views on environmental matters with other IFIs and ECAs involved in the same project through emails, teleconferences or meetings, as more appropriate.

- b) competition.

SACE is keen to exchange views on environmental matters with other IFIs and ECAs involved in the same project through emails, teleconferences or meetings, as more appropriate.

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.

A notice on SACE web site is published and contain a brief description of the project and its location and the address where a copy of the EIA can be requested.

- b) The form and language of the information released.

The Notice is published in both Italian and English. The EIA is available in the language that is used for review, mainly in English (but it can also be in Italian, Spanish or French).

including website address, if relevant.

http://www.sace.it/grupposace/opencms/en/consumer/services/environment_focus/news/

- 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).

The applicant provides its consent to the disclosure signing the application form.

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

- 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, including:

- 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.

As explained above.

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

As explained above.

website address, if relevant.

- 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).

The applicant provides its consent to the disclosure of the EIA signing the application form.

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

- 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.

Every 4 months.

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

Information is presented in table format that includes brief description, location, amount, industry sector, environmental category and environmental standards. Every year the three tables are unified in one single table that remains available on the web site.

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c) Who is responsible for disclosing such information.

ECA

d) The form and language of the information released

Both Italian and English

including website address, if relevant.

http://www.sace.it/grupposace/opencms/en/consumer/services/environment_focus/environment_valuation/

e) How long the information remains publicly available.

Indefinitely

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

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VI REPORTING AND MONITORING OF THE RECOMMENDATION

Accountability of your guidelines

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

An internal Auditing Unit carries out reviews of all SACE internal procedures.

Monitoring and Evaluation

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

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

The informal network of the Practitioners is valuably used to share experiences.

Revising procedures :

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

June 2007

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

The new Common Approaches were formally approved by the OECD Council. The procedures did not change substantially but the new international references were acknowledged and fine tuning also provided.

- 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?

SACE Environment Unit was established in April 2001.

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

3

- 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?

Normally independent consultants, when required on a project basis, and site visits expenses are borne by the Project Sponsors.

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?

Semi-annually

Body of experience

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

We use an internal database to collect and, where appropriate, elaborate environmental review information of the assessed transactions.

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

The above mentioned database is used by SACE Environment Unit only. A shared mailbox collect all final assessments and is available to both environmental experts and underwriters.

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

Yes

Please provide details.

Aggregated environmental data on assessed transactions under the Common Approaches are normally presented in the Annual Report.

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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?

Export credits below 24 months are not normally reviewed. Other insurance products not falling under the scope of the Common Approaches are reviewed on a voluntary basis, following the principles and main guidelines of the Common Approaches, to an extent consistent with project's nature and level of involvement in its implementation.

Any Additional Comments

- 57 Please provide any additional comments.