OECD Countries Agree to Special Financing Terms for Renewable Energy and Water Projects

OECD countries participating in the Arrangement on Officially Supported Export Credits have agreed special financial terms for renewable energy and water projects, starting on 1 July 2005 for a two-year trial basis. This agreement will promote the use of renewable energy resources and help increase access to safe drinking water. This is in line with commitments made at the 2002 Johannesburg World Summit on Sustainable Development and to the Millennium Development Goals.

The special terms for renewable energies and water projects will allow borrowers extended repayment terms of 15 years; this is comparable to the present credit terms available for nuclear power plants under the Arrangement and is more favourable than the 12-year terms available for conventional power projects or the 8.5/10-years for water projects. This will enhance the economic and financial viability of such projects, encouraging a wider market and general acceptance of renewable energy technologies especially in developing countries.

The renewable energies covered by the agreement are wind energy, geothermal energy, tidal and stream power, wave power, solar photovoltaic power, solar thermal energy, ocean thermal energy and bio-energy. Water projects covered by the agreement are those related to the supply of water for human use and wastewater treatment facilities.

Implementation of the agreement for hydro power projects will be deferred pending further consideration by the Participants to the Arrangement as to whether or not the extant guidelines of assessing the environmental impact of officially supported export credits (i.e. the OECD Recommendation on Export Credits and the Environment agreed at the end of 2003) are sufficient to comply with the relevant standards for such projects. A conclusion on hydropower projects will be made at the Participants next plenary meeting in November 2005.

The Chairman of the Participants to the OECD Export Credit Arrangement, Ms. Nicole Bollen, welcomed the agreement, noting that the extended repayment terms for renewable energy technologies should make these more competitive than conventional energy sources and those for water projects should improve access to water and sanitation for developing countries.

For further information, journalists are invited to contact Janet West in the OECD’s Trade Directorate (tel. (33) 1 45 24 89 10 or janet.west@oecd.org).