
SURVEY

on the Environment and Officially Supported Export Credits Projects

REPORTING COUNTRY INFORMATION**LUX-ODL-SURVEY-APR-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.

For each insurance application of a credit period exceeding 1 year, the applicant has to fill in an environmental questionnaire. An additional environmental questionnaire has to be filled in for projects above EUR 10 M and for projects located in sensitive areas. Following the responses to these questionnaires, ODL may ask further information should the project be likely to present significant risks for the environment. It has been over the years a useful practice for ODL to get acquainted with the new technologies of its insured through site visits and product information sessions whenever there is a change in the technology process of the exporter, and allows for an appropriate assessment of the projects environmental negative impacts.

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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:

Projects with a credit repayment period of less than two years are not screened. However, if any relevant environmental information is found out in these cases, it will be considered in the application process.

Information requirements

3 What information is required for the screening process?

Please provide details of information required.

1. the project's amount (above 10 million EUR)
2. the project's location in a sensitive area
For applications with a credit period exceeding 1 year and in respect of which the Luxembourg exporter's part exceeds EUR 10 million and/or the project is located in a sensitive area, an additional environmental questionnaire has to be filled in.

Responsibilities

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

Applicant (in most cases)

Any other comments.

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

Other

Please provide details.

The screening of applications is done by the Secretariat of the ODL. A double check is done by the underwriting department and Environmental Practitioner of ONDD (Belgium), conforming to our collaboration agreement

Timing

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

The screening occurs as soon as the application form is received by the Secretariat of ODL.

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Scope and criteria of screening

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

If the applicant's project forms a part of a consolidated project which is insured by other ECAs, ODL will seek additional information on the screening undertaken by the ECAs involved.

- 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).

May take account of screening by other ECAs or IFIs

Any other comments.

Screening is normally undertaken by ODL for the Luxembourg exporter's part of the project.

- b) Re-insurance as lead ECA.

Would always conduct own screening

Any other comments.

- 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 applicant is asked to specify in the application form, whether the project consists in a Greenfield project or an extension to an existing installation or whether it consists in a modification of an existing installation.

New projects

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

See response to question 9 above.

Other exports

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

ODL classifies all applications irrespective of the type of the project, but would not screen exports of capital goods and services that are neither to existing operations nor to projects.

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Classification system

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

No

Scope of classification

13 Do you classify exports of capital goods and services

a) that are to existing operations?

Yes

Please provide details.

Although the recommendation does not require the classification of exports of capital goods and services to identifiable existing operations that are undergoing no material change in output or function, ODL decided to expand its classification to extensions and modifications of existing installations.

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

Yes

Please provide details.

We classify all projects with a credit period exceeding 1 year and contract amount above EUR 10 M.

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

ODL classifies all projects with a credit period exceeding 1 year, irrespective of the amount and project location

Responsibilities for classification

15 Who is responsible for the classification of projects?

Other

Please provide details.

The Board of ODL is responsible for the project classification, based on the recommendations and comments from ONDD (Belgium), further to our collaboration agreement.

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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.

The following information are required through the additional environmental questionnaire, which has to be filled in for each transaction above 10 million EUR or located in a sensitive area: - Brief description of the impact of the activity on the environment and the local population, - Applied environmental norms and/or obtained licenses, - Measures taken in order to reduce any possible negative impact, - Whether the project benefits from other (national or multilateral) financing sources? And if so, the name of the institution and country of origin have to be mentioned. For all category A projects, we require an EIA to be carried out, and to be submitted with a non-technical summary of the study. For category B projects, we might request an EIA to be carried out depending on the assessment of the positive and negative environmental impacts of the project, - As the projects must at least respect the norms of the host country and the sectorial or general standards of the World Bank/IFC, applicants are invited to mention the standards which the projects complies with, - Description of the qualitative and the quantitative impact of the project on use of natural resources, air pollution, soil pollution, water pollution, noise nuisance, deforestation, fauna and flora (terrestrial, marine), toxic or dangerous waste, dangerous activity, local pollution and cultural, historic legacy, other). Additional information is requested on a case-by-case basis, depending on the information already gathered from the applicant.

Responsibilities

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

Applicant (in most cases)

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

ECA Consultant

An external consultant would be responsible for reviewing the project. The underwriting department of ONDD (Belgium) undertakes the review of the project, the result of which has to be approved by the Board of the ODL.

Scope and criteria

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

If the applicant's project forms a part of a consolidated project which is insured by other ECAs, ODL undertakes an exchange of information with the other ECAs involved, in order to streamline the efforts of the project review.

- 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 rely on review carried out by other ECAs, IFIs or Development

Any other comments.

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b) Re-insurance as lead ECA.

Other

Please provide details.

ODL would take account of the review carried out by other ECA's involved

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?

No

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

Project Sponsor (in most cases)

Any other comments.

- ii) Carrying out an EIA?

Independent Consultant (in most cases)

Any other comments.

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

Applicant (in most cases)

Any other comments.

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

Other

Please provide details.

An external consultant would be responsible for reviewing the EIA report.

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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 EIA is the reference document for A projects. For category B projects where there is no EIA available, we would ask for information about key environmental factors, if the share is above EUR 10 M and if the project is located in a sensitive area.

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?

The procedures and practices are the same as for existing operations.

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?

No

Standards

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

The environmental questionnaire requires the applicant to indicate whether the project respects other standards than the minimum required, i.e. the host country standards and the sector specific standards of the World Bank and the IFC. In case an EIA is available, we would check the compliance with the EIA requirements.

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- 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.

b) International Finance Corporation (IFC) Performance Standards.

c) Regional Development Bank standards.

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

- 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

Public/non-sovereign

Corporate

Limited or non-recourse
project finance transaction

b) IFC Environmental, Health and Safety Guidelines.

Any other comments.

Sovereign

Public/non-sovereign

Corporate

Limited or non-recourse
project finance transaction

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

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

b) International Finance Corporation (IFC) Performance Standards.

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

c) Regional Development Bank standards.

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

Please provide details.

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

EU standards

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

a) The Pollution Prevention and Abatement Handbook.

Any other comments.

Sovereign In most cases

Public/non-sovereign In most cases

Corporate Case-by-case

Limited or non-recourse
project finance transaction Rarely

b) IFC Environmental, Health and Safety Guidelines.

Any other comments.

Sovereign In most cases

Public/non-sovereign In most cases

Corporate In most cases

Limited or non-recourse
project finance transaction In most cases

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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.

We never encountered the case but we would proceed on a case-by-case basis.

- 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.

We never encountered the case but we would proceed on a case-by-case basis.

- 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.

We never encountered the case.

Site visits

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

ODL might charge an external consultant to carry out a sight visit for category A projects where baseline data are missing.

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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.

The offer of cover and policy might be subject to the fulfillment of certain conditions related to the environment.

Please provide examples of any environmental covenants used.

The offer of cover might entail the obligation for the insured to provide ODL with the EIA. The insurance policy might entail a clause conditioning the insured's compliance with mitigation measures or a monitoring program.

Denying official support

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

ODL would consider denying support if for example it seems conclusive that no special measures have been carried out in order to prevent environmental impacts, if the gathered information does not allow to assess the potential impacts of the project, if the project is not in line with the international standards.

Please provide any examples of experience.

We never encountered the case.

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.

Procedures (frequency, content) depend on the project. In general, ODL requires to be provided with monitoring reports by the insured or from independent consultants.

Monitoring frequency/period:

Case-by-case evaluation, depending on the project.

Content:

The monitoring is generally based on the EMP which describes the roles and responsibilities of every contributor to the project. The objectives of the environmental monitoring plans are to examine the environmental influence of the project, by monitoring the compliance with quality thresholds as formulated in the EIA.

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Reporting method:

See answers above

- 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?

When the monitoring reports conclude to the non-compliance with the environmental conditions, ODL will seek further clarification, either from the insured or via the site visit undertaken by the external consultants.

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

Other

Please provide details.

The Board of ODL decides what actions are appropriate in order to restore compliance.

Please provide any examples of experience.

Until now, ODL did not yet encounter such a case, but the general provisions of the insurance terms provide for penalties for the failure by the insured to comply with his obligations.

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?

For 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?

For category A projects

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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?

ODL's environmental policy and procedural guidelines are partly published on our website,
which is about to be updated in order to integrate the entire procedural guidelines of ODL.

Please provide
web address if
relevant.

http://www.ducroire.lu/assurance_credit/presentation/environnement.html

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.

ODL is ready to exchange information as regards environmental requirements and assessment with any IFI or ECA. Nevertheless, the exporter will be informed in beforehand of any question raised and ODL will decide together with the insured, to what circumstances, the required information will be disclosed. There is no special procedure foreseen.

b) competition.

See answer to 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.

- Name of the debtor
- Country of the project
- Date of publication of the EIA on our website with a link to the EIA

b) The form and language of the information released.

Currently, the information is released in French. In spring 2008, the information will be released in English and in French.

including website address, if relevant.

http://www.ducroire.lu/assurance_credit/presentation/environnement.html

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

The information is released 30 working days prior to the consent of the Board of ODL to cover the transaction.

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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).

There are no legal constraints, but ODL respects confidential requirements of the exporter.

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

None

- 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;

N.A.

- ii) how this is monitored;

N.A.

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

N.A.

- iv) please provide any examples of experience.

N.A.

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

EIA

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

The language of the information released will be English or French (website to be finalized in spring 2008).

website address, if relevant.

http://www.ducroire.lu/assurance_credit/presentation/environnement.html

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

The information is released 30 working days prior to the consent of the Board of ODL to cover the transaction.

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

There are no legal constraints, but ODL respects confidential requirements of the exporter.

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

None

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

We never encountered the case of the insured's refusal to publish the available EIA.

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.

When the insurance policy is issued.

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

- Name of the debtor
- Country and amount of the project
- Date of publication of the information on ODL's website with a link to the EIA if available

- c) Who is responsible for disclosing such information.

ECA

- d) The form and language of the information released

The language might be English or French, depending on the language of the contract.

including website address, if relevant.

http://www.ducroire.lu/assurance_credit/presentation/environnement.html

- e) How long the information remains publicly available.

We have no guidelines for the period of time during which the information will be disclosed on our website, but it might be possible that the information will be put on the website until the contract is completely disbursed.

- 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.

Our general insurance terms provide for the respect of the insured's obligation, in default of which ODL might suspend its official support. In order to verify whether the insured complies with its contractual obligations, the secretariat of the ODL requires the exporter to deliver a regular update and report of the project's monitoring.

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.

As ODL can only record limited experience with category A and B transactions, there are no specific guidelines and procedures in place to evaluate experience at a national level, however we periodically share experience of implementing the Common Approaches with our Guardian Authorities.

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

See answer to question 47 a).

Revising procedures :

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

July 2007

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

Compliance with the Revised Council Recommendation on Common Approaches on the environment and officially supported export credits of 12 June 2007.

- 49 Are any modifications foreseen in the near future?

No

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Resources

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

A specific budget has been put in place.

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

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

Cost-sharing

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

The costs for an EIA are entirely born by the project sponsor. The costs for the environmental assessment and the inherent monitoring are entirely born by ODL, without any retrocession to the insured.

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.

No body of experience yet.

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

The information is to be exchanged by e-mail, phone and direct bilateral contact.

- 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?

Officially supported exports of capital goods and services with a repayment term of more than one year but less than two years, are treated the same way as officially supported exports of capital goods and services with a repayment term of more than two years.

Any Additional Comments

- 57 Please provide any additional comments.