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## SURVEY

### on the Environment and Officially Supported Export Credits Projects

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**REPORTING COUNTRY INFORMATION***DNK-EKF-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.

EKF have drafted policy guidelines subject to annual reviews. The guidelines establishes the practices and the procedures for screening, assessment and monitoration concerning all EKF guarantees. All guarantees are screened and assessed applying local rules and regulations as well as IFC's performance standards and relevant EHS guidelines. Annually EKF publishes a report on A-B projects and their key impacts. Semi-annually EKF reports both to OECD and to the Equator Principles Institution. The EKF guidelines ensures compliance with the Recommendation as well as the Equator Principles.

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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.

#### Responsibilities

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

Please provide details.

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 always conduct own screening

Any other comments.

We would always form an opinion as to the nature of the transaction and screen the transaction. We would always try to identify any available information by other ECA's or MFI's

### 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]?

We would apply information from the application, project sponsors and a questionnaire. We would specifically try to establish whether there's 'material change' as a consequence of the transaction. As far as possible we would treat it as a regular transaction.

### New projects

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

We would apply information from the application, project sponsors and our questionnaire. As far as possible we would treat it as a regular transaction.

### Other exports

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

Based on an initial screening of the risk-exposure we would try to rely on our structured questionnaires if relevant our industry specific questionnaires.

### 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.

If there's material change we will classify the operation and act according to the Recommendation. For all other transactions we would also try to assign a category and perform technical due diligence.

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

Yes

Please provide details.

We would apply a similar approach to determine EKF's exposure to social and environmental risks.

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

We always screen all projects regardless of size - not all projects are explicitly classified.

### Responsibilities for classification

15 Who is responsible for the classification of projects?

Underwriter and Environmental Practitioner (always jointly)

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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.

Following the indications from the Recommendation and the Equator Principles we review and assess projects always using SEA's for A-projects and where possible SEA's for B-projects as well. Alternately B-projects will be evaluated using all available information from applicants, and sponsors using our questionnaire and a QA-format for follow-up.

#### Responsibilities

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

Other

Please provide details.

Both applicant and sponsor contributes. For project finance the project sponsor would dominate.

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

ECA Consultant

#### Scope and criteria

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

We would try to obtain information re. possible linked operations. Specifically for certain industries we would as a natural course of action enquire about a number of usual operation links. If a potential link exists we would determine the nature of the link to establish whether to include it in the review. If the operation is linked we would do a best effort to review the linked operation. We could back out of transaction if we're unable to get information on and review linked operations.

- 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.

May take account of review carried out by other ECAs, IFIs or Develop

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 review

Any other comments.

**DNK-EKF-SURVEY-APR-08****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 details, including any examples of experience.

We would however always insist on bringing the EIA up to an appropriate level commensurate with the Recommendation and ensure all relevant factors are included in the assessment. We would not recommend and participate in transactions that does not comply with the Recommendation.

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

Any other comments.

- ii) Carrying out an EIA?

Any other comments.

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

Any other comments.

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

**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.

We take a risk based approach - consulting with our ECA consultant specialists - we identify key industry specific areas as well as a set of pre-determined issues. We always prefer a SEA.

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

**Paragraph 8 (tired 1):**

significant air emissions, effluents, waste or noise

significant use of natural resources

involuntary resettlement

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Baseline data	<u>Rarely</u>	
Environmental impacts	<u>In most cases</u>	impacts on indigenous peoples <u>In most cases</u>
Analysis of alternatives	<u>Case-by-case</u>	cultural property <u>Case-by-case</u>
Environmental Management Plan	<u>In most cases</u>	
Consultation	<u>Case-by-case</u>	

**Existing operations**

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

The assessment would be contingent on the assessment of material change: if our level of influence is limited (little material change) we would either opt out of the transaction if deemed inappropriate or alternately review some key issues. If there's material change our level of influence will be significant and we would go into more detail looking to get the project to comply with IFC PS and EHS in all material aspects.

**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.

We would always assess risks in all of our projects.

**Standards**

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

We would rarely go into this detail explicitly except for pivotal areas such as concession agreements. Implicitly in general we rely on the IFC PS and EHS to set the appropriate (and presumed) higher level although this may be the case in some situations

- 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. 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.

Other

Please provide details.

na

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

Specifically regarding animal production we apply EU and (the higher) Danish standards.

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- 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

- 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.

Please provide details.

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

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- 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 

## 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.

The conditions could be a 'Condition Precedent' for drawing down on the facility or it could be a covenant build into the underlying loan agreement.

Please provide examples of any environmental covenants used.

Compliance with an environmental management plan. Providing periodic measurements of emissions. Obtaining and maintaining certification.

#### Denying official support

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

The sponsor is unwilling to comply with our policy guidelines by not providing information. Lack of project sponsor credibility.

Please provide any examples of experience.

Mostly in our experience the project sponsor opts out when met with our requirements or we opt out for a confluence of reasons all relating to lack of credibility reflected in both the sponsor analysis and the social- and environment analysis.

#### 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.

The monitoring is contingent on the findings of the SEA and builds on issues and data identified there and implemented in the required SE management plan. The monitoring will be designed to follow an indicator or the implementation of the SE MP via a selection of indicators-reporting requirements.

Monitoring frequency/period:

Varies from one-off after commissioning to annual or semi-annual reporting or data-recording.

Content:

Emissions-levels, Accident rates, Reporting on implementation

Reporting method:

Sending data - sending reports, site visits

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

Underwriter and Environmental Practitioner (always jointly)

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

ECA Consultant

### **Non-compliance measures**

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

The course of action is built into the and thusly given by the nature of the requirements: either it's CP or there is a covenant. In both cases we would work with the sponsor to rectify issues. In case of covenants we can opt to withdraw support. In case of CP the guarantee is by definition null and void.

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.

These cases are never straightforward. Financiers are often a group of financial institutions with different perspectives ranging from it'll only get worse if we opt out to let's get out at earliest convenience. All valid perspectives. The upfront work is by far the most important work. After that it gets troublesome - most often change in management is required.

### **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?

In sensitive projects-sectors we urge projects sponsors to be open.

- 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?

EKF as a part of Equator Principles are committed to ongoing reporting and disclosure.

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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?

We have published a summary, which is available on our website.

Please provide  
web address if  
relevant.

[www.ekf.dk](http://www.ekf.dk)

#### 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.

Subject to client and sponsor approval we strive to get full disclosure

b) competition.

Little communication - often unaware...

#### 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.

We publish information on the EKF web-site making available or linking to the relevant SEA's and include project description as required by the Recommendation

b) The form and language of the information released.

The language will most often be English or original language and the form will be a brief project description as well as acces to the full SEA and with contact information.

including website address, if relevant.

[www.ekf.dk](http://www.ekf.dk)

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

We follow the requirements of Equator principles and the Recommendation.

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).

We are not precluded except from private obligations to maintain client confidentiality.

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

No

- 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;

As part of a propeor SEA we always expect a full 'local' consultation process (FPIC, appropriate consultation etc)

- ii) how this is monitored;

Review of the SEA

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

We require restitution

- iv) please provide any examples of experience.

In cases where we have found no consultation have taken place and risks were high we have asked for a consultation process.

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

Full disclosure of SEA including SE managment plan in a culturally acceptable and appropriate manner etc.

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

The language for the ECA disclosure is always English as regards project description and notification. The SEA will generally be made available in the original language.

website address, if relevant.

www.ekf.dk

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

Following IFC PS

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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).

All information related to environmental information is potentially public domain in the EU. Accordingly generally all information regarding environment is legally available. Private information which can bear on competitiveness of our clients is kept secret - client confidentiality.

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

All A projects under the Recommendation are subject to full disclosure.

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

The disclosure policy is challenged especially in countries with different cultural tradition - in our experience some arab countries.

### **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.

Annually

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

We use summary tables and summary information

- c) Who is responsible for disclosing such information.

ECA

- d) The form and language of the information released

Danish and English reports

including website address, if relevant.

[www.ekf.dk](http://www.ekf.dk)

- e) How long the information remains publicly available.

Continually

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

**DNK-EKF-SURVEY-APR-08****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.

None other than OECD reporting and Equator Principles reporting

**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.

The ECA continually evaluates the performance (internally)

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

Ongoing QA

**Revising procedures :**

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

March 2008

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

Reflecting experience with evaluation of ST transactions we have tried to identify new ways to screen and assess transactions

- 49 Are any modifications foreseen in the near future?

Yes

For what  
reason?

Evaluating changes in ST procedures and guidelines - introducing FI classification

When ? (mm/yy)

December 2008

**Resources**

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

We employ using a framework contract a specialized consultancy firm to review SEA's and assist with screening, monitoration etc.

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

2

- 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?

We bear the costs of our own consultants and negotiate with financiers as necessary re. LTA's

### 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.

Yes - we keep a database for analytical purposes and from time to time conduct analysis of own and IFI, ECA's experiences

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

On an ongoing basis and through training sessions

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

Yes

Please provide  
details.

An annual report regarding A-B projects

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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?

We screen all transactions applying the Recommendation and the IFC PS and EHS. However in Short Term transactions we are often precluded from accessing sufficiently detailed information and commensurate sufficient influence to impact on transactions. In those cases we would opt out if risks are assessed to be significant.

#### Any Additional Comments

- 57 Please provide any additional comments.