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EXECUTIVE SUMMARY


This Review is the second under the 2007 Recommendation and is based on responses from 28 of 29 Members of the Working Party on Export Credits and Credit Guarantees (ECG), i.e. a total of 31 Export Credit Agencies: since the first Review in 2008, Mexico has responded to the Survey for the first time and eight Members/ECAs (Austria, Germany, Japan (JBIC and NEXI), Korea KEIC, the Netherlands, Portugal and Spain) have updated their responses.

This Review shows that, whilst Members’ environmental review systems continue to vary and some Members have little or no experience of dealing with projects with potential adverse environmental impacts, the majority of Members have systems in place for reviewing applications for official support that are broadly compliant with the requirements of the 2007 Recommendation. However, some differences in systems still exist, e.g. with regard to screening applications, reviewing projects for their potential environmental impacts, benchmarking against host and international standards, and making project and environmental impact information publicly available.

This Review should be read in conjunction with Member’s actual responses and, for implementation aspects, with the annual Reviews of Category A and Category B project supported by Members, both of which are available on the OECD website. The information contained in these Reviews will facilitate the ECG Environmental Practitioners’ work to build a body of experience on the application of the 2007 Recommendation and the ECG review of the 2007 Recommendation, which is due to be completed before the end of 2010.

As agreed by Members at their 116th Meeting held in November 2008, Members’ responses to the Survey, as at 31 July 2009, were made publicly available on the OECD website and Civil Society Organisations were invited to comment on such responses for inclusion in this Review, in the context of an enhance peer review process; comments were received from ECA Watch, which have been included in full in Annex I of this Review, together with any responses submitted from the relevant Member/ECA.

A provisional version of this Review was examined and discussed by Members at their 120th Meeting, held in November 2009, following which Members were invited to provide comments by end-December 2009, including responses to the comments from ECA Watch.

A revised version of this Review was then prepared for presentation to Members at their 122nd Meeting, held in April 2010; however, this Meeting was cancelled due to the closure of European airspace. This final version was agreed via written procedure; it is issued as an unclassified document and will be made publicly available on the OECD website.
I. Introduction

1. The aim of this Review is to evaluate Members’ implementation of the Revised OECD Recommendation on Common Approaches on the Environment and Officially Supported Export Credits (the “2007 Recommendation”) [TAD/ECG(2007)9], based on their responses, as at 31 July 2009, to a Survey on the Environment and Officially Supported Export Credits (the “Survey”) [TAD/ECG(2007)12/FINAL], which aims to elicit details of Members’ environmental review systems, policies and practices.

2. Responses to the Survey have been received from 28 out of 29 Members of the Working Party on Export Credits and Credit Guarantees (ECG): Ireland did not reply as it has no relevant official export credit programme; however, responses from both the Export Credit Agencies (ECAs) of Hungary, Japan and Korea have been reported and analysed separately. In total, therefore, responses have been received from 31 Members/ECAs.

3. This is the second Review of Members’ responses under the 2007 Recommendation: the first Review, which was made publicly available on the OECD website, took place in 2008 and was based on Members’ original responses to the Survey. Since then, Mexico has responded to the Survey for the first time and six Members/ECAs (Germany, Japan (JBIC and NEXI), Korea KEIC, Portugal and the Netherlands) have updated their responses and this Review reflects such updated responses. All Members’ responses, as considered in this review, can be found on the OECD website; any questions concerning these responses should be addressed to the Member concerned.

4. Under the provisions of the enhanced peer review process agreed by Members at their 116th Meeting held in November 2008, Members’ updated responses, as at 31 July 2009, were made publicly available on the OECD website and the OECD Secretariat wrote on 6 August 2009 to the Business and Industry Advisory Committee to the OECD (BIAC), the ECA Watch network of Non-Governmental Organisations (NGOs), the European Banking Federation (EBF), the Trade Union Advisory Committee to the OECD (TUAC) and Transparency International (TI) inviting them to comment.

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2. Greece reported that, given its lack of experience with applications for projects with potential environmental impacts, it has yet to establish procedures within its ECA to achieve the objectives of the 2007 Recommendation: Greece has, therefore, responded only to Sections (i) and (ii) of the Survey.
3. Previous Reviews were in respect of the original 2003 Recommendation on Common Approaches on Environment and Officially Supported Export Credits [TD/ECG(2003)13/REV2, subsequently replaced by TD/ECG(2005)3].
5. In this context, Mexico noted that it has established some initial procedures that are consistent with the 2007 Recommendation and is preparing an Environmental Manual with the World Bank.
7. http://www.oecd.org/document/38/0,3343,en_2649_34181_41888998_1_1_1_37431,00.html.
on these responses: comments were received from ECA Watch, both of a general nature and specifically with regard to the answers of certain ECAs. The ECG discussed these comments at its Meeting in November 2009 and agreed that these comments should be included in full in an Annex to this Review, together with any comments from those Members/ECAs that wished to respond to ECA Watch: both the comments from ECA Watch and any responses submitted by Members may, therefore, be found in Annex I of this Review. For information, as a result of the comments from ECA Watch, Austria, Japan JBIC and NEXI, and Spain requested certain changes to their Survey responses, which have also been reflected in this latest version of the Review and in the updated Survey responses available on the OECD website.

5. Lastly, many responses to the Survey contain additional information and comments, which it is not possible to analyse in this type of Review; for a full picture of a Member’s policies and practices, the Review should be read in conjunction with Member’s actual responses available on the OECD website and, for implementation aspects, with the annual Reviews of Category A and Category B project supported by Members, which are available on the OECD website. Any questions concerning Members’ responses should be directed to the Member concerned. For information, the Survey responses, this Review and the annual Reviews of Category A and Category B projects will help inform Members’ forthcoming review of the 2007 Recommendation, which is due to be completed before end 2010, the Environmental Practitioners work in building a body of experience on the application of the 2007 Recommendation, and the Environment Policy Committee (EPOC) in connection with its reviews of Members’ environmental performance.

6. This Review comprises the following Sections:

- Section II: Detailed Review of the Responses to the Survey
  - General Principles
  - Screening and Classification of Projects
  - Environmental Review
  - Evaluation, Decision and Monitoring
  - Exchange and Disclosure of Information
  - Reporting and Monitoring of the Recommendation
  - Other Comments
- Section III: General Comments
- Annex I: Civil Society Organisations Comments and Responses from Members/ECAs
- Annex II: Annexes to ECA Watch Comments

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8 OeKB (Austria), COFACE (France), Euler Hermes (Germany), SACE (Italy), JBIC and NEXI (Japan), Atradius (Netherlands), ECGD (United Kingdom) and Exim (United States).

9 http://www.oecd.org/document/53/0,3343,en_2649_34169_42458549_1_1_1_37431,00.html.
II. Detailed Review of the Responses to the Survey

(i) General Principles

(a) Objectives

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

7. The 2007 Recommendation sets out the general objects of the Recommendation [Paragraph 2] and the actions Members should take to achieve these objectives [Paragraph 3]: in this context, this question is intended to allow Members/ECAs to provide a general, high-level description of, or statement about, their policies and practices with regard to the environment, including any particular aspects that they would wish to highlight, for the benefit of stakeholders when these responses are made publicly available.

8. All 31 Members/ECAs responded to this question; however, given the nature of the question and the variety of the responses, these have not been analysed for this Review.

(ii) Screening and Classification of Projects

(a) Exceptions

2. Are all applications screened? If not, please provide details of any exemptions from screening, including the value of any threshold used.

9. The 2007 Recommendation states that “Members should screen all applications for officially supported export credits covered by this Recommendation” [Paragraph 4] and that “this Recommendation applies to all officially supported export credits with a repayment term of two years or more” [Paragraph 1]: in this context:

- Twenty eight Members/ECAs responded that all applications are screened, including four Members/ECAs, i.e. Finland, Luxembourg, Portugal and Spain, which specifically responded that this referred to all applications covered by the 2007 Recommendation, i.e. for support with a repayment period of two years or more.

- Two Members/ECAs responded that not all applications are screened: New Zealand reported having a threshold of NZD 20 million; and the United Kingdom reported that applications for support in the aerospace and defence sectors are subject to separate provisions outside the scope of the 2007 Recommendation.

(b) Information Requirements

3. What information is required for the screening process?

10. The 2007 Recommendation does not refer to the information that should be required for the screening process; this question and its responses are for information and transparency: in this context, Members/ECAs reported that the following information is required for the screening process:

10 The response from Mexico to this question needs to be clarified.
− Application form: 11 Members/ECAs\textsuperscript{11}. For information, in its updated response for 2009, the Netherlands noted that, as of 1 September 2009, its application form would include questions on the supply chain related to the capital goods or services.

− Separate environmental questionnaire: 12 Members/ECAs\textsuperscript{12}.

− Other information: seven Members/ECAs, of which:
  
  • On a case-by-case basis, a mixture of project, environmental and other information, as appropriate: four Members/ECAs, \textit{i.e.} Australia, Denmark, Finland and New Zealand.

  • On a case-by-case basis depending on the nature of the application: three Members/ECAs, \textit{i.e.} Canada has different requirements for medium- and long-term and for some short-term transactions; Germany requires a project memorandum for projects above the threshold and sector specific forms for certain sectors; and Korea Eximbank requires an Environmental Impact Assessment (EIA) report, if available.

− Greece responded that it has no specific policy regarding the information required for the screening process, since it expects screening to be part of the work undertaken and submitted by external consultants for projects subject to the 2007 Recommendation.

\textit{(c) Responsibilities}

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

11. The 2007 Recommendation states that “the parties involved in an application...should provide all information necessary to carry out the screening” [Paragraph 4]: in this context, Members/ECAs responded that the following were responsible for providing the information:

− Applicant (in most cases): 24 Members/ECAs.

− Project sponsor (in most cases): two Members/ECAs, \textit{i.e.} Korea KEIC and New Zealand.

− Other, \textit{i.e.} applicant, exporter, borrower or project sponsor on a case-by-case basis: five Members/ECAs, \textit{i.e.} Canada, Denmark, Korea Eximbank, Spain and Turkey.

\textsuperscript{11} Austria, Belgium, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom and United States.

\textsuperscript{12} Czech Republic, France, Hungary Eximbank and MEHIB, Japan JBIC and NEXI, Korea KEIC, Mexico, Poland, Slovak Republic, Spain and Turkey.
5. Who within your ECA is responsible for screening applications?

12. The 2007 Recommendation does not refer to whom, within an ECA, responsibility rests for screening of applications; therefore, this question and its responses are for information and transparency: in this context, Chart 1\textsuperscript{13} below shows who is responsible for screening applications\textsuperscript{14}.

![Chart 1: Question 5: Responsibility for screening applications](chart.png)

\textbf{(d) Timing}

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

13. The 2007 Recommendation states that “screening should take place as early as possible in the risk assessment process” [Paragraph 4]; in this context, Members/ECAs responded that screening takes place:

- As early as possible in the risk assessment process or on receipt of completed applications, including any necessary environmental information: 27 Members/ECAs.

- When the underwriter determines that there is a significant chance that the transaction will go ahead: one Member/ECA, \textit{i.e.} Denmark.

- Before issuing either an indication or offer of support: one Member/ECA, \textit{i.e.} Australia.

- Before underwriting the risk or assessing the project: two Members/ECAs, \textit{i.e.} Greece and Mexico.

\textsuperscript{13} For Charts 1, 3, 4, 7, 14 and 15, UW means Underwriter and EP means Environmental Practitioner.

\textsuperscript{14} ‘Other’ responses include exporters for smaller transactions otherwise Environmental Practitioners (Canada); input from relevant Ministries (Hungary Eximbank and MEHIB); ECA, plus underwriters and Environmental Practitioners of ONDD Belgium for confirmation (Luxembourg); and underwriters plus consultants (Mexico).
(e) Scope and Criteria of Screening

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

14. The 2007 Recommendation states that in the screening process “Members should, where appropriate, consider operational links with associated operations, taking into account the timing or location of the construction of such identified operations” [Footnote 1]: in this context, Members/ECAs responded that they consider operational links with associated operations on a case-by-case basis, taking into account factors such as ownership, technical and financial links, the nature of the associated operations, including inputs and outputs, their potential environmental impacts and the degree of influence over the associated operations, as well as the timing and location of their construction. Four Members/ECAs, i.e. Australia, Austria, Finland and the United States, indicated that their considerations may impact on decisions regarding the scope of the project, its categorisation and its environmental review.

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).

(b) re-insurance as lead ECA.

(c) re-insurance as re-insurer.

15. The 2007 Recommendation does not specify any particular practices that should be followed in the screening of applications in such situations; however, it does state that “Members supporting exports forming only a minor part of a project, or in re-insurance situations, may take into account the review carried out by another Member, an IFI...or a Member’s Development Agency, in accordance with this Recommendation” [Footnote 3]: in this context, Chart 2 below shows how Members/ECAs responded for each of the three given situations15.

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15 For questions 8 (b) and 8 (c) Hungary Eximbank, Japan JBIC and Korea Eximbank responded ‘Not Applicable’ as they do not provide insurance and, for question 8 (b), Mexico responded ‘Other’, which needs to be clarified.
Chart 2: Question 8: Practices in screening applications

9. What procedures and practices do you have in place to help identify exports of capital goods and services to existing operations\textsuperscript{\textit{16}}?

10. What procedures and practices do you have in place to help identify exports of capital goods and services to projects\textsuperscript{\textit{17}}?

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

\textsuperscript{16} For the purposes of this Survey, “existing operations” are any identifiable existing operations that are undergoing no material change in output of function.

\textsuperscript{17} For the purposes of this Survey, “projects” are any new commercial, industrial or infrastructure undertaking at an identified location or any identifiable existing operation that is undergoing a material change in output or function.
(existing operation, new project or stand-alone delivery) of the exported goods and services and their potential environmental impacts.

− In addition, one Member/ECA, *i.e.* Turkey, reported that it requires the export contract to be provided to identify the destination of the export (*i.e.* a new project or existing operation) and that, once the transaction has been approved, it is checked against customs documentation.

**Classification System**

12. Does your classification system vary from that of the Recommendation? If so, please provide details.

17.  The 2007 Recommendation states that Members should classify projects into one of three Categories: A (significant adverse potential environmental impacts), B (less adverse potential environmental impacts) and C (minimal or no adverse potential environmental impacts) [Paragraph 8]: in this context:

− All Members/ECAs reported having the same three Categories for classification as set out in the 2007 Recommendation. In addition, six Members/ECAs reported having additional internal categories for certain types of applications (*c.f.* Question 13 for more details on the purpose of such internal categories):

  • Finland and Spain: those exports to existing operations or that are neither to existing operations nor to projects, which are not classified according to the 2007 Recommendation, are labelled internally as “non-projects”.

  • Germany: two categories are used for internal purposes only to identify: (i) certain short term projects18 and (ii) exports to existing operations without material change in output or function.

  • Japan JBIC: Category FI for projects where JBIC’s funding is provided to a financial intermediary, the selection and assessment of the actual sub-projects is substantially undertaken by that financial intermediary only after JBIC’s approval of the funding, and those sub-projects are expected to have potential impact on the environment.

  • Netherlands: the label M is applied for existing operations that are undergoing no material change in output or function, operations in the project surroundings and refinancing applications. M stands for a marginal review focussing on the track record of the project sponsor in environmental and social aspects and on compliance with applicable local standards for the operations.

  • Sweden: free standing deliveries, *i.e.* trucks for a retailer, a pump to a plant for producing drinking water, etc. (*e.g.* exports that are neither to existing operations nor to projects).

18 Projects that would fall in Category A under long term conditions, or are in three specific sensitive sectors (pulp and paper, dams and mining) or are turn-key delivery of large plants above EUR 50 millions.
(h) Scope of Classification

13. Do you classify exports of capital goods and services (a) that are to existing operations or (b) that are neither to existing operations nor to projects? If so, please provide details.

18. The 2007 Recommendation states that applications for exports to existing operations that are undergoing no material change in output or function “may not be classified” [Paragraph 5.1]; it does not refer to how exports that are neither to existing operations nor to projects should be treated. This question seeks information on whether Members/ECAs classify such applications according to the system set out in the 2007 Recommendation, which might be informative for its next review.

19. With regard to applications for exports to existing operations:

- Twenty-three Members/ECAs classify such applications using the classifications set out in paragraph 6 of the 2007 Recommendation: in this context, Czech Republic and Slovak Republic would classify them as Category C (in most cases).

- Three Members/ECAs sometimes classify such applications using the classifications set out in paragraph 6 of the 2007 Recommendation, i.e. France and Spain (if there are significant environmental or social impacts) and Finland (if the existing operation is in or near sensitive areas); if such applications are not classified, Finland and Spain label them internally as “non-projects”.

- Five Members/ECAs, i.e. Canada, Germany, Netherlands, Italy and Turkey, do not classify applications for exports to existing operations using the classifications set out in paragraph 6 of the 2007 Recommendation; of these, Germany and the Netherlands reported identifying such applications by way of a category for internal purposes only.

20. With regard to applications for exports that are neither to existing operations nor to projects:

- Fourteen Members/ECAs\textsuperscript{19} classify such applications using the classifications set out in paragraph 6 of the 2007 Recommendation: in this context, Japan JBIC and NEXI, Korea KEIC, Norway, Slovak Republic and United States would classify them as Category C (in most cases).

- Three Members/ECAs sometimes classify such applications using the classifications set out in paragraph 6 of the 2007 Recommendation: i.e. France (if there are significant environmental or social impacts), Finland (on a case-by-case basis) and Switzerland (if the goods and / or services have a potentially serious impact); if such applications are not classified, Finland labels them internally as “non-projects”.

- Fourteen Members/ECAs\textsuperscript{20} do not classify applications for exports that are neither to existing operations nor to projects using the classifications set out in paragraph 6 of the 2007 Recommendation; of these, Spain and Sweden reported identifying such applications by way of a category for internal purposes only.

\textsuperscript{19} Australia, Czech Republic, Denmark, Japan JBIC and NEXI, Korea Eximbank and KEIC, Luxembourg, Mexico, Netherlands, Norway, Slovak Republic, United Kingdom and United States.

\textsuperscript{20} Austria, Belgium, Canada, Germany, Greece, Hungary Eximbank and MEHIB, Italy, New Zealand, Poland, Portugal, Spain, Sweden and Turkey.
14. In what circumstances do you classify projects in respect of which your share is below SDR 10 million?

21. The 2007 Recommendation states that “Members should classify all projects in respect of which their share is above SDR 10 million and all projects in or near sensitive areas in respect of which their share is below SDR 10 million” [Paragraph 5.2]: in this context:

- Classify all projects in or near sensitive areas, in sensitive sectors, or with high potential environmental risks regardless of value: 15 Members/ECAs.
- Classify all projects regardless of value: 15 Members/ECAs.
- Other: one Member/ECA: New Zealand currently only classifies projects for which its share is above NZD 20 million.

(i) Responsibilities for Classification

15. Who is responsible for the classification of projects?

22. The 2007 Recommendation does not state who is responsible for the classification of a project; therefore, this question and its responses are for information and transparency and, in this context, Chart 3 below shows responsibility for classifying projects:

Chart 3: Question 15: Responsibility for classifying projects

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21 Canada, Czech Republic, Germany, Finland (or if the export delivery contract price is above EUR 5 million), France, Greece, Hungary Eximbank, Korea Eximbank and KEIC, Netherlands, Poland, Portugal, Sweden, Switzerland (as from 2008) and Turkey.

22 Australia, Austria, Belgium, Denmark, Hungary MEHIB, Italy, Japan JBIC and NEXI, Luxembourg (if with a repayment term of more than one year), Mexico, Norway, Slovak Republic, Spain, United Kingdom and United States.

23 ‘Other’ responses include underwriter and external consultant (Greece, Mexico and Portugal), input from relevant Ministries (Hungary Eximbank and MEHIB), ECA Board (Luxembourg), and applicant or Environmental Practitioner (Poland).
(iii) **Environmental Review**

23. The following Sections of this Review relate to responses from 30 Members/ECAs as Greece responded only to Sections (i) and (ii) of the Survey.

(a) **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.

24. The 2007 Recommendation states that “Members should indicate to the appropriate parties involved in the project the type of information they require in relation to the potential environmental impacts of the project, including, where appropriate, the need for an Environmental Impact Assessment (EIA)” [Paragraph 8]: in this context:

- Twenty-six Members/ECAs responded that they have prescribed procedures for the type of information necessary for the review process; and
- Four Members/ECAs, *i.e.* Germany, Mexico, Norway and Portugal, responded that they have adopted a case-by-case approach to information requirements.

(b) **Responsibilities**

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

25. The 2007 Recommendation states that “The applicant is responsible for providing the appropriate information” for an environmental review [Paragraph 8]: in this context, Members/ECAs responded that the following were responsible for providing the information:

- Applicant (in most cases): 22 Members/ECAs.
- Project Sponsor (in most cases): three Members/ECAs, *i.e.* Canada, Korea KEIC and New Zealand.
- Other, *i.e.* applicant, exporter, borrower or project sponsor on a case-by-case basis: five Members/ECAs, *i.e.* Denmark, Korea Eximbank, Poland, Spain and Turkey.

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

26. The 2007 Recommendation does not state who is responsible for reviewing projects: therefore, this question and its responses are for information and transparency: in this context, Chart 4 below shows responsibility for classifying projects.\(^\text{24}\)

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\(^{24}\) ‘Other’ responses include input from relevant Ministries (Hungary Eximbank and MEHIB) and underwriter and external consultant (Mexico and Portugal).
(c) Scope and Criteria

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

27. The 2007 Recommendation states that in the review process “Members should, where appropriate, consider operational links with associated operations, taking into account the timing or location of the construction of such identified operations” [Footnote 1]: in this context, Members/ECAs responded that they consider operational links with associated operations on a case-by-case basis as part of the environmental review process. However, in general, once an associated operation has been identified as falling within the scope of an overall project, it is reviewed as part of that project and in the same manner. In particular, Members/ECAs reported that they considered the cumulative impacts of the overall project on, for example, ambient conditions, inputs, emissions, local residents etc: such considerations might be a factor in whether to proceed with support for the relevant application.

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.

   (b) Re-insurance as lead ECA.

   (c) Re-insurance as re-insurer.

28. The 2007 Recommendation states that “Members supporting exports forming only a minor part of a project, or in re-insurance situations, may take into account the review carried out by another Member, an IFI...or a Member’s Development Agency, in accordance with this Recommendation”
[Footnote. 3]: in this context, Chart 5 below shows how Members/ECAs responded for the three given situations.  

Chart 5: Question 20: Practices in reviewing applications

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(d) 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 any examples of experience.

29. The 2007 Recommendation states that “Members should require an EIA to be undertaken” for Category A projects [Paragraph 9]: in this context:

- Twenty-one Members/ECAs responded that there are no circumstances in which they 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; and

- Nine Member/ECAs responded that there are such circumstances:
  
  - Canada reported that it requires an EIA to be submitted for review for all Category A projects; however, Canada does not require an EIA to be submitted for review in G7 countries, where the focus of its review is on compliance with host country

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25 For questions 20 (b) and 20 (c) Hungary Eximbank, Japan JBIC and Korea Eximbank responded ‘Not Applicable’ as they do not provide insurance and, for question 20 (b), Mexico responded ‘Other’, which needs to be clarified.
standards, which have been determined to be higher standards under the 2007 Recommendation; and

- Eight Members/ECAs, i.e. Australia, Denmark, Finland, Germany, Italy, Netherlands, Turkey and United Kingdom, reported that they would either try to bring an EIA report up to a level commensurate with the provisions of the 2007 Recommendation or use alternative environmental and social reports to fill any gaps in the EIA report or where an EIA report did not exist.

22. Who is responsible for:

(a) Commissioning and carrying out an EIA?

(b) Providing you with a copy of an EIA report?

(c) Reviewing an EIA report?

30. The 2007 Recommendation does not state who should be responsible for commissioning, carrying out or reviewing an EIA report; however, the applicant is responsible for providing the resulting EIA report, which should not be carried out and reviewed by the same party [Paragraph 9]: in this context, Chart 6 below shows how Members/ECAs responded concerning responsibilities for commissioning, carrying out and providing an EIA report.

Chart 6: Question 22: Responsibility for commissioning, carrying out and providing an EIA report

31. The 2007 Recommendation does not state who should be responsible for reviewing an EIA report; therefore, this question and its responses are for information and transparency: in this context,

26 ‘Other’ responses include: for commissioning an EIA, either importer, exporter or project sponsor (Poland) and applicant (i.e. borrower) or project sponsor (Turkey); for carrying out an EIA, either importer, exporter or project sponsor (Poland) and not defined (Portugal); and for providing an EIA, either borrower, exporter or project sponsor (Korea Eximbank) and exporter or project sponsor (Spain).
Chart 7 below shows how Members/ECAs responded concerning responsibility for reviewing an EIA report.27

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<thead>
<tr>
<th>Category</th>
<th>Number</th>
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<tbody>
<tr>
<td>UNY (alwayys)</td>
<td>2</td>
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<tr>
<td>EP (alwayys)</td>
<td>15</td>
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<tr>
<td>UW/EP (jointly)</td>
<td>1</td>
</tr>
<tr>
<td>UW/EP (case-by-case) ECA consultant</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
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27 ‘Other’ responses include Environmental Practitioner and consultant (Mexico) and not-defined (Portugal).

(e) 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, including 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 (title 1) of the Recommendation, are taken into consideration.

32. The 2007 Recommendation states that “The scope of a review for a Category B project may vary from project to project” [Paragraph 10]: in this context, Members/ECAs reported that their reviews of Category B projects are undertaken on a case-by-case basis, depending on the project in question; however, in general, they take a similar approach to reviewing Category A projects in looking at the potential environmental impacts of projects and comparing the project standards to host and international standards. For example, some Members/ECAs stated their preference for having an EIA, or similar, report; in contrast, other Members/ECAs reported that the scope of review for Category B projects is narrower, with a focus, for example, on project emissions.

33. The Survey invited Members/ECAs to comment on which, if any, of the items listed in Annex II of the 2007 Recommendation and which key environmental factors, such as those listed in Paragraph 8 (title 1) of the 2007 Recommendation, are taken into consideration when reviewing Category B projects: in this context, 28 Members/ECAs responded in full and such responses are given in Chart 8 and 9 below.

28 Italy and Korea Eximbank did not respond in detail to all sub-questions: where no response was received, this is showed as N/K.
(f) Existing Operations

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

34. The 2007 Recommendation states that “applications for exports of capital goods and services to existing operations...shall be reviewed for environmental risks before any final commitment to provide official support” [Paragraph 5.1]: in this context, this question seeks information on Members’/ECAs’ review procedures and practices for applications that might not be classified nor subject to Sections III-V of the 2007 Recommendation; the responses may be read in conjunction with the responses to Question 13a, which asks whether Members/ECAs classify applications for such exports:
As for projects: six Members/ECAs, *i.e.* Australia, Belgium, France, Luxembourg, Mexico and Korea (KEIC), review applications for existing operations in the same way as those for projects.

A more limited or case-by-case review: 24 Members/ECAs: of these, responses varied from those Members/ECAs that undertake a full review if any potential environmental impacts are found to those Members/ECAs that review the applications only as part of the screening process.

(g) 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? If so, please provide details.

35. The 2007 Recommendation does not state whether or how exports of capital goods and services that are neither to existing operations nor to projects are to be reviewed: in this context, this question seeks information on Members’/ECAs’ approach to such exports; the responses may be read in conjunction with the responses to Question 13b, which asks whether Members/ECAs classify applications for such exports:

- Seventeen Members/ECAs\(^\text{29}\) review the environmental risks associated with exports of capital goods and services that are neither to existing operations nor to projects. For information, four Members/ECAs reported examples of what they might look at:
  - the end use of the exports and factors such as the host country, sector, site location, compliance history and track records of the parties involved (Canada);
  - compliance with exporting country law or international guidelines (Mexico);
  - the potential environmental impacts of the goods themselves, *e.g.* for engines, boilers, cooling systems, ships etc information might be required to make sure they comply with international standards such as for air emissions, the Montreal Protocol and the MARPOL Convention (Spain); and
  - for certain ‘high risk’ sectors, *i.e.* mining, hydropower, infrastructure and metal, an extended review of the export might be undertaken (Sweden).

- Thirteen Members/ECAs\(^\text{30}\) do not review the environmental risks associated with such exports.

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\(^{29}\) Australia, Canada, Czech Republic, Denmark, Finland, Italy, Japan JBIC and NEXI, Korea Eximbank, Mexico, Netherlands, Norway, Slovak Republic, Spain, Switzerland, Sweden, United Kingdom.

\(^{30}\) Austria, Belgium, France, Germany, Hungary Eximbank and MEHIB, Korea KEIC, Luxembourg, New Zealand, Poland, Portugal, Turkey and United States.
(h) Standards

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

36. The 2007 Recommendation states that "Projects should, in all cases, comply with host country standards" [Paragraph 13]: in this context, Members/ECAs reported a number of ways in which they ensure that a project is compliant with host country standards, not all of which are mutually exclusive and may depend on the Category of the project:

- Information contained in EIA, or similar, reports.
- Responses in application forms or environmental questionnaires.
- Sight of copies of environmental permits, licenses, import documentation etc. from host country or consultation with host country authority in charge of environmental standards.
- ECA comparison of actual host country standards with potential project standards.
- Confirmation through inclusion of specific warranties in loan or policy documentation.
- Information from the applicant or confirmation from the borrower/buyer.
- Monitoring of the on-going project.

37. Two Members/ECAs reported that they have no specific procedures to ensure that a project complies with host country standards: (i) Denmark, except for concession agreements, relies on projects meeting IFC Performance Standards and EHS Guidelines as being higher than host country standards and (ii) Portugal relies on its exporters complying with Portuguese standards, which it considers equivalent to EU standards and, in almost all cases, to be more stringent than host country standards, since its exports are mainly to African countries.

27. Paragraph 12 of the Recommendation sets out the general circumstances in which 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.

38. Members/ECAs responded, with regard to international standards for Category A projects:
Eleven Members/ECAs always use World Bank Safeguard Policies and 15 Members/ECAs use them except when IFC/RDB standards apply. Three Members/ECAs, i.e. Austria, Finland and Norway, use the Safeguard Policies when they are relevant for the project and one Member/ECA, i.e. Poland, uses them “in most cases”.

Thirteen Members/ECAs always use IFC Performance Standards for private sector limited or non-recourse project finance cases and 13 Members/ECAs do so on a case-by-case basis, for example, if requested by the project sponsor or if an Equator Principles Financial Institution is participating in the transaction. Two Members/ECAs, i.e. Australia and Norway, use the Performance Standards when they are relevant for the project and one Member/ECA, i.e. Poland, uses them “in most cases”. One Member/ECA, i.e. Mexico, stated that it does not operate with IFC.

Seven Members/ECAs always use Regional Development Banks standards, where such institutions are supporting the transaction, and 22 Members/ECAs do so on a case-by-case basis, for example, if the RDB standards are consistent with or more stringent than the Performance Standards or if requested to do so by the project sponsor. One Member/ECA, i.e. Denmark, would use RDB standards in other circumstances (no details provided).

With regard to other relevant internationally recognised standards: 21 Members/ECAs responded with information on when they use such standards, for example, on a case-by-case basis when such standards are more stringent than or not addressed by World Bank Group standards or if a project is based in an EU or high-income OECD country; and 18 Members/ECAs gave examples of the type of other relevant internationally recognised standards that they use, typically European Community standards, but also, for example, those of the World Commission on Dams and the World Health Organisation.

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.

(b) IFC Environmental, Health and Safety Guidelines.

39. The Survey invited Members/ECAs to provide details of the circumstances, if any, in which they use the Pollution Prevention and Abatement Handbook (PPAH) and the IFC Environmental, Health and Safety Guidelines.

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31 Czech Republic, Germany, Italy, Korea Eximbank, Luxembourg, Mexico, New Zealand, Slovak Republic, Sweden, Switzerland and Turkey.

32 Belgium, Canada, Czech Republic, Denmark, France, Hungary Eximbank and MEHIB, Japan NEXI, Luxembourg, Netherlands, New Zealand, Switzerland and United States.

33 Czech Republic, Luxembourg, Mexico, Netherlands, New Zealand, Norway and Switzerland.

34 Australia, Canada, Denmark, Finland, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC, Korea Eximbank and KEIC, Mexico, Netherlands, Norway, New Zealand, Poland, Slovak Republic, Spain, Sweden, Turkey and United States.

35 Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Japan NEXI, Luxembourg, Mexico, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.
Safety (EHS) Guidelines for evaluating the potential environmental impacts of Category A projects: in this context, 29 Members/ECAs responded in full\(^{36}\); Charts 10 and 11 provide details. For information, 13 Members/ECAs\(^{37}\) commented either that they would prefer to use the IFC EHS Guidelines or that they would use the PPAH only where sector guidance is not available in the IFC EHS Guidelines or where applications for support were received prior to the adoption and/or implementation of the 2007 Recommendation, since the IFC EHS Guidelines have replaced the PPAH. In this context, since the last Review in 2008, there has been an increase in the number of Members that rarely use the PPAH for Category A projects and in the number of Members that use the EHS Guidelines for Category A projects in most cases. In contrast, one Member/ECA, i.e. Mexico, reported that it does not use the IFC EHS Guidelines, as Bancomext does not operate with IFC.

\[\text{Chart 10: Question 28: Use of the PPAH for Category A projects}\]

\[\text{Chart 11: Question 28: Use of the EHS Guidelines for Category A projects}\]

\(^{36}\) Korea Eximbank did not respond in detail to this question.

\(^{37}\) Australia, Austria, Canada, Finland, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC and NEXI, Netherlands, Poland and United States.
29. Paragraph 12 of the Recommendation sets out the general circumstances in which 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) IFC Performance Standards.
(c) Regional Development Bank standards.
(d) Other relevant internationally recognised standards, such as European Community standards.

40. Members/ECAs responded, with regard to international standards for Category B projects as follows:

- Fourteen Members/ECAs\(^{38}\) always use World Bank Safeguard Policies and 14 Members/ECAs use them except when IFC/RDB standards apply. Two Members/ECAs use the Safeguard Policies in other circumstances: Austria (in those circumstances where they are relevant for the project) and Poland (no details provided).

- Thirteen Members/ECAs\(^{39}\) always use IFC Performance Standards for private sector limited or non-recourse project finance cases and 14 Members/ECAs do so on a case-by-case basis. Two Members/ECAs, \(i.e.\) Australia and Germany, use the Performance Standards in other circumstances (no details provided). One Member/ECA, \(i.e.\) Mexico, stated that it does not operate with IFC.

- Five Members/ECAs\(^{40}\) always use Regional Development Banks standards, where such institutions are supporting the transaction, and 23 Members/ECAs do so on a case-by-case basis. Two Members/ECAs, \(i.e.\) Austria and Denmark, would use RDB standards in other circumstances (no details provided).

- With regard to other relevant internationally recognised standards, 29 Members/ECAs\(^{41}\) provided details: 20 Members/ECAs\(^{42}\) responded with information on when they use such standards, for example, on a case-by-case basis when such standards are more stringent than or not addressed by World Bank Group standards or if a project is based in an EU or

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38  Czech Republic, Finland, Germany, Hungary Eximbank and MEHIB, Italy, Korea Eximbank, Mexico, New Zealand, Norway, Slovak Republic, Sweden, Switzerland and Turkey.
39  Belgium, Canada, Czech Republic, Denmark, France, Hungary Eximbank and MEHIB, Japan NEXI, Luxembourg, Netherlands, New Zealand, Norway and United States.
40  Czech Republic, Mexico, Netherlands, New Zealand and Norway.
41  Finland did not provide details.
42  Australia, Canada, Czech Republic, Denmark, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC, Korea Eximbank and KEIC, Mexico, Netherlands, Norway, New Zealand, Slovak Republic, Spain, Sweden, Turkey and United States.
high-income OECD country; and 18 Members/ECAs\(^\text{43}\) gave examples of the type of other relevant internationally recognised standards that they use, typically European Community standards, but also, for example, those of the World Health Organisation.

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.

(b) IFC Environmental, Health and Safety Guidelines.

41. The Survey invited Members/ECAs to provide details of the circumstances, if any, in which they use PPAH and the IFC EHS Guidelines for evaluating the potential environmental impacts of Category B projects: in this context, 29 Members/ECAs responded in full\(^\text{44}\). Charts 12 and 13 provide details. For information, as with Question 28 concerning Category A projects, since the last Review in 2008, there has been an increase in the number of Members that rarely use the PPAH for Category B projects and in the number of Members that use the EHS Guidelines for Category B projects in most cases. Again, one Member/ECA, i.e., Mexico, reported that it does not use the IFC EHS Guidelines, as Bancomext does not operate with IFC.

**Chart 12: Question 30: Use of the PPAH for Category B projects**

\(^{43}\) Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Japan NEXI, Mexico, Luxembourg, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

\(^{44}\) Korea Eximbank did not respond in detail to this question.
31. Please provide details of any circumstances in which you might apply more than one set of international standards or guidelines.

42. In response to this question, 28 Members/ECAs responded:

- Eleven Members/ECAs reported that they might apply additional standards for issues not adequately addressed by the primary standards, such as unique effluent or discharge (Canada), animal production (Denmark), social issues (Korea Eximbank) and emissions (Sweden); in addition, Australia also reported that it may apply a second set of standards when comparing a transaction against other projects where the available data differed to that being used for comparison.

- Eight Members/ECAs, *i.e.* Hungary Eximbank and MEHIB, Japan JBIC, Korea KEIC, Mexico, Netherlands, Turkey and United States, reported that they might apply additional standards, depending on the other IFIs involved in a transaction.

- Two Members/ECAs, *i.e.* Belgium and Portugal, reported that they might apply additional standards on a case-by-case basis.

- Five Members/ECAs, *i.e.* Czech Republic, Italy, Japan NEXI, Luxembourg and Slovak Republic, reported that they have no experience of applying more than one set of international standards or guidelines.

- New Zealand reported that it does not foresee any circumstances in which it might apply more than one set of international standards or guidelines, and the United Kingdom reported that it prefers to apply only one set of international standards or guidelines, but may apply additional standards for environmental aspects not covered by the primary standards.

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45 Finland and Norway did not respond to this question.
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.

43. In response to this question, 28 Members/ECAs responded:

- Twenty Members/ECAs reported that they may use other internationally recognised sector specific or issue specific standards where such standards are not addressed by the World Bank, such as,
  - Exporting country standards for air quality (Germany) and animal production (Denmark)
  - International Atomic Energy Agency (IAEA) standards for nuclear projects (Canada, Italy and United States)
  - International Commission on Large Dams (ICOLD) (Hungary Eximbank and MEHIB)
  - International Cyanide Management Code (Canada)
  - IUCN Red list for endangered species (Italy and Japan NEXI)
  - MARPOL Convention (Canada and Japan NEXI)
  - Montreal Protocol (Spain)
  - Multilateral Investment Guarantee Agency standards for investment insurance (Hungary MEHIB)
  - World Commission on Dams and International Hydropower Association (Austria, France, Germany, Spain and Sweden)
  - World Health Organisation for water quality (Canada)

- Three Members/ECAs, i.e. Belgium, Netherlands and Turkey, reported that they may use other internationally recognised sector specific or issue specific standards on a case-by-case basis.

- Three Members/ECAs, i.e. Czech Republic, Luxembourg and Slovak Republic, reported that they have no experience of using other internationally recognised sector specific or issue specific standards.

- New Zealand reported that it does not foresee any circumstances in which it might use other internationally recognised sector specific or issue specific standards that are not addressed by the World Bank Group, and the United Kingdom reiterated its preference for projects to comply in all material respects with the relevant aspects of World Bank Group Standards.

46 Finland and Mexico did not respond to this question.
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.

44. The 2007 Recommendation states that “in exceptional cases, a Member may decide to support a project that does not meet the international standards against which it has been benchmarked” [Paragraph 13]: in this context, Members/ECAs were asked about their procedures and practices for dealing with such projects and responded:

- Members/ECAs look to understand the reasons behind any potential gaps between project and international standards, engage with the applicant and/or project sponsor, and seek to put in place preventative or mitigation measures, such as covenants, to bring the project into line with international standards.

- If a project will still not meet international standards, Members/ECAs will seek justification from the applicant and/or project sponsor and may, in exceptional cases, still proceed to support the case: two specific examples were provided of such circumstances:
  - The project represents an opportunity to improve environmental conditions in the host country above baseline conditions (Canada); and
  - The decision to support such a project will not alter the balance between the Member’s international obligations and its duty to promote exports (Switzerland).

- A decision to support a project that will not meet international standards, however minor the deviation, is generally taken at a high level: some Members/ECAs reported that such decisions would be taken by an ECA’s Board of Directors or by the Guardian Authority and would always be reported and justified to the ECG. However, one Member/ECA, i.e. Mexico, reported that it would not support such a project.

(i) Site Visits

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

45. The 2007 Recommendation does not refer to the circumstances in which a site visit might be carried out as part of the review process; therefore this question and its responses are for information and transparency. Members/ECAs reported that site visits are generally carried out for Category A projects and, exceptionally, for Category B projects, for example, to review existing operations. Although site visits are generally carried out on a case-by-case basis, Members/ECAs reported that they are more likely to conduct a site visit in the following circumstances, not all of which are mutually exclusive:

- The project is in a sensitive area or sector, or involves complex or unusual environmental or social issues.

- The information in the EIA report needs augmenting or verifying “in person”.

- The project is generating significant interest from Civil Society Organisations.

- For project finance transactions.
(iv) **Evaluation, Decision and Monitoring**

(a) **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 and examples of any environmental covenants used.

46. The 2007 Recommendation states that “Members should, in the event that support is to be provided, decide whether this should involve conditions to fulfil prior to, or after the final commitment for official support” [Paragraph 15]: in this context, Members/ECAs responded with information on how conditions related to the environment are incorporated into documentation prior to or after the decision on official support:

− Conditions may be incorporated into documentation either as standard or on a case-by-case basis depending on the type of transaction and the nature of the conditions; such decisions are usually taken by Environmental Practitioners as part of the review process.

− Conditions can be in the form of (i) conditions attached to an offer from the Member/ECA to the exporter, for example, submission of specific information such as an acceptable EIA report; (ii) 'Conditions Precedent' that have to be completed before loan can be disbursed, for example, submission of warranties concerning host country and international standards; and (iii) conditions that have to be completed during the life of a loan, for example, submission of monitoring reports.

− Some conditions can be negotiated directly with the exporter/bank, and some have to be inserted into the underlying loan agreement: the latter is easier to achieve when a Member/ECA has a direct contact with a project sponsor, for example, when lending directly or involved in a project finance transaction.

− Ideally, covenants should allow a Member/ECA to suspend loan disbursements, accelerate the loan or withdraw its guarantee where conditions are not being fulfilled (an Event of Default).

47. The Netherlands was the only Member/ECA to respond that, in principle, it does not apply environmental covenants. In contrast, some Members/ECAs provided examples of the types of generic and specific covenants used, including:

− **Generic**
  
  - Provision of environmental information, such as a satisfactory EIA report.
  - Compliance with host country laws, international standards and guidelines.
  - Compliance with monitoring arrangements and provision of monitoring reports.
  - Timely reporting of environmental incidents and accidents.
Specific

- Installation of additional waste water treatment plant.
- Change in design of a plant and additional SNCR plant.
- Providing periodic measurements of emissions.
- Obtaining and maintaining certification.

48. In addition, Mexico reported that for Category A projects, an applicant should follow any recommendations from the Mexican Cleaner Production Centre before Bancomext would consider it eligible for financing.

49. For information, the issue of environmental conditions and covenants is an on-going item of discussion by the ECG’s Environmental Practitioners at their semi-annual Meetings.

(b) Denying Official Support

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

50. The 2007 Recommendation states that “Members should evaluate the information resulting from screening and review, and decide whether to request further information, decline or provide official support” [Paragraph 15]: in this context, Members/ECAs were asked about the circumstances in which they would consider denying official support for environmental reasons. Members/ECAs reported a variety of circumstances in which they would consider denying official support, not all of which are mutually exclusive:

- Inconsistency with ECA environmental policy or guidelines.
- Evidence that the project has significant potential adverse environmental impacts that cannot be adequately prevented or mitigated.
- Lack of sufficient documentation available to review properly the potential impacts of a project.
- The project will not comply with host country standards and/or meet the international standards against which it was benchmarked.
- A high reputational risk.
- Lack of project sponsor credibility to implement required mitigation measures.
- Refusal of exporter and/or sponsor to incorporate satisfactory covenants into project documentation.
− The project is not conducive to developing a Member’s external transactions and/or the economic or social development of the host country.

− The project is included in the exclusion list of an International Financial Institution (IFI).

51. In addition, Canada responded that its Environmental Review Directive requires projects to meet one of the following criteria before support can be provided, i.e. if none of these criteria are met, support will be denied: (i) the adverse environmental effects, taking into account mitigation measures, associated with the project are not viewed as significant; (ii) the project is designed to meet or exceed internationally recognised good practices, guidelines or standards; (iii) the project represents an opportunity to improve environmental conditions in the host country above base-line conditions; or (iv) the project provides the opportunity to transfer environmentally sound technologies, services and knowledge to, or for the benefit of, the host country.

52. With regard to any examples of experience of projects where support has been denied on account of the environmental impacts, ten Members/ECAs\(^47\) reported experiences with transactions have not gone ahead either because support has been denied or because an applicant has withdrawn an application based on the conditions of cover or a likely denial of cover. Of these ten Members/ECAs, Belgium, France, Netherlands, Portugal and United States provided examples of actual projects where support had been denied together with the environmental reasons concerned.

(c) 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.

53. The 2007 Recommendation states that “Where support for a project is provided subject to fulfilment of certain conditions, Members should ensure that procedures are in place to monitor, as appropriate, the implementation of the project...to ensure compliance with the conditions of their official support” [Paragraph 16]: in this context:

− In general, project monitoring is undertaken on a case-by-case basis, dependent on the project and the conditions for support that were agreed during the negotiation of the project documentation; monitoring reports should address the issues raised in the action plans and the conditions for support imposed by the Member/ECA.

− In terms of procedures, most Members/ECAs reply on project sponsors or independent consultants to undertake monitoring and to provide the reports necessary to review compliance. In some cases, it is then the Environmental Practitioners who oversee the monitoring process by reviewing compliance and, if necessary, undertaking site visits. In other cases, Members/ECAs rely on consultants for this role; Australia has a specific team, i.e. the Portfolio Management Group, which is responsible.

− Belgium reported holding regular meetings with clients and consultants to ensure compliance with its environment conditions; Mexico requires semi-annual reports from the Mexican Cleaner Production Center and annual reports from its consultants; Switzerland expects the project sponsor to publish monitoring reports and has experience of a project where an

\(^47\) Belgium, Canada, Denmark, France, Germany, Netherlands, Portugal, Spain, Sweden and United States.
An independent committee of experts has been established to monitor the project and report on compliance; and the United States requires monitoring reports for all Category A projects.

With regard to the frequency of monitoring, Members/ECAs responded that monitoring is carried out on a case-by-case basis and its frequency depends on the specifics of the project and the issues that may be raised in the action plans; however, 15 Members/ECAs responded with information on the likely frequency of monitoring reports, varying from a monthly or quarterly basis, to a semi-annual or annual basis, which in some cases might vary from the construction period to the operation period.

With regard to the content of monitoring reports, Members/ECAs reported that this depends on the conditions imposed for a project particularly through the ESMP, but may include the following, not all of which are mutually exclusive:

- Quantitative data related to emissions, such as air, waste water and noise, and a comparison with the agreed limits, such as local permits or international standards.
- Implementation of, and compliance with, environmental action/management plans to prevent and mitigate environmental impacts.
- Results of site audits by external parties or expert groups.
- Project-specific conditions relating to, for example, natural habitats or resettlement issues.
- Unforeseen situations, such as site accidents, spillages or pollution.
- An overall evaluation of the above data and information, together with a comparison with the standards agreed upon and, if necessary, information on measures to mitigate any environmental impacts.

Monitoring reports are generally provided in a written format agreed on a case-by-case basis by the parties involved.

38. Who is responsible for undertaking monitoring of projects, including, if appropriate, site visits and preparing monitoring reports, and who is responsible for reviewing monitoring information and deciding on compliance?

54. The 2007 Recommendation does not state who should be responsible for undertaking project monitoring or for reviewing monitoring information and deciding on compliance; therefore, these

48 Austria, Belgium, Czech Republic, Denmark, Finland, France, Italy, Korea KEIC, Mexico, Netherlands, Slovak Republic, Spain, Switzerland, Sweden and United States.
questions and their responses are for information and transparency: in this context, Chart 14 below shows how Members/ECAs responded.

Chart 14: Question 38: Responsibility for monitoring projects and reviewing monitoring information

<table>
<thead>
<tr>
<th>Monitoring Projects</th>
<th>Reviewing Monitoring and Deciding on Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Other</td>
<td>Other</td>
</tr>
<tr>
<td>Applicant/Project sponsor</td>
<td>ECA consultant</td>
</tr>
<tr>
<td>UWEP (case by case)</td>
<td>UWEP (initial)</td>
</tr>
<tr>
<td>EF (always)</td>
<td>UW (always)</td>
</tr>
</tbody>
</table>

(d) Non-compliance Measures

39. What actions are available to you in cases where monitoring reveals that conditions are not being complied with and who is responsible for deciding what actions are appropriate in order to restore compliance? Please provide any examples of experience.

55. The 2007 Recommendation states that “In the case of non-compliance with the conditions of official support by applicants, Members should take any action that they deem appropriate in order to restore compliance” [Paragraph 16]: in this context, Members/ECAs responded that the processes for dealing with situations of non-compliance are decided on a case-by-case basis, depending on the conditions agreed in the transaction documentation. As a first step, Members/ECAs would engage in negotiations with all relevant parties, for example, the applicant, project sponsors, host country authorities or other ECAs involved, to find solutions to the problems of non-compliance, or demand from the borrower/project sponsor a Corrective Action Plan to bring the project back into compliance. If problems persist with a project, Members/ECAs reported that they have various options to try to impose re-compliance, including the use of diplomatic channels and the threat of calling an Event of Default, which would result in a policy being null and void, loan disbursements being stopped or the loan repayments accelerated.

49 ‘Other’ responses include: for monitoring projects, Underwriter and, if necessary, external Consultant (Portugal), Environmental Practitioner and if necessary, external Consultant (Korea KEIC and Norway), Mexican Cleaner Production Center and independent consultant (Mexico), Environmental Practitioner and Consultant (Switzerland and United States), and case-by-case (New Zealand and Slovak Republic); and for reviewing monitoring information and deciding on compliance, portfolio risk manager and Environmental Practitioner (Australia), Environmental Practitioner and Consultant (Austria, Finland and Portugal), ECA staff, Mexican Cleaner Production Center and independent consultant (Mexico), and case-by-case (New Zealand and Slovak Republic).
56. With regard to who is responsible for deciding what actions are appropriate in order to restore compliance, Chart 15 below shows how Members/ECAs responded:

**Chart 15: Question 39: Responsibility for deciding actions to restore compliance**

57. With regard to experience with non-compliance, four Members/ECAs, i.e. Australia, Denmark, Germany and the United States, provided additional information.

(e) Disclosure of Monitoring Reports

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

58. The 2007 Recommendation states that “Members should, where appropriate, encourage project sponsors to make ex post monitoring reports and related information publicly available” [Paragraph 17]: in this context, Members/ECAs responded that they encourage project sponsors to make ex post monitoring reports and related information publicly available in the following circumstances:

- For Category A projects or environmentally sensitive projects: 13 Members/ECAs;
- Project sponsors encouraged, in general, to disclose monitoring reports and related information (i.e. no particular circumstances): nine Members/ECAs, i.e. Austria, Finland, France, Japan JBIC and NEXI, Korea Eximbank, Norway, Portugal and United Kingdom;

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50  ‘Other’ responses include Environmental Practitioners and external consultant or financial department (Austria and Korea Eximbank), case-by-case (Australia), internal decision-making body (Finland, Hungary MEHIB and Slovak Republic), ECA staff (Mexico), and no experience (Sweden).

51  Belgium, Canada, Denmark, Hungary Eximbank and MEHIB, Italy, Korea KEIC, Luxembourg, Poland, Spain, Switzerland (and Category B projects where an EIAR has been published), Turkey and United States.
Other: four Members/ECAs, of which:

- Where required as a condition of support, for example, compliance with IFC Performance Standards: one Member/ECA, *i.e.* Australia.
- Projects with high public interest (*i.e.* hydro-power projects, or projects involving resettlement): one Member/ECA, *i.e.* Germany.
- In non-compliance cases: one Member/ECA, *i.e.* Mexico.
- Case-by-case: one Member/ECA, *i.e.* New Zealand.

No requirement to encourage disclosure of monitoring reports and related information: one Member/ECA, *i.e.* Netherlands.

No experience: three Members/ECAs, *i.e.* Czech Republic, Slovak Republic and Sweden.

In addition, Members/ECAs responded that they require project sponsors to make monitoring reports and related information publicly available or seek to make such information publicly available themselves in the following circumstances:

- For Category A projects or environmentally sensitive projects: six Members/ECAs, *i.e.* Belgium, Hungary Eximbank and MEHIB, Luxembourg, Spain and United States.

- Other: nine Members/ECAs, of which:

  - Where required as a condition of support, for example, compliance with IFC Performance Standards: three Members/ECAs, *i.e.* Australia, Canada and Switzerland.
  - Projects with high public interest and under Freedom of Information requests: one Member/ECA, *i.e.* Austria.
  - Under the provisions of the Equator Principles: one Member/ECA, *i.e.* Denmark.
  - In non-compliance cases: one Member/ECA, *i.e.* Mexico.
  - Case-by-case (non-specified): two Members/ECAs, *i.e.* Germany and New Zealand; and case-by-case (to the extent that such information is disclosed in to public in the project country): one Member/ECA, *i.e.* Japan NEXI.

- No requirement for disclosure of monitoring reports and related information: nine Members/ECAs, *i.e.* Finland, Italy, Japan JBIC, Korea Eximbank and KEIC, Netherlands, Norway, Turkey and United Kingdom.

- No experience: six Members/ECAs, *i.e.* Czech Republic, France, Poland, Portugal, Slovak Republic and Sweden.
(v) **Exchange and Disclosure of Information**

(a) **Environmental Procedural Guidance**

41. Have you published national ECA environmental policy statements and procedural guidance? If so, where can they be found (please provide website address if relevant)?

60. The 2007 Recommendation states that “Members should publish national ECA environmental policy statements/principles and procedural guidance” [Paragraph 18]: in this context:

- All 30 Members/ECAs have published national ECA environmental policy statements and procedural guidance.

- All Members/ECAs, except Korea Eximbank and Mexico, have posted this information on their websites and provided links to their sites; of these, Hungary Eximbank, Korea KEIC and Luxembourg reported that they are updating their websites.

(b) **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 and

(b) competition.

61. The 2007 Recommendation states that “Members should share information with other Members with a view to seeking, where appropriate, common positions on the review of projects, including project classification, and reply in a timely manner to requests from other Members in a co-financing or a competitive situation on the environmental standards accepted by the Member” [Paragraph 19].

62. With regard to exchanging information with other ECAs and IFIs in situations of co-insuring / co-financing, Members/ECAs responded that they have either no set procedures for, or no or little experience of, exchanging information; however, in practice, Members/ECAs are keen to exchange information with other ECAs and IFIs involved in the same transaction, particularly with regard to the classification and environmental review of a project. These exchanges, which can involve sharing information, documents and opinions, are generally carried out by telephone, email, website research, teleconferences and meetings, and aim to help Members/ECAs develop common positions on, for example, identifying issues, formulating recommendations and agreeing mitigation measures or conditions of support. Some Members/ECAs noted that they have to seek consent from the exporter or project sponsor before exchanging information (Austria and Denmark), or liaise with the exporter over the information exchanged (Luxembourg) or take into account business confidentiality (Portugal).

63. Many Members/ECAs responded in a similar way with regard to exchanging information with other ECAs and IFIs in situations of competition; however, Denmark noted that they are often unaware of

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52 Mexico reported that its website is being rebuilt and that its environmental manual will be included, when finished.

53 Denmark, Korea KEIC, New Zealand, Poland, Sweden, Turkey and United States have provided links to their ECA home pages rather than to the specific environmental policy and procedural pages.
who else was competing for a transaction and the United States noted that information would rarely be exchanged in such situations. Other Members/ECAs noted that in competitive situations they have to seek consent from the exporter or project sponsor before exchanging information (Austria, Denmark and Switzerland), or liaise with the exporter over the information exchanged (Luxembourg) or take into account business confidentiality (Netherlands and Portugal).

(c) 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.

(b) The form and language of the information released (including website address, if relevant).

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

(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).

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

64. The 2007 Recommendation states that, “Members should, for Category A projects, disclose publicly project information, including project name, location, description of project and details of where additional information may be obtained, as early as possible in the review process and at least 30 calendar days before a final commitment to grant official support”[Paragraph 19].

65. In this context, Members/ECAs\(^\text{54}\) responded that they make the required information regarding the project publicly available, such as project name, location, description of project and details of where additional information may be obtained (either direct from their ECA or via a link to the project sponsor’s website). In addition, some Members/ECAs stated that they provide details of the sector, exporter / project sponsor, export contract amount and reasons for classification, or that they specifically ask for comments on the projects.

66. Members/ECAs generally make information on Category A projects publicly available \(\text{via}\) their websites, although additional information can sometimes be made available in printed form; for example, Japan JBIC makes information available at its information centre. In terms of language, most Members/ECAs disclose project information in both their native language and in English, with the exception of Austria, Luxembourg, Netherlands and Norway, which currently make project information available only in their native language. All Members/ECAs endeavour to release project information at least 30 calendar days before a final commitment as a minimum requirement and four Members/ECAs for longer: Japan JBIC and NEXI (45 days), Luxembourg (30 working days) and United Kingdom (60 days).

67. With regard to Members’ legal frameworks for disclosure, nine Members/ECAs\(^\text{55}\) reported that they have no legal constrains to \textit{ex ante} disclosure of project information, except for provisions regarding

\(^{54}\) Mexico’s response to this question requires clarification.

\(^{55}\) Belgium, Czech Republic, Denmark, France, Japan JBIC and NEXI, Luxembourg, Netherlands and Slovak Republic.
commercial confidentiality and 16 Members/ECAs\textsuperscript{56} reported that they sought consent from the exporter/project sponsor before releasing project information. The majority of Members/ECAs could not foresee any circumstances in which project information relating to Category A project would not be disclosed prior to commitment: the exceptions reported were: Germany, Poland and United Kingdom, in case of a lack of consent to disclosure; Hungary MEHIB, Netherlands and Portugal, for exceptional and justifiable reasons; and Belgium, which reported experience of not being able to disclose publicly project information prior to a commitment, when a buyer refused to allow publication due to security issues related to terrorist threats. Lastly, Canada reported that \textit{ex ante} disclosure of project information is not a precondition to support for projects in G7 countries because it considers public disclosure requirements to be sufficiently rigorous in these countries.

(d) Disclosure of environmental 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.

(b) If the ECA or Guardian Authority is not responsible for such disclosure, please provide details of how third parties are required to make such information publicly available; how this is monitored; and what measures are available in cases of non-compliance: please provide any examples of experience.

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

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

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

(f) Any legal constraints in \textit{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).

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

68. The 2007 Recommendation states that “Members should, for Category A projects, require that environmental impact information be made publicly available (e.g. EIA report, summary thereof) as early as possible in the review process and at least 30 calendar days before a final commitment to grant official support” [Paragraph 19].

69. In this context, 25 Members/ECAs responded that their ECAs are responsible for making environmental impact information publicly available: in most cases, this is \textit{via} a link to the information on the project sponsor’s website, with printed copies being made available on request; Japan IBIC also noted that it also requires EIA reports publicly available in the country and to the local residents where the project is to be implemented. Three Members/ECAs, \textit{i.e.} Canada, Turkey and United Kingdom, responded

\textsuperscript{56} Australia, Austria, Canada, Finland, Germany, Italy, Korea Eximbank and KEIC, Norway, Poland, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.
that the project sponsors are responsible; and two Members/ECAs, *i.e.* Czech Republic and Slovak Republic, responded that exporters are responsible for making such information available. Where the project sponsor or exporter is responsible for disclosing environmental impact information, most of the Members/ECAs concerned reported that they monitor the relevant websites to ensure compliance and that, in cases of non-compliance, they can decide not to proceed with supporting the transaction.

70. The majority of Members/ECAs referred in their responses to making EIA or Social and Environmental Assessment (SEA) reports or summaries thereof publicly available and also responded that environmental impact information would generally be made available in English. Although Japan NEXI noted that EIAs would be disclosed in a local language without translation. All Members/ECAs reported that the minimum disclosure period for environmental impact information is 30 days; in addition, Japan JBIC and NEXI reported disclosing such information for 45 days and Denmark responded that it follows the IFC Performance Standards.

71. Members/ECAs responses regarding any legal constraints in *ex ante* disclosure of environmental impact information were similar to the responses for Question 43 above; however, Canada noted that, with regard to environmental impact information, *ex ante* disclosure is expected in all cases even for projects in G7 countries.

(e) 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.

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

(c) Who is responsible for disclosing such information.

(d) The form and language of the information released (including website address, if relevant).

(e) How long the information remains publicly available.

72. The 2007 Recommendation states that “Members should make available to the public at least annually...information on projects classified in Category A and Category B...for which a Member has made a final commitment” [Paragraph 19]: in this context, Members/ECAs responded as follows with respect to the frequency of making information publicly available:

- After providing official support: 11 Members/ECAs, *i.e.* Austria, Belgium, Canada, Germany, Japan JBIC and NEXI, Korea Eximbank and KEIC, Luxembourg, Netherlands and Slovak Republic;

- Quarterly: two Members/ECAs, *i.e.* France and Spain.

- Every four months: one Member/ECA, *i.e.* Italy.

- At least semi-annually: one Member/ECA, *i.e.* Poland.
At least annually: 13 Members/ECAs, plus two Members/ECAs, i.e. Denmark and Spain, which release project-specific information more frequently, but which also produce separate annual reports of related statistics.

With regard to the scope and content of the information made available, most Members/ECAs responded that the information made publicly available ex post is similar to, or based on, the project and environmental impact information previously made available. In addition, over half the Members/ECAs reported releasing information concerning the amount of support provided; Japan JBIC and NEXI reported releasing the items to be monitored by the project sponsor; and the United States reported releasing monitoring reports as they become available.

In all cases, the ECA is responsible for making this information available, except in Australia, where the Guardian Authority is responsible for publishing EFIC’s Annual Report, which is tabled by the Minister in the Australian Parliament prior to it being made publicly available. The preferred form for releasing information is via Members’/ECAs’ websites, the majority of which are available in both the national language and in English (with the exception of France, Netherlands, Norway and Turkey, where the information is only available in the national language). With regard to the length of time the information remains publicly available, there is a difference in approach by Members/ECAs:

- One month: two Members/ECAs, i.e. Korea Eximbank and Turkey;
- One or two years: six Members/ECAs, i.e. Belgium, Canada, Czech Republic, Korea KEIC, Netherlands, and Switzerland;
- Up to five years: six Members/ECAs, i.e. Austria, Finland, Poland, Sweden, United Kingdom and United States;
- Life of support: three Members/ECAs, i.e. Japan JBIC and NEXI, and Luxembourg; and
- Indefinitely: eight Members/ECAs, i.e. Australia, Denmark, France, Germany, Hungary Eximbank and MEHIB, Italy, and Spain.

In conclusion, it appears that Members/ECAs are in general fulfilling their obligations to make information available ex post on Category A and Category B projects supported; however, there remain differences in the content and detail of the information, both project and environmental, that is disclosed and the length of time the information remains available to the public.

Reporting and Monitoring of the Recommendation

(a) Accountability of your Guidelines

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

The 2007 Recommendation states that “Members shall ensure, through appropriate measures and mechanisms, compliance with their policies and procedures pursuant to the Recommendation”

Norway, Portugal and Slovak Republic responded that they had no set rules for the length of time information should remain publicly available, New Zealand responded that it had no experience, and Mexico did not respond in detail to some sections of this question.
[Paragraph 21]: in this context, Members/ECAs provided a number of examples of the ways in which they ensure compliance with their policies and procedures\textsuperscript{58}: for example, pre-issue, operational rules or control mechanisms such as counter-signing measures and the need for Board or Guardian Authority approval for some transactions, and, post-issue, review measures such as internal and/or external audits, the role of compliance officers and complaint procedures for effected people. In addition, Austria and Spain both noted that their environmental review procedures are certified under ISO 14001; and Denmark responded that it has no measures and mechanisms apart from reporting to the OECD and for the Equator Principles.

(b) Monitoring and Evaluation

47. Please provide details of any procedures and practices in place to monitor and evaluate your experience of the Common Approaches at a national level and to share experiences with other Members.

77. The 2007 Recommendation states that “Members shall monitor and evaluate, over time, the experience with this Recommendation at a national level and to share experiences with other Members” [Paragraph 19]. At a national level, Members/ECAs reported a number of measures for monitoring and evaluating their experience with the Recommendation: some of these measures are informal, such as internal reviews, exchange of information between Practitioners and feedback from stakeholders, and some of these measures are more formal, such as annual reports or reviews, reports to Guardian Authorities and, in one case (Germany), the building of a database of example projects and assessment topics.

78. With regard to sharing experiences with other Members, Members/ECAs referred to both formal mechanisms, such as the Practitioners’ meetings and OECD reporting, and informal measures, such as bilateral exchanges between Practitioners, the sector working groups and informal information exchanges (e.g. Q&As and existing operation survey).

(c) Revising Procedures

48. When was the last review or update of your environmental procedures conducted and what was the motivation for it?

49. Are any modifications foreseen in the near future and, if so, when and for what reason?

79. For 28 Members/ECAs, the last review or update of their environmental procedures took place after the adoption of the 2007 Recommendation in June 2007 and, for 23 of these Members/ECAs, the primary motivation was to review their procedures in light of the provisions of the 2007 Recommendation; secondary motivations included adoption of the Equator Principles (Canada), extending environmental procedures to investment insurance (Hungary MEHIB), publication of a CSR policy (Netherlands) and to reflect changes in the ECA organisation (Switzerland). The remaining five Members/ECAs reviewed their environmental procedures for a variety of reasons: to introduce more detailed procedures on specific topics, i.e. monitoring process, biodiversity and climate change issues etc. (Belgium), to identify new ways to screen and assess short-term transactions (Denmark), as a result of review clauses in their existing guidelines (Japan JBIC and NEXI), or as a result of an agreement with an IFI (Mexico).

\textsuperscript{58} For this question, two Members/ECAs, i.e. Luxembourg and Slovak Republic, responded with reference to compliance measures with any underwriting conditions imposed as a condition for providing cover, rather than with ways of ensuring compliance with their own internal procedures: they have been asked to revise their responses for the next iteration of this Review.
80. Of the 28 Members/ECAs that have already reviewed their environmental procedures since the adoption of the 2007 Recommendation, nine foresee further modifications in the near future, i.e. Belgium (to update information on impacts), Canada (a review of its broader environmental policy starting 1 November 2008), the Czech Republic and the Slovak Republic (based on experience with the 2007 Recommendation), Denmark (to evaluate changes to short-term procedures and guidelines), Japan JBIC (within five years due to a review clause in the new guidelines), Mexico (finalisation of Environmental Manual in October 2010), Norway (due to the employment of an environmental specialist) and Switzerland (to revise approach to projects that do not fall within the scope of the 2007 Recommendation).

81. The remaining two Members/ECAs, i.e. France and United Kingdom, reported that their environmental procedures predate the adoption of the 2007 Recommendation in June 2007; however, France, in its response to ECA Watch (c.f. Annex I), noted that its procedures and requirements were updated in 2007 to take into account the 2007 Recommendation and the United Kingdom reported, in its response to Question 49, that it would be considering whether to amend its Case Impact Analysis Process in light of the 2007 Recommendation, experience and any other relevant factors.

(d) Resources

50. What resources have been required as a result of the implementation of your environmental procedures? Please provide details of such resources including, if appropriate, the number of dedicated Environmental Practitioners and/or external consultants employed by your ECA.

82. Members/ECAs responded that the implementation of their environmental procedures have required resources in areas such as environmental experts, staff training, additional administration, translation costs, consultants and site visits; however, three Members/ECAs, i.e. Poland, Portugal and Turkey, responded that the implementation has not required any additional resources to be made available. In terms of the number of dedicated Environmental Practitioners, 23 Members/ECAs reported employing dedicated Environmental Practitioners and/or external consultants: 21 Members/ECAs reported employing 66.5 Environmental Practitioners and six Members/ECAs reported employing 14 external consultants; the remaining Members/ECAs either do not employ any dedicated Environmental Practitioners and/or external consultants or did not provide details. Chart 16 shows the total numbers of Environmental Practitioners and external consultants per Member/ECA:
51. What costs are shared both during the risk assessment process and after the financing agreement has been concluded?

The 2007 Recommendation does not refer to the issue of costs and how they might be shared both during the risk assessment process and after the financing agreement has been concluded: therefore, this question and the related responses are for information and transparency; in this context, Members/ECAs responded that costs are shared in the following circumstances:

- The cost of providing all environmental information required for screening and reviewing an application, including undertaking an EIA and, in cases, translating the resulting EIA report, is paid by the applicant or project sponsor.

- The cost of screening and reviewing application and application is paid by the Member/ECA, except that such costs are sometimes off-set by premium fees, handling charges etc.

- For project finance transactions, some Members/ECAs expect the project sponsor to pay the costs of any independent consultants and/or any site visits necessary: other Members/ECAs pay for these items themselves.

- Some post-issue monitoring costs are borne by the project sponsors and some by the Member/ECA.
52. How frequently do you report ex post to the ECG, in accordance with paragraph 22 (tiret 1) of the Recommendation, all Category A and Category B projects for which a final commitment has been issued?

84. The 2007 Recommendation states that “Members shall report to the ECG ex post on an on-going basis or at a minimum semi-annually...all projects classified in Category A and Category B for which a final commitment has been issued” [Paragraph 22]: in this context, Members/ECAs have reported that they report ex post to the ECG as follows:

- On-going basis: three Members/ECAs, i.e. Austria, Norway and Portugal.
- Quarterly: one Member/ECA, i.e. Germany.
- Semi-annually: 25 Members/ECAs.
- No experience: one Member/ECA, i.e. New Zealand.

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

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

85. The 2007 Recommendation states that “Members shall build a body of experience on the application of this Recommendation...” [Paragraph 22]: in this context, this question seeks information on Members’/ECAs’ practices and procedures for collating experience and/or knowledge from individual cases. Some Members/ECAs responded that they had no formal practices or procedures in this respect; others reported the following means of collating experience and/or knowledge:

- Internal electronic project databases containing all information regarding reviewed projects, including documentation, exchanges, standards applied and convents imposed.
- Internal circulation of assessment results within the project and environmental department.
- Annual workshop with all relevant departments within the ECA.
- Exchanges between Environmental Practitioners and external consultants.
- Exchanges with Environmental Practitioners of other ECAs on specific projects as well as on general interpretation, such as through the informal sector experts groups.
- Publication of case studies with annual reports.
- Periodic analyses of experience, both of ECA and of other IFIs and ECAs.
86. With regard to how knowledge on environmental issues is stored and transferred between Environmental Practitioners and between Environmental Practitioners and Underwriters, some Members/ECAs responded that they had no formal practices in this respect; other Members/ECAs reported the following means:

- Internal electronic project databases, accessible to both Environmental Practitioners and Underwriters.
- Seminars, workshops and training sessions;
- Informal discussions and meetings, particular for smaller ECAs.
- Regular (e.g. weekly) team meetings between Environmental Practitioners and Underwriters.
- Use of shared mailbox for final assessments.
- Updating staff manual, as necessary.

55. Do you produce any reports on environmental issues in addition to those required by the Recommendation? If so, please provide details.

87. In response to this question, 16 Members/ECAs noted that they produce reports on environmental issues in addition to those required by the 2007 Recommendation, including an annual CSR Report (Canada), an annual Environmental and Social Activities Report (Japan JBIC) and an annual sustainability report (Netherlands): the remaining 14 Members/ECAs do not produce any additional reports.

(vii) Other Comments

(a) 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?

88. The 2007 Recommendation applies to “officially supported export credits with a repayment term of two years or more” [Paragraph 1]: therefore, this question and its responses are for information and transparency:

- Short-term business not subject to the 2007 Recommendation: ten Members/ECAs, i.e. Czech Republic, Italy, Japan NEXI, Korea Eximbank and KEIC, Poland, Portugal, Spain, Turkey and United States.

59 Australia, Austria, Canada, Denmark, Finland, France, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC, Netherlands, Norway, Spain, Switzerland and United Kingdom.
− Short-term business is reviewed for potential environmental impacts on a case-by-case basis: nine Members/ECAs, *i.e.* Austria, Canada, Denmark, Finland, France, Hungary Eximbank and MEHIB, New Zealand and Sweden.

− Short-term business subject to separate environmental review procedure: three Members/ECAs, *i.e.* Germany, Mexico and Switzerland (if the value is over CHF 10 million).

− Short-term business is treated in the same way as other business under the 2007 Recommendation: eight Members/ECAs, *i.e.* Australia, Belgium, Japan JBIC, Luxembourg, Netherlands, Norway, Slovak Republic and United Kingdom.

(b) *Any Additional Comments*

57. *Please provide any additional comments.*

89. One additional comment was provided by Canada, which stated that its ECA is subject to external audits of its environmental review practices conducted by the Auditor General of Canada and regularly benchmarks the environmental practices of other financial institutions in order to stay abreast of emerging best practice.

III. *General Comments*

90. Overall, the majority of Members’/ECAs’ environmental review systems appear to be broadly compliant with the provisions of the 2007 Recommendation; however, there are some exceptions and some differences in practical approaches to addressing potential environmental impacts. In addition, some Members/ECAs have little or no experience of Category A and/or Category B projects and, therefore, do not appear to have complete systems in place to deal with such applications.

91. The following key points may be concluded from the responses to the Survey with regard to Members’/ECAs’ environmental systems:

(a) *Screening and Classification of Projects*

− Two Members/ECAs reported that not all applications are screened (one Member/ECA has a threshold and one Member/ECA does not screen aerospace and defence applications); other Members/ECAs screen all applications.

− All Members/ECAs screen applications to identify exports to projects, to existing operations and those that are neither to existing operations nor to projects.

− All Members/ECAs have three Categories - A, B and C - for classifying exports to projects, as set out in the 2007 Recommendation; 23 Members/ECAs use the same Categories for classifying exports to existing operations and 14 Members/ECAs use the same Categories for classifying exports that are neither to existing operations nor to projects. Six Members/ECAs have an additional category for internal purposes only for certain types of applications.
• Members’/ECAs’ practices for considering operations links with associated operations vary, particularly with regard to the factors taken into account and with regard to how this information is used in the classification and review processes.

• Responsibilities for screening and classifying applications, and practices when co-insuring, co-financing or re-insuring with other ECAs/IFIs vary.

(b) Environmental Review

• Eight Members/ECAs provided details of the circumstances in which they might review a Category A project without a complete EIA report being available, including the steps they might take to rectify the situation, and one Member/ECA noted that its Environmental Policy does not require an EIA report to be submitted for review for Category A projects in G7 countries.

• Members’/ECAs’ practices for reviewing Category B projects vary, including the items in Annex II and Paragraph 8 of the 2007 Recommendation that are taken into account: some Members/ECAs concentrate on issues such as project emissions and other Members/ECAs prefer to review an EIA, or similar, report.

• All Members/ECAs review exports to existing operations, of which six Members/ECAs reported doing so in the same way as exports to projects; 17 Members/ECAs review the environmental risks associated with exports that are neither to existing operations nor to projects.

• Two Members/ECAs reported that they have no specific procedures to ensure that projects comply with host country standards: they rely on projects meeting international or exporting country standards.

• Members’/ECAs’ practices for benchmarking Category A and Category B projects vary, with regard to the type and range of international standards used for benchmarking, and in dealing with projects that do not meet the standards against which they have been benchmarked; use of the PPAH as a technical standard is becoming rarer, reflecting the fact that the majority of its sector guidelines have been replaced by the IFC EHS Guidelines.

• Responsibilities for various aspects of the environmental review process, practices when co-insuring, co-financing or re-insuring with other ECAs/IFIs, and circumstances for carrying out a site visit vary.

(c) Evaluation, Decision and Monitoring

• Members’/ECAs’ policies and procedures for incorporating environmental conditions for support into documentation, denying support to projects for environmental reasons and post-issue monitoring and non-compliance issues vary, with not all Members/ECAs having experience of such issues.

• Members’/ECAs’ practices with regard to making monitoring information publicly available also vary, with 26 Members/ECAs reporting circumstances in which they might encourage project sponsors to disclose such information and 15 Members/ECAs reporting circumstances in which they might require project sponsors to disclose such information.
(d) **Exchange and Disclosure of Information**

- All Members/ECAs have published national ECA environmental policy statements and procedural guidance.

- All Members/ECAs make project information for Category A projects publicly available prior to a final commitment and some reported that they disclose additional information and for a longer minimum period than required under the 2007 Recommendation; one Member/ECA reported that disclosure of project information for Category A projects in G7 countries is not a pre-condition of support under its Environmental Policy.

- Twenty-five Members/ECAs reported that the ECA is responsible for disclosing environmental impact information for Category A projects; the remaining Members/ECAs rely on project sponsors or exporters and monitored their websites to ensure compliance.

- All Members with experience undertake *ex post* public disclosure of Category A and Category B projects; the content and detail of the information and the length of time that such information remains available to the public vary.

(e) **Reporting and Monitoring of the Recommendation**

- Members/ECAs provided examples of the ways in which they ensure compliance with their policies and procedures, including counter-signing measures, audits, compliance officers and ISO certification;

- Members/ECAs provided detailed information on (i) how they monitor and evaluate their experience of the 2007 Recommendation and share such experience with other Members; (ii) their resources, in terms of Environmental Practitioners and consultants that they have available, and how costs are shared with applicants and projects sponsors; and (iii) how they are building a body of experience on the application of the 2007 Recommendation within their ECAs.
ANNEX I: CIVIL SOCIETY ORGANISATIONS COMMENTS AND RESPONSES FROM MEMBERS/ECAS

1. This Annex contains the comments from Civil Society Organisations (CSOs), both general and question-specific, on Members’ responses to the Survey, together with Members’ responses to such comments.

General Comments from Civil Society Organisations (CSOs)

2. In response to the request for comments on Members’ responses to the Survey, ECA Watch, an umbrella organisation for export credits related Non-Governmental Organisations (NGOs), provided some general comments, which are set out below (in italics) together with any responses submitted by Members:

The survey provides useful information on the stated “paper” policies and procedures, though not the actual practices, of ECG members for implementing the 2007 Recommendation. As such, it provides a welcome tool for identifying “leaders”, “backsliders” and “non-implementors”. Atradius’ commitment to screening all short-term credits, for example, puts it clearly ahead of the other ECG members (ECGD’s claim to do the same is open to question).

Germany: It is still unclear what is meant by “screening”. If the understanding is that a “watchful eye” approach is meant, than Euler Hermes also screens all short-term applications. Besides, Euler Hermes’ policy is to review short-term application in defined cases (i.e. large dam, pulp & paper and mining projects or projects located in or near to sensitive areas).

United Kingdom: ECGD’s submission in response to this survey pre-dated its Letter of Credit Guarantee Scheme. Currently only transactions supported through the Letter of Credit Guarantee Scheme are excluded from ECGD’s Case Impact Analysis Process. The potential impacts of all other business are analysed through the application of ECGD’s Case Impact Analysis Process.

ECGD will submit a revised response to the Survey taking account of the introduction of its Letter of Credit Guarantee Scheme in 2010.

The survey is also useful in identifying areas where key objectives of the 2007 Recommendation are not being addressed at all: for example, the exemption of shipping and aircraft from screening is clearly at odds with the objective of encouraging “the prevention and the mitigation of adverse environmental impacts”.

However, the survey is marred by a number of important omissions. For example, it contains no questions relating to two of the principle objectives of the 2007 Recommendation, namely: promoting coherence with international conventions and agreements; and enhancing financial risk assessment. ECA Watch would recommend that, in future, ECG members should be required to detail: a) the relevant international agreements and convention that they take into account, and how; and b) how the financial risks associated with identified project impacts are incorporated into the premiums charged, with examples. ECAs are financing an increasing amount of transactions that support the world's
addiction to fossil fuels and that worsen the global climate change crisis. Yet, there is nothing in the 2007 Recommendation or in this questionnaire to addresses this critical problem.

The survey also fails to elicit case-by-case information that would enable an assessment of how ECG members are implementing their policies and procedures in practice. Without such case material it is impossible to evaluate how ECG members balance competing pressures (for example between mitigating environmental impacts and supporting exporters). The survey is thus only of use in gaining insight into how the 2007 Recommendation is being implemented in the abstract. It makes it impossible to assess whether an ECA has respected the 2007 Recommendation, and whether a supported project respects best international standards and practices. The survey questions should be strengthened to require details of specific decisions on specific projects.

Overall, the survey fails to provide sufficient detail to enable a peer review, as generally understood and practised, to be undertaken by the ECG of its members. To achieve this, members would need to permit their peers to undertake a detailed forensic audit of specific decisions relating to individual projects, including the review of such documentation as completed impact questionnaires, internal assessments of the environmental impacts, consultants reports, the wording of environmental covenants and the minutes of the discussions relating to approval. At a minimum, such a review would need to assess the reasoning behind specific decisions and whether it accords with the objectives of the 2007 Recommendation.

ECA Watch deplores that the survey is dealt with by ECAs as a bureaucratic requirement which has lead to a lack of quality and details in the answers.

Finally, ECA Watch regrets that the responses by individual ECAs to a number of questions appear misleading. Examples include assertions that short-term credits are screened when statements at the national level contradict such assertions and the failure to mention the discretionary nature of many policies.

ECA Watch’s detailed comments on the survey’s questions as well as on responses to individual questions are set out below. The following comments are just examples and not a comprehensive analysis of all questionnaires; however, ECA Watch believes that the points raised hold true for other ECAs as well.

Austria: we would like to thank the Secretariat for their effort and also ECA Watch for its comments. Austria’s responses to question-specific comments are below.

France: Coface is surprised to see so many of its questions addressed, as it appears that answers made by Coface are very similar and consistent with other Members’, which is not surprising since Members’ procedures are based on the 2007 Recommendation and the important work of exchange and peer review.

Italy: as a general comment, it must be noted that the Survey presents details on systems, policies and practices in place to implement the 2007 Recommendation. It is meant to be an informative tool, but “cases” or “evidence” of implementation can be addressed in the yearly reports on Category A and Category B projects, where details on actual transactions reviewed and approved over time are provided.

Netherlands: The Dutch delegation has taken note of the comments made by Civil Society Organisations on the 2009 Review of Members’ Responses to the Survey on the Environment and Officially Supported Export Credits. For us a proper interpretation of the 2007 Recommendation and the establishment of a level playing field are the most important things.
Question-Specific Comments from Civil Society Organisations (CSOs)

3. ECA Watch provided some specific comments on certain Members’ responses to particular questions; these are set out below (in italics), together with any responses submitted by Members:

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

   SACE claims that the environmental part of its website is frequently reviewed. This is not true. Basically just news on Category A projects are posted.

   Italy: SACE’s website has a specific set of pages on environment, in both Italian and English. It is reviewed according to the need of updates; if procedures are in line with the 2007 Recommendation there is no need to update the corresponding pages. The most frequent updates appear under “environmental information” where news can be added every day and ex post disclosure of Category A and Category B projects are released every 4 months. Environment News is a section distinct from the general news, and it is accessible at the provided link in both languages.

   Coface website on environment has not been updated since 2006 and is therefore obsolete. The new 2007 Recommendation is not even mentioned, whereas it is the main reference for the environmental review. This is unacceptable. Coface has indeed in-house sector specific guidelines, but they focus on four sectors only – thus not complete – and they are obsolete: they are dated December 2006 (for construction) and January 2004 (for thermal power plants, fossil fuels and big dams). They therefore do not reflect the best international practices of today. In addition, Coface has no policy on climate change. Coface should update its website and its environmental policies (according to the best environmental practices of 2009), add new policies of missing sectors (industry, electricity distribution, etc), and create a new policy on climate change.

   France: Coface procedures and requirements were updated in 2007 to take into account the new 2007 Recommendation; even if the website, which has not only been updated since, does not reflect the new benchmarks used. In other words, the fact that no reference to it is made on the website does not mean that the 2007 Recommendation is not applied. Furthermore, a new version of the website will be soon available.

   As the 2007 Recommendation now refers to World Bank Group EHS Guidelines (Safeguard Policies and Performance Standards), sector specific guidelines are far less pertinent. Coface uses benchmarks according to EHS Guidelines.

2. Are all applications screened? If not, please provide details of any exemptions from screening, including the value of any threshold used.

   ECGD’s response suggests that short-term credits for capital goods and services are screened. This conflicts with statements by ECGD to the effect that it has never screened short-term credits and that
its screening policies are not designed for this purpose\(^1\). ECGD’s Letter of Credit Guarantee Scheme is exempt from any environmental screening and has declined to adopt measures that would enable such screening. It is recommended that the Export Credit Group seek further justification from ECGD for its stated response to questions 2, 15 and 56, which would appear (on the face of it) to be inaccurate and potentially misleading.

**United Kingdom:** see previous comment under General Comments above.

**OeKB** answers they screen all applications, but where repayment period is under 2 years, applications are not screened. Moreover, question 56 further elaborate on repayment term under 2 years and OeKB response is that when screening all project-related application, short-term business is included. These are very unclear answers: do they screen all projects or not?

**Austria:** we would like to clarify that all applications are screened. The right answer to Question 2 is therefore “Yes”. The Austrian comment previously given is misleading in so far as the first stage of the screening (pre-screening based on the application form) is done on all applications.

Those projects which fall under the scope of the 2007 Recommendation, and projects identified in the pre-screening phase that bear the possibility of significant environmental or social impacts but do not fall under the 2007 Recommendation, are further screened in a second step, based on the environmental questionnaires. This also explains the Austrian answer to question 56.

As a consequence, Austria has requested the Secretariat to delete “Applications where related credit repayment period is less than two years are not screened” from its response to Question 2.

**SACE** claims that all applications are screened, but then in questions 13 and 14 SACE says that support for existing operations are not classified. This is contradictory.

**Italy:** regarding existing operations, it has to be noted that screening and classification are two different steps: SACE screens all applications, but does not classify them all. If the screening identifies applications to existing operations, according to paragraph 5.1 of the 2007 Recommendation, we do not classify (A, B, C) such applications.

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\(^{1}\) In response to submissions made by The Corner House and Jubilee Debt Campaign as part of ECGD’s July 2009 “Consultation on the Introduction of a Product Guaranteeing Reimbursement of UK Confirming Banks Under Letter of Credit Arrangements”, the ECGD has stated: “it is a fact that the procedures . . . were conceived and applied in relation to ECGD’s then current products and the transactions which they were typically used to support, namely, long and medium-term credits for exports of capital goods and related services. Because of the long lead times involved, these lent themselves more readily to careful, case-by-case analysis, scrutiny and negotiation . . . those products did not include . . . short-term insurances.” See: ECGD, “Consultation on the Introduction of a Product Guaranteeing Reimbursement of UK Confirming Banks Under Letter of Credit Arrangements”, http://www.ecgd.gov.uk/consultation_-_letter_of_credit_guarantee_scheme.pdf, para 35ff; and ECGD, “Government Response to the Public Consultation on the Introduction of a Product Guaranteeing Reimbursement of UK Confirming Banks under Letter Of Credit Arrangements”, http://www.ecgd.gov.uk/government_response_-_07-08-09.pdf, para 15ff.
3. **What information is required for the screening process?**

   Coface brings no proof that any pro-active action is done. Coface should provide more details.

   France: the question was about information and not actions; answer was made accordingly.

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

   Coface answer remains very vague, does not precise in which cases it is done, why, how, and how far. Coface should precise in which cases it has been done, why, and what the results were.

   France: Responsibility of providing information lies only within the applicant. Note: Coface crosschecks information by using other channels of information.

5. **Who within your ECA is responsible for screening applications?**

   No comments received.

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

   This question should be made more precise, to avoid confusion.

   **JBIC answers are very general and need more specific description.**

   **Japan** (JBIC): screening takes place upon JBIC’s receipt of a loan request and the screening form.

   Coface answer does not say anything on the stage of the screening in regards with the governmental decision to support the project or not. Coface should precise clearly that the screening has to be done before any final decision is taken.

   France: the screening process is obviously done before a final decision is taken, according to the 2007 Recommendation. It never happens that the decision is taken before a 15 days period from the reception of the application form, as a lot of due diligence has to be done during the underwriting process.

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

   Ideally OeKB should always take the whole project into consideration. Moreover, it is not clear what does “where appropriate” mean.

   **JBIC answers are very general and need more specific description.**

   **Japan** (JBIC): in our screening process, JBIC may categorise the application based on the nature of the project and the associated facility taken together. Apart from the scope of our finance, we try to consider the associated facility to be added to the scope to be examined for environmental and social considerations based on the degree of linkage, ownership and the potential impact of the associated operations.

   **Euler Hermes answer is quite broad and vague, does this includes as well looking into from where pulp is provided in the case of guaranteeing a paper machine (in some cases the origin of the pulp,**
Germany: Euler Hermes has given more information on this subject under question 19 (scope and criteria of the review process). In general, associated facilities are subject to a review when there is a substantial link with the project. Dependency of the project on the associated facility and operation by the same owner of both parts are important issues to be taken into account. As to paper machines, Euler Hermes generally takes into consideration the sourcing of raw material for the paper production.

Ex-Im Bank states that when scoping and screening transactions it “considers operational links associated with the project based on the level of interdependency of the facility with the project, the timing of its construction and its location relative to the project,” and that transactions that are neither tied to existing operations nor to projects are classified as Category C. However, the veracity of this response is unclear because Ex-Im Bank does not publicly disclose its Category C transactions. Meanwhile, its Annual Reports includes references to support for transactions including oil and gas drilling services which do not appear to correspond with any publicly disclosed Category A or B project. This leaves us to wonder whether Ex-Im Bank finances oil and gas drilling services that result in ad-hoc, random, arbitrary or spur-of-the-moment drilling operations rather than on specific planned operations on identifiable locations that should otherwise be classified as Category A.

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).

(b) re-insurance as lead ECA.

(c) re-insurance as re-insurer.

(c) There is no words in the environmental guidelines of the NEXI that allow NEXI to rely their screening process on others. The environmental guidelines stipulate it is the NEXI to conduct screening. Also, the 2007 Recommendation states that ‘Members should screen all applications for officially supported export credits covered by this Recommendation.’

Japan (NEXI): the 2007 Recommendation states that “Members supporting exports forming only a minor part of a project, or in re-insurance situations, may take into account the review carried out by another Member, an IFI...or a Member’s Development Agency, in accordance with this Recommendation” [Footnote 3] and “In re-insurance situations, Members may rely on the lead Member to undertake the disclosure provisions of this Recommendation” [Footnote 6]. In this context, we generally utilise the screening result of the lead ECAs by sharing the information about projects with lead ECAs. Re-insurance cases as re-insurer are not included in the NEXI Guidelines taking into account "follow the original” practice in re-insurance transactions and the 2007 Recommendation.

Coface does not precise what happens if Coface and other ECAs or IFIs have different screening processes and reviews leading to different conclusions for the project: do the ECA try to agree or not? Does Coface modify its point of view or not? Coface should provide more details.

France: In case of different views or room for interpretation, Coface would discuss with other ECAs/IFIs to promote coherence and level playing field (as per the general principles of the 2007 Recommendation). In the end, Coface always does its screening according to the 2007 Recommendation.
9. What procedures and practices do you have in place to help identify exports of capital goods and services to existing operations?  

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

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

JBIC answers are very general and need more specific description. 

Japan (JBIC): in our screening process, we try to ascertain whether or not the loan will be used for such transactions as exports of capital goods and services that cannot specify the project. If yes, such transactions are normally classified as Category C. 

This raises the question in principle mentioned in the introductory part; Euler Hermes explains that they don’t check further the effect of aircraft or ships. Given the climate relevance of planes and potential conflict relevance of ships, this is a question to discuss and not enough in terms of due diligence, even if it is in line with the 2007 Recommendation. 

Germany: ECA Watch correctly mentioned that Euler Hermes’ procedure not to review the climate relevance of ships and planes is completely in line with the 2007 Recommendation. It corresponds with the common practice of other OECD-ECAs and with the aim of the 2007 Recommendation to create a level playing field for the environmental review procedures among ECAs. 

12. Does your classification system vary from that of the Recommendation? If so, please provide details. 

Atradius added the M category. This is a welcome expansion. The marginal review should however not only look into compliance with local standards of operations, but rather reflect more ambition (e.g. best practice per sector). This also applies to the response 16. 

EULER HERMES: is the classification made available to others? Given that in the past the question of classification has been subject to many discussions, these classifications and their criteria should be published. 

Germany: Euler Hermes has published its policies and procedures in several documents on its website under the section “Sustainability”. Particularly the criteria for classification are published in guidance notes for exporters, but up to date only in German. Visit http://www.agaportal.de/pages/aga/nachhaltigkeit/umwelt/leitlinie.html 

13. Do you classify exports of capital goods and services (a) that are to existing operations or (b) that are neither to existing operations nor to projects? If so, please provide details. 

No comments received.  

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2 For the purposes of this Survey, “existing operations” are any identifiable existing operations that are undergoing no material change in output of function. 

3 For the purposes of this Survey, “projects” are any new commercial, industrial or infrastructure undertaking at an identified location or any identifiable existing operation that is undergoing a material change in output or function.
14. In what circumstances do you classify projects in respect of which your share is below SDR 10 million?

OeKB response “where appropriate, especially when in sensitive area” is vague. What is “appropriate”? And how can we verify their answer if there are no public lists of those projects that were accepted but not classified A or B?

Austria: If a project is below SDR 10 million and located in or near a sensitive area, it may be classified as Category A. In general, the classification is impact related.

15. Who is responsible for the classification of projects?

No comments received.

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.

Questions should be added in detail for each category A, B and C project regarding what kind of information is required. 'To provide details’ is too open-ended question, which allows some ECAs not to write something that they do not want to tell.

ECGD procedures are contradictory and it would be misleading to describe them as “prescribed” (in the sense of being a single immutable set of procedures that are mandatory for all cases). On the one hand, ECGD states that “Applicants must complete the impact questions contained within ECGD’s standard application forms”. On the other, it retains discretion as to how the process is applied, emphasising that its Case Handling Impact Process is “not a statement of what will be done in every case.”. ECGD also states in its September 2008 Case Handling Process Information Note that “ECGD will seek to ensure that all cases are considered on their individual merits”. Moreover, whilst ECGD gives “guidance” on the type of information that the applicant should supply, it does not in practice mandate such information. Completed Impact Questionnaires obtained through Freedom of Information legislation reveal cases where many of the questions have not been answered – despite ECGD requiring (on paper) that they should be. A case in point is the Impact Questionnaire “completed” by VAI/Siemens for a project in India (see Annex 1) for which no responses are given to any of the questions on environmental impacts.

United Kingdom: ECGD requires exporters and/or project sponsors to provide it with all the information required to satisfy itself that the exports/projects it is asked to support meet the relevant international standards. ECGD has not completed its analysis of the potential impacts of the project referred to by ECA Watch; the information that is missing from the Impact Questionnaire may well be provided within an Environmental Impact Assessment.

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EIA are often too weak (e.g. Ilisu-case), one identified problem is that EIA is provided by the Applicant and is not double-checked by an independent body. There is too little coordination with NGOs in this area. It looks as if these measures are there pro forma. We do not know of a case that has not been guaranteed because OeKB decided the EIA was too weak.

Austria: OeKB normally tries to fill gaps in EIAs in order to get the necessary degree of clarity. Depending on the case, applications are returned to the Applicant, if for some – including environmental and social – reasons the application for guarantee would not qualify for a positive proposal to the respective official body. Stakeholders are not informed about this type of business cases as these are internal procedures.

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

No comments received.

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

Coface assessment is very vague and thus meaningless. Coface should precise in which cases it works with consultants, on what particular issues, and disclose this information to the public (it is totally opaque today).

France: Coface asks the lender to appoint consultants, with whom Coface works, in particular when it does not have the expertise internally (e.g. nuclear).

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

NEXI’s answer doesn’t address the question. This question tries to ask whether consideration for associated operations is taken into account but the answer is different from the question’s intention.

Japan (NEXI): In our review process, taking into account several factors such as the degree of linkage, ownership, and the potential impact, we decide the scope of review. When associated operations are included in the scope, we review impacts relevant to associated operations such as, ambient quality, natural environment, and social environment, in accordance with our Guidelines.

On whether a facility is operated by the same company or consolidated company raises the question of how thoroughly this is investigated: Euler Hermes should provide an example of how they check this.

Germany: this information is gained either from the exporter, the buyer or via other sources of information (such as internet). For the projects reviewed so far, Euler Hermes has had no problem with identifying the owner of an associated facility.

Coface assessment is very vague and thus meaningless. Coface should precise in which cases it is “appropriate” to give “flexibility”, and precise what “flexibility” means here.

France: flexibility can be given on associated operations when the amount of the French export is very small in comparison with the total amount of the project because the leverage is then very low. In such a situation, flexibility means less stringent requirements than on the core project.
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.
(b) Re-insurance as lead ECA.
(c) Re-insurance as re-insurer.

(c) There is no words in the environmental guidelines of the NEXI that allow NEXI to rely their screening process on others. The environmental guidelines stipulate it is the NEXI to conduct screening. Also, the 2007 Recommendation states that ‘Members should screen all applications for officially supported export credits covered by this Recommendation.’

Japan (NEXI): the 2007 Recommendation states that “Members supporting exports forming only a minor part of a project, or in re-insurance situations, may take into account the review carried out by another Member, an IFI…or a Member’s Development Agency, in accordance with this Recommendation” [Footnote 3] and “In re-insurance situations, Members may rely on the lead Member to undertake the disclosure provisions of this Recommendation” [Footnote 6]. In this context, we generally utilise the review result of the lead ECAs by sharing the information about projects with lead ECAs. Re-insurance cases as re-insurer are not included in the NEXI Guidelines taking into account “follow the original” practice in re-insurance transactions and the 2007 Recommendation.

Coface does not precise what happens if Coface and other ECAs or IFIs have different screening processes and reviews leading to different conclusions for the project : do the ECA try to agree or not? Does Coface modify its point of view or not? Coface should provide more details.

France: in case of different views or room for interpretation, Coface would discuss with other ECAs/IFIs to promote coherence and a level playing field (as per the general principles of the 2007 Recommendation). Coface however follows its own rules and sometimes it ends with Coface asking for specific requirements.

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 any examples of experience.

The wording of the question is unclear, in that the meaning of “review” is undefined. The World Bank Environmental Assessment policy clearly distinguishes between “review” and “appraisal” – appraisal only being initiated (except in extraordinary circumstances) after the submitted EIA material has been “reviewed” and deemed satisfactory8. We have therefore assumed that the intention of the question is to ascertain whether appraisals are carried out even where the information available in an EIA is insufficient or not available.

ECGD merely states that it requires such information but does not respond on the issue of whether it would accept to appraise a Category A project prior to receiving the required information. ECGD should be asked to clarify its response in the light of its regular practice of undertaking appraisals of

Category A projects despite information on all the issues set out in Annex II of the Recommendation being unavailable. Cases in point include the BTC oil pipeline, the Sakhalin oil and gas project and, currently, Jindal Steel’s proposed steel mill at Angul, Orissa, where the ECGD has deemed the environmental and social information supplied to be insufficient (see letter at Annex 2) but has nonetheless undertaken field visits and other appraisals.

**United Kingdom**: ECGD may engage with exporters/project sponsors before a full EIA has been produced. However, in line with the 2007 Recommendation requirement that an EIA should be produced for all Category A projects, ECGD cannot make its decision on its support for such a project in the absence of an EIA.

On the possibility of approving Category A projects without an EIA, Atradius response lacks elaboration on the circumstances that may allow for these exceptions. Without full details the case for allowing such exceptions is not made.

**Netherlands**: as far as exceptions on approving Category A projects without an EIA, we fear that an elaboration on the criteria for such exceptions would give the impression that exceptions are allowed, which impression we would like to prevent.

The fact that OeKB “might accept for review if very few individual issues are not addressed under the condition that these are delivered at a later stage of the review process” would be only acceptable if the applicant then provides all missing information before the contracts are signed – a rolling plan (requirements to be fulfilled after project start) does not work (as in the case of Ilisu).

**Austria**: as mentioned in OeKB’s answer, a rolling plan might be accepted only in very few individual cases and with an exit-mechanism in case of non fulfilment of the requirements. The only case so far was Ilisu. Though this specific case with a rolling plan was linked to an enormous workload for the ECAs, it does not generally disqualify such procedures.

**SACE** answered in a contradictory way, they say first that there are exemptions, then they always require an EIA but this is allowed to contain gaps and more studies can be asked after approval.

**Italy**: regarding the information to be provided, please note that the review is a process, and that during this process the basis of information may need to be integrated or updated for several reasons, including the time elapsed between the EIA preparation and ECA involvement. Moreover, the audit questionnaire used for Category B transactions asks for details on air emissions, water use and discharge, use of soil, waste management, noise, use of hazardous materials. Such details are considered as substantial information.

22. Who is responsible for:

(a) Commissioning and carrying out an EIA?

(b) Providing you with a copy of an EIA report?

(c) Reviewing an EIA report?

As the applicant is responsible for providing the EIA and paying consultants to carry out the EIA, one cannot expect the assessment to be unbiased in all cases. Therefore a counter-opinion or at least dialogue with critical stakeholders should be included in the process.
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, including 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 (tiret 1) of the Recommendation, are taken into consideration.

All the items of Annex II and Para. 8 (tiret 1) in the Recommendations are taken into consideration “in most cases” according to OeKB. This needs further elaboration: when and why are they not taken into consideration?

Austria: We always ask if there is an EIA available. All the items of Annex II and Paragraph 8 (tiret 1) are taken into consideration. There are cases where an impact is not applicable (for example, where there is no resettlement), which is then not further pursued. Thus, “in most cases” is impact related.

If the question 23 means ‘when EIA exists for Category B, which items are taken into consideration?’, the NEXI’s answer is reasonable. However, if NEXI do not consider even executive summary, environmental impacts and conclusion etc. though EIA exists, it is not enough. If the EIA exists for Category B, it means there are some impacts, though less compared to Category B and thus they should at least consider executive summary.

Japan (NEXI): We take into account all the relevant aspects of key environmental factors based on EIA reports (if available) or environmental information. We take the same approaches as Category A projects, but generally the scope of review for Category B is narrower.

Does this mean sometimes JBIC doesn’t take into consideration of these items? Or it only means sometimes JBIC doesn’t require EIA so JBIC doesn’t review these items?

Japan (JBIC): our scope of examining for Category B projects includes the items of Paragraph 8. In the case where it is necessary to execute EIA based on the laws or regulations of the country where the project is to be implemented, or where project sponsors prepare it on a voluntary basis, JBIC undertakes its environmental reviews based on the EIA. If EIA is unavailable, JBIC seeks alternative documents or sends questionnaire so as to confirm environmental and social considerations when JBIC deems it necessary.

Euler Hermes’ answer is quite vague: they should provide examples of how they look into involuntary resettlement as part of a project, e.g. if they guarantee a paper machine, do they look into these aspects for the pulp production that the machine is going to work with?

Germany: the focus of the review is on the project itself, i.e. in this case, the new paper machine and the production site. However, when looking at raw material sourcing (country, plantations, farm forestry programmes etc.), we might come across the issue of involuntary resettlement which would then also be taken into account.

For Category B SACE just require an audit questionnaire and they admit to include little information. It is likely that other ECAs require more information in this.

Italy: regarding the information to be provided, please note that the review is a process, and that during this process the basis of information may need to be integrated or updated for several reasons, including the time elapsed between the EIA preparation and ECA involvement. Moreover, the audit questionnaire used for Category B transactions asks for details on air emissions, water use and discharge, use of soil, waste management, noise, use of hazardous materials. Such details are considered as substantial information.
24. What procedures and practices do you have in place to review the environmental risks associated with existing operations?

No comments received.

25. Do you review the environmental risks associated with exports of capital goods and services that are neither to existing operations nor to projects? If so, please provide details.

No comments received.

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

ECGD does not answer the question, which seeks information on the procedures used to “ensure” that host country standards are met. ECGD merely states that it asks whether the project is “designed” to meet such standards. It gives no details as to how it monitors the implementation of the project to ensure compliance.

United Kingdom: ECGD complies with the 2007 Recommendation that requires projects to meet relevant international standards, which are usually more stringent than host country standards.

Although OeKB answers that “permits are usually issued only if the local standards are fulfilled”, we know that this is not always the case – it is not enough to fully rely on these information. It is therefore crucial to also get in touch with NGOs who can have contacts to local civil society.

Coface does not explain how it makes sure that is aware of the local legislation, and of the different local environmental permits required: does it only rely on the work of the applicant? In addition, Coface does not precise what happens if the local environmental permit is not delivered. Coface should provide more precise information.

France: this is one of the criteria assessed in the environmental due diligence to grant cover. Coface always makes sure the local permit is delivered.

27. Paragraph 12 of the Recommendation sets out the general circumstances in which 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.

What kinds of internationally recognized standards are used should be asked for more clarification. How ECAs make sure and what kinds of format ECA should be asked to make sure the standards are met. For instance, do ECAs have a format to check each sentence of standards or not?
(a) Regarding the use of the WB safeguard policies it is again not clear what is meant by “relevant” in their answer. When are they not used? Shouldn’t they always be applied? NEXI answers ‘case by case’, but such answer does not provide any information. When it answers ‘case by case’, ‘in which case they use or do not use these standards’ should be written.

**Japan (NEXI):** Some of the comments do not seem to relate to NEXI’s response: to clarify, we wish to revise our response to Question 27 (b) to “always” and to add the following example to Question 27 (d): “For example, we will use WHO standards for air quality in accordance with General EHS Guidelines when local standards are not available.”

(d) Euler Hermes answer means that EU standards are applied on a completely voluntary basis

**Germany:** Euler Hermes’ review is mainly based on information provided by the applicant. In general and as foreseen in the 2007 Recommendation, the benchmark for projects is to meet World Bank standards (i.e. IFC EHS Sector Guidelines for technical aspects). However, when the applicant / the exporter confirms compliance with technical German or European Standards, we base our decision on these data, particularly when there are no equivalent IFC standards available.

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.

(b) IFC Environmental, Health and Safety Guidelines.

**JBIC answer doesn’t describe specific circumstances where JBIC use the international standards.**

**Japan (JBIC):** regardless of type of transactions, we use EHS Guidelines since they have replaced PPAH.

**Japan (NEXI):** regardless of type of transactions, we use EHS Guidelines since they have replaced PPAH.

29. Paragraph 12 of the Recommendation sets out the general circumstances in which 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) IFC Performance Standards.

(c) Regional Development Bank standards.

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

(a) Regarding the use of the WB safeguard policies it is again not clear what is meant by “relevant” in their answer. When are they not used? Shouldn’t they always be applied? NEXI answers ‘case by case’, but such answer does not provide any information. When it answers ‘case by case’, ‘in which case they use or do not use these standards’ should be written.
Japan (NEXI): Some of the comments do not seem to relate to NEXI’s response: to clarify, we wish to revise our response to Question 29 (b) to “always” and to add the following example to Question 29 (d): “For example, we will use WHO standards for air quality in accordance with General EHS Guidelines when local standards are not available.”

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.

(b) IFC Environmental, Health and Safety Guidelines.

JBIC answer doesn’t describe specific circumstances where JBIC use the international standards.

Japan (JBIC): regardless of type of transactions, we use EHS Guidelines since they have replaced PPAH.

Japan (NEXI): regardless of type of transactions, we use EHS Guidelines since they have replaced PPAH.

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

Coface does not give any information on how the benchmark is done, and how it is used then. Do sector specific guidelines become a requirement or just a recommendation? Coface should give more details here.

France: in the absence of World Bank or IFC policies or sector specific guidelines for the project under review, Coface refers to other internationally recognised standards, like the BREFs, and considers it as a requirement.

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.

OeKB answer also needs further elaboration. Are they applied in any way as well? Any specific examples? Have there been any projects turned down after they had been benchmarked against WCD recommendations?

Austria: sector specific or issue specific standards for the time being mainly have been used as guideline for the assessment and as checklist for comparison. For example, World Commission on Dams Recommendations and International Hydro Power Association Guidelines have not yet been used as the only benchmark for the assessment.

Regional development bank standards actually have been used as a benchmark, mainly in cases where a regional development bank is already in the project and has started to use their environmental standards. Concrete cases have applied EBRD standards.
**JBIC answer should describe specific standards.**

**Japan (JBIC):** regarding specific issues which are not covered by the World Bank Group standards, we may use, for example, Ramsar Convention and IUCN Red list.

**Japan (NEXI):** first of all, we try to use the World Bank Group standards for every project. Regarding specific issues which are not covered by such standards, we may use, for example, International Convention for the Prevention of Pollution from Ships (MARPOL) and 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.**

*It misses the question of how often this happens.*

*This answer doesn’t describe how JBIC practices where necessary, in order to get the borrowers take appropriate measures to meet the international standards against which they have been benchmarked.*

**Japan (JBIC):** we will consult with the host country government, borrowers and exporters / project sponsors to confirm the background and justification for the deviation. If the background and justification is not rational, we encourage project sponsors to take measures to improve it.

**SACE answers on which actions are taken if there is no compliance with standards is vague. They implicitly admit they can tolerate this and deviation from standards, but do not say clearly on which ground decision is made.**

**Italy:** with respect to the comment on deviation from standards, this question is under the section “Review”, not “Decision”, hence it refers to how a review is carried out in case a deviation from standards is found. The answer lists possible alternatives, like mitigation, compensation or alternatives. No rigid answer can be given, as each case is different and requires different technical solutions.

**France:** according to the spirit of the questionnaire (reflected by the coherence of Coface answer with other Members’) the answer given was general. To explain further, we can mention, for instance, project design alternatives or mitigation measures, and terms of reference for additional study or training on certain topics (e.g. resettlement).

Although Ex-Im Bank reserves the right to finance projects which do not meet applicable environmental guidelines, Ex-Im Bank does not publicly disclose a list of such instances and its rationale for making those specific decisions. Therefore, it is not known how often and under what conditions this exemption is used.

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

**ECGD does not answer the question, which seeks specific details on the circumstances when a site visit might be carried out. ECGD merely responds “as appropriate” without giving the rationale for deciding what constitutes “appropriate”.**
United Kingdom: it is not possible to pre-define “appropriate” for future cases which have yet to be submitted to ECGD for consideration. However, ECGD will undertake site visits when these will assist its assessment of whether or not the project meets the relevant international standards.

OEKB: Does the “received information” include NGO-input? When NGOs give input, it is received, but there doesn’t seem to be an active wish for consultation with NGOs on sensitive projects.

Austria: The answer to the first question to OEKB is: Yes. In general, OEKB is grateful for information from NGOs and there is an on-going dialogue between NGOs and OEKB.

Coface answer is not clear enough: does it mean that ALL category A projects have a site visit or not? Coface does not disclose any information on site visits. Coface should precise, and disclose public information when it does a site visit. This information could easily be included in project information already disclosed on Coface website.

France: it is part of the due diligence if considered as necessary (mainly in case of Category A, information Coface gets from reports needs further assessment).

35. How are conditions related to the environment incorporated into documentation prior to or after the decision on official support? Please provide details and examples of any environmental covenants used.

It would be interesting to get a number here on how often environmental covenants are used.

ECGD has not filled in the second box, requesting examples. It should do so or give reasons why this is not possible.

United Kingdom: ECGD incorporates appropriate environmental conditions but these relate to each specific export/project and are commercially confidential.

NEXI does not provide examples. It should do so or give reasons why this is not possible.

Japan (NEXI): we would like to add examples and revise the response as follows: “To assure the implementation of environmental and social considerations by the insurance applicants, requirements on environmental and social considerations (Environmental Special Clauses) are set forth in NEXI’s insurance policies. In addition, to secure the effect of the Clauses, environmental covenants for which the project sponsors are responsible will be incorporated into the loan documentation prior to the decision on official support. Examples in loan documentations are submission of monitoring reports, compliance with laws and standards, compliance with environmental social management plan etc.”

JBIC does not provide examples. It should do so or give reasons why this is not possible.

Japan (JBIC): covenants vary on a case-by-case basis, depending on the nature of the project and the outcome of the environmental review. Typical examples are: the borrower should implement the project in compliance with our environmental guideline. If it becomes evident that the borrower has not met the conditions required, JBIC may, in accordance with the loan agreement, suspend the disbursement or declare the default.

Coface answer is pure rhetoric: Les Amis de la Terre has already deeply discussed this important issue, and Coface has recognized that they don’t dare to use this Event of Default, in order not to worsen the situation of the exporter (they say), making the Event of Default a myth. In practice, this
answer is therefore totally untruthful, as long as Coface does not dare to sanction exporters who violate Coface conditions. In addition, Coface discloses no information on the environmental and social conditions set in specific projects, making it impossible for stakeholders (including civil society) to follow up on the respect of these conditions. Coface should disclose information on every condition set in a guaranty, and give an honest answer to this question. Moreover some important information (“to specific impacts – emissions limits, management of resettlement issues... - and to E&S assessment procedure – validation of operation ESMP, validation of changes, reporting...”) is not made public by Coface, making it impossible to assess if they are respected or not. This opacity precludes from giving to the conditions the importance and seriousness they deserve. Unlike the EIA that are made public, giving the opportunity to stakeholders to comment them, the opacity of the conditions makes it impossible for stakeholders to participate and give information and advice on their respect (or not).

France: Coface, as insurer, sets conditions to grant cover. These conditions are translated by the lender in loan documentation. Regarding transparency, there have been developments since the beginning of 2009 (see the 3rd quarter ex post disclosure). The confidentiality issues arising from the disclosure of 1) technical information (emissions limits, management of resettlement issues...) and 2) information on environmental conditions, particularly those introduced in loan documentation (to which Coface is not party), are being considered.

Regarding monitoring, Coface, when receiving follow up reports, can require further action is undertaken in order that the requirements are met. Coface has never used its right of withdrawing support, as it has so far worked as a way of leverage. However, Coface does not rule out this possibility in the future.

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

As Euler Hermes hardly ever denies approval on environmental grounds, they should provide examples of when applications were withdrawn because the projects did not meet environmental standards.

Germany: eligibility criteria, including environmental issues, are discussed with an applicant in various stages of the formal application procedure (after submission of an application form) or beforehand. This might induce the applicant / exporter to withdraw his application or refrain from filing one. Euler Hermes does not undertake systematical surveys in this respect, the more so as other aspects than environmental ones might also be accountable for not pursuing the envisaged project any more.

OeKB answer seems theoretical. Has this ever happened? No examples are given.

Austria: OeKB’s answer reflects the real procedure. In these cases, normally the Applicant is informed about the situation and normally withdraws his application. Such cases are only handled internally.

NEXI does not provide examples.

Japan (NEXI): NEXI has no particular experience.

JBIC does not provide examples.

Japan (JBIC): JBIC has no particular experience of denying a support.

SACE does not clearly answer on which environmental grounds support can be denied.
Ex-Im Bank states that it has denied support for a gas development and transportation (pipeline) project, however, the agency has never disclosed a list of projects for which it has denied support based on non-compliance with applicable standards.

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.

OeKB relies on the sponsor or third parties (e.g. bank), which is not enough. Ilisu shows how important it is that a project is monitored properly. It is a good example where monitoring was organised by ECAs and where they took this responsibility (and an independent body carried out the monitoring). It is doubtful that the project would have been reviewed appropriately otherwise.

Austria: as stated in the answer given, OeKB normally relies on the sponsor or third parties. OeKB has clearly proven that in sensitive cases OeKB is prepared to choose different ways, depending on the situation in the country (local authorities).

It does not say in which cases SACE allows just the borrower and not the external consultant to do the monitoring

Coface use of « As appropriate » is very vague. Coface should precise what is appropriate.

France: typically a 6 months period is appropriate during construction phase and yearly reports are more appropriate during operation phase. However, specific projects can justify higher or lower frequencies according to impacts and planning.

38. Who is responsible for undertaking monitoring of projects, including, if appropriate, site visits and preparing monitoring reports, and who is responsible for reviewing monitoring information and deciding on compliance?

Coface use of « and sometimes ECA consultant » is very vague. Coface should precise what “sometimes” means, and discloses the information in each case where a consultant is used (which project, what issues, what conclusions and recommendations, etc)

France: for limited or non-recourse project finance transactions or for complex projects, an independent consultant is in charge of monitoring E&S issues during construction and operation phases. Coface reviews the monitoring reports.

39. What actions are available to you in cases where monitoring reveals that conditions are not being complied with and who is responsible for deciding what actions are appropriate in order to restore compliance? Please provide any examples of experience.

This question is not complete. It should also ask what the consequences are, after the action undertaken by the ECA in case of non-compliance. Was the project finally compliant or not? This is the key point.

ECGD has not filled in the fourth box, requesting examples. It should do so or give reasons why this is not possible.

United Kingdom: ECGD did not have any relevant examples to share.
NEXI does not provide examples. It should do so or give reasons why this is not possible.

Japan (NEXI): NEXI does not have particular experiences and would like to add a comment in the response as follows: “No particular experience. When we receive concerns regarding projects from stakeholders, we may convey such information to project sponsors via applicants and make sure how projects proceed.”

JBIC does not provide examples. It should do so or give reasons why this is not possible.

Japan (JBIC): when the action plan (e.g. resettlement plan) has been delayed, we have encouraged the project sponsor to increase their pace and take appropriate measures.

Coface gives 3 possibilities to act in case of non compliance. But nothing is made public, and the “Event of Default” is pure rhetoric (see question 35). Coface should precise in which cases it uses these possibilities, what the results are, how it could improve or not the situation, etc. Concerning examples, Coface does not answer this important question: this silence confirms that the Event of Default is never used in practice. But does it also mean that the 2 other possibilities mentioned by Coface (objection letter and advise) have never been used by Coface? It is difficult to believe that the supported projects have always respected all conditions and standards, thus making it impossible to give concrete examples of Coface interventions to ensure standards and conditions are respected. The credibility of the whole compliance issue of Coface conditions is at stake here and Coface should provide any information available.

France: it is true that the 3rd measure « Calling the event of default » has never been used up to now, as the problem never arose. But the other measures were used on several projects for which non-compliances were observed (and corrective actions were put in place).

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

There is no requirement under the policy for ex post making available to the public of monitoring reports and related information. On this point the Dutch policy fails to reflect such a requirement actually existing under the Aarhus Convention.

Netherlands: regarding the obligations under the Aarhus Convention, we make available the EIA, as requested in the 2007 Recommendation. We do not have a practice of asking for monitoring reports.

The question is ‘in what circumstances...?’, but NEXI does not answer directly.

Japan (NEXI): to clarify, NEXI would like to revise the response for i) and, based on NEXI’s revised Guidelines, to add a comment for ii) as follows:

i. We encourage project sponsors to disclose the results of monitoring for category A and B projects in accordance with our Guidelines and the scope of disclosure may be largely dependent on the local legislation.

ii. NEXI will disclose such information on its website to the extent that such information is disclosed to public in the project country. (This procedure is applied to projects to which our revised Guidelines are applied.)
(i) JBIC doesn’t answer directly.

Japan (JBIC): as our guideline says that it is desirable that project proponents make the results of the monitoring process available to project stakeholders, we encourage project proponents to make it publicly available for Category A and Category B projects. Following the revision of our guidelines, JBIC additionally discloses results of the monitoring conducted by the project proponents to the extent they are made public in the host country.

There is no clear evidence that SACE encouraged sponsors to disclose monitoring reports. They are not posted on its website in any case.

Coface assessment (encourages project sponsors to disclose ex-post monitoring report) is not written anywhere on Coface website and policies, which raises a doubt on the truthfulness of this answer. Coface should make clear when and how it asks the sponsors to disclose this information. This assessment should be made public on Coface website and policy. Moreover, Coface does not require any disclosure of monitoring reports, making the full respect of the potential environmental and social conditions in the projects a mockery. Indeed, opacity makes it very hard – if not impossible – to ensure the conditions are fully respected, as proven by the poor answers of Coface above (see question 39). Coface should require the disclosure of monitoring reports. This highly important requirement to ensure compliance has been asked by Les Amis de la Terre for more than 3 years with the publication of a detailed report on monitoring and compliance issues in June 2006, but so far Coface has failed to answer the report properly.

France: this point is currently under consideration.

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<th>41. Have you published national ECA environmental policy statements and procedural guidance? If so, where can they be found (please provide website address if relevant)?</th>
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<td>All environmental information is less and less accessible on SACE website. Basically all news are part of the “newsroom” and there is no specific area for that, as in the past.</td>
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Italy: SACE’s website has a specific set of pages on environment, in both Italian and English. It is reviewed according to the need of updates; if procedures are in line with the 2007 Recommendation there is no need to update the corresponding pages. The most frequent updates appear under “environmental information” where news can be added every day and ex post disclosure of category A and B are released every 4 months. Environment News is a section distinct from the general news, and it is accessible at the provided link in both languages.

Coface website on environment (http://www.coface.fr/dmt/rubf_env/indexf.htm) has not been updated since 2006 and is therefore obsolete. The new 2007 Recommendation is not even mentioned, whereas it is the main reference for the environmental review. This is unacceptable and Coface should update its website.

France: The updated Coface’s website will be available very shortly.

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<th>42. Please provide details of your procedures and practices in exchanging information with other ECAs and IFIs in situations of</th>
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<td>(a) co-insuring/co-financing and (b) competition.</td>
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No comments received.
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.
(b) The form and language of the information released (including website address, if relevant).
(c) The required number of days the information should be made available prior to commitment.
(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).
(e) Any circumstances in which project information relating to Category A projects is not disclosed prior to commitment.

Here should come an extra question of whether there is a decision in principle before the final decision and how much this decision is legally binding (for instance it is in the German case but it would be interesting to compare this for the different ECAs) To specify this very important point: The survey should have an extra set of questions relating to decisions in principle, which are granted before complete information about the project is available (and in some cases necessary for the exporter to bid and receive all relevant documents). According to ECA Watch, relevant questions would be:

a) does the instrument of a legally binding decision in principle exist;

b) is the environmental information published at least 30 day before the decision in principle (which it is not in the German case);

c) in case a decision in principle has been granted, but environmental information that is provided afterwards reveals that the project does not meet environmental standards, can the exporter nonetheless enforce the granting of the guarantee

d) which mechanisms are in place to ensure compliance with environmental standards after a decision in principle has already been granted

(a) Even though OeKB publishes Category A projects in time before project approval, they do often not provide a direct link to the environmental impact information but rather set a general link to another ECA or financer involved (e.g. ADB, Finnvera). There does not seem to be great interest to make environmental impact information easily accessible, as this would be done by providing direct links to the entire material as well as clearly naming executive summary of an EIA.

Austria: paragraph 19 (second tiret, first bullet) of the 2007 Recommendation clearly states that for Category A projects Members should disclose “… details of where additional information may be obtained…”. In the specific Finnvera-link case of a pulp mill in Tasmania, the environmental documentation could be found very easily on the Finnvera Website.

(b) Coface answer is biased. It is only a very small part of the information that is translated into French. All the documents themselves (ESIA, ESMP) are never translated. Coface should clarify its answer.

France: ex ante disclosure of project information is made through tables (in French as being the national language of Coface website with an English translation for the benefit of non-French speakers) on Coface’s
website. E&S documentation, e.g. ESIA, which is not Coface property, is provided in the available language, and in any cases in English or in French.

(c) Category A projects are publicised at least 30 days before contracts are signed but we don’t know if there have been projects classified Category A that were not publicly disclosed. According to d) there has been made “no experience yet” with this scenario in Austria. Because there is no disclosure of the projects OeKB is involved in, other than Category A and Category B and >10 millions, it is hard to estimate if their classification of projects is coherent. We also have no evidence of projects not being accepted because of environmental or social impacts.

Austria: the completeness of Category A projects publicised at least 30 days before contracts are signed is a matter of trust. A list of projects with OeKB involvement from EUR 10 millions upwards for the years 2006 until today is available on the OeKB website. Projects below EUR 10 millions normally are not disclosed. On demand, environmental information would be released based on the Environmental Information Act (Umweltinformationsgesetz).

SACE does not elaborate clearly on legal constraints, but just says that the applicant has a veto power on documentation disclosure.

Atradius DSB answer suggests that it ex ante discloses environmental information on Cat A projects on its website. This is not correct. It only indicates for the ex ante period on its website that such information may be requested from the environmental practitioners of the ECA.

(d) Coface answer is biased. It is only a very small part of the information that is translated into French. All the documents themselves (ESIA, ESMP) are never translated. Coface should clarify its answer.

France: see previous answer.
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.

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

(c) Who is responsible for disclosing such information.

(d) The form and language of the information released (including website address, if relevant).

(e) How long the information remains publicly available.

It will be better if the question of ex post disclosure was divided into two: at the timing of final commitment and thereafter during monitoring. For instance, in the case of NEXI, for accountability, it discloses environmental review result, but disclosure of monitoring report is another thing. This question mix up these two issues and thus is confusing and not clear. It would be interesting to ask more concretely about what is published. It should also clearly ask what is NOT been made public.

Euler Hermes explains what they publish but not what they don’t publish, like environmental conditions as Coface does to a certain extend. Some other ECAs are more outspoken about the kind of project while in Germany this is mainly “a power station” in Brazil, for example, which doesn’t give more than a vague idea.

Germany: Euler Hermes exceeds the disclosure requirements of the 2007 Recommendation when publishing data on Category A and Category B projects. For Category A projects ample information is given on the website, and usually the published EIA enables one to identify the project. In general, if an applicant does not agree to disclose data, which is rarely the case, Euler Hermes would be legally obliged to only publish anonymised project information.

In Coface case, almost no information at all is disclosed on monitoring and compliance issues, which are key to ensure that all the environmental review (EIA, screening, conditions, etc) has a use. Coface should disclose information on monitoring and compliance issues precisely: conditions set by Coface / monitoring reports /any compliance problem / actions done by Coface to solve the non compliance / results.

France: the issue of publishing monitoring reports is currently under consideration.

(f) ECGD does not mention that ex-post disclosure of information on projects is at the discretion of the applicant/project sponsor and that permission to disclose is regularly refused9. As a matter of policy, ECGD also declines to disclose details of projects receiving Overseas Investment Insurance support10. The box requesting further details would seem an appropriate place for ECGD to note the above.

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9 See ECGD Annual reports. Its list of Guarantees Issued typically contains a footnote stating: “Details of some further cases are commercially confidential and are not disclosed”.


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United Kingdom: ECGD disclosed details of over 98.7% by value of the business it supported in 2008-09, including, where appropriate, the categorisation of the potential impacts. ECGD’s Annual Review includes the statement that “Details of some further cases are commercially confidential and not disclosed”.

OeKB: It is generally a very limited environmental information that is provided (“fulfilled the requested standards”), often no further environmental reports or EIAs are provided.

Austria: paragraph 19 of the 2007 Recommendation stipulates the public disclosure of Category A and Category B projects for which a Member has made a final commitment with respect to providing official support. OeKB is bound by law to make available further environmental documents on request. (Environmental Information Act, Umweltinformationsgesetz).

All environmental information is less and less accessible on SACE website. Basically all news are part of the “newsroom” and there is no specific area for that, as in the past.

Italy: SACE’s website has a specific set of pages on environment, in both Italian and English. It is reviewed according to the need of updates; if procedures are in line with the 2007 Recommendation there is no need to update the corresponding pages. The most frequent updates appear under “environmental information” where news can be added every day and ex post disclosure of category A and B are released every 4 months. Environment News is a section distinct from the general news, and it is accessible at the provided link in both languages.

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

No details are given of how the “external assurance process” is undertaken, what information is available, what procedures are followed. It should be noted, however, that the Export Guarantees Advisory Council does not undertake any forensic audit of ECGD’s decision-making on projects.

Coface use of « as far as high impact projects are concerned » is very vague. Coface should precise the criteria used to determine who takes the responsibility (financial threshold, impacts, project category, sensitive sectors, etc).

France: in addition, both internal and external (Ministry) reporting is done, with various levels of compliance controls.

47. Please provide details of any procedures and practices in place to monitor and evaluate your experience of the Common Approaches at a national level and to share experiences with other Members.

ECGD states that annual monitoring of ECGD’s implementation of the 2007 Recommendation is undertaken by the Export Guarantees Advisory Council but gives no details of the level of scrutiny or the procedures.

United Kingdom: this information is contained within the minutes of all meetings of the Export Guarantees Advisory Council that are published on ECGD’s website. In addition, the EGAC publishes its own report on ECGD’s performance that is contained in ECGD’s Annual review, which is also published on ECGD’s website.
SACE has no practice to evaluate the implementation of 2007 Recommendation at national level.

Ex-Im Bank has no independent accountability mechanism, so the veracity of its statements about monitoring and evaluation are questionable.

48. When was the last review or update of your environmental procedures conducted and what was the motivation for it?

49. Are any modifications foreseen in the near future and, if so, when and for what reason?

48. Coface answer is biased. In June 2006, guidelines on construction were disclosed by Coface. But guidelines on fossil fuels, big dams and thermal power plants, dated January 2004, were not updated.

France: as mentioned above, Coface sector guidelines are not any more pertinent. No review of environmental procedures was needed later – the 2007 Recommendation is directly part of Coface procedures.

49. Coface answer is in gross contradiction with environmental commitments of the French State at the highest level. Environmental concerns have grown tremendously in the last years, making it unacceptable to satisfy with an obsolete procedure, not reflecting the most recent requirements and best practices on environment. Even more seriously, this assessment is in total contradiction with the strong commitments of the French government taken in the « Grenelle de l’Environnement » process and laws. The government committed to put all public policies in line with public commitments on climate change (an issue Coface doesn’t care about currently) and biodiversity. The G20 also took a commitment to stop fossil fuel subsidies. Coherence implies that public export credit support to fossil fuel projects must be put into question. Coface should commit to a review of its environmental procedures every 3 years.

France: like other Members, Coface follows the 2007 Recommendation.

Japan (JBIC and NEXI): have revised their responses to these questions, noting that their environmental procedures were reviewed in July 2009.

50. What resources have been required as a result of the implementation of your environmental procedures? Please provide details of such resources including, if appropriate, the number of dedicated Environmental Practitioners and/or external consultants employed by your ECA.

No information at all is disclosed on « specific budget for training, site visits, use of consultancy », making it impossible to assess publicly if these resources are enough, if site visits are really done, where, when, why and with what results, if consultants are really used by Coface, how it selects them, for what purpose, in which cases, etc. Without these details, Coface answer is meaningless. Coface answer should give more details. It should also make this information public.

France: Coface response is similar to others, which did not disclose their budget either. The number of dedicated environmental practitioners could increase in the case of a revised Recommendation including new guidelines.

Ex-Im Bank is currently experiences a sharp increase in applications for greenhouse gas emitting projects coinciding with the financial crisis, yet it is unclear whether the agency is increasing its due diligence staff accordingly.
51. What costs are shared both during the risk assessment process and after the financing agreement has been concluded?

This question raises the additional question which costs for the environmental and social review are covered by Atradius DSB and which costs are covered by the Dutch State. The given response commands further clarification, as the ECA only works for the account of the Dutch State, actually implying that ALL costs it generate will be covered by the Dutch State.

Netherlands: Costs of the environmental assessment of transactions by Atradius are for account of the budget of Atradius Dutch State Business, which comes from a fee paid by the Dutch State to Atradius for the work done by Atradius Dutch State Business. Under specific circumstances additional expertise may be sought outside Atradius directly for account of the Ministry of Finance. The costs of providing the environmental impact information are for account of the applicant.

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

No comments received.

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

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

53. Coface answer is interesting, but nothing is made public. Coface should disclose how it collates experience, what database it uses, what thematic studies it uses, etc.

55. Do you produce any reports on environmental issues in addition to those required by the Recommendation? If so, please provide details.

This question is not complete. It should ask whether these reports are made public. Opaque reports are totally useless for stakeholders.

Coface answer cannot be assessed, because no information is made public on these reports. Coface should precise that the reports are not made public, or should disclose these reports on its website.

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?

Atradius DSB also applies its environmental and social screening policy on short-term transactions. This is very much supported and welcomed.

57. Please provide any additional comments.

No comments received.
IMPACT QUESTIONNAIRE
(Form IO2)

Details of ECGD’s case impact analysis process are contained in the Case Handling Process: Information Note (February 2003) that is available on the ECGD website http://www.ecgd.gov.uk. Customers are required to submit Impact Questionnaires (together with, where appropriate, any necessary supplementary information) when their case has been identified through the screening process as having Medium potential impacts. When customers have been requested to complete an Impact Questionnaire, all questions of this questionnaire should be answered for all applications for support.

Questions must be answered fully and truthfully to the best of your knowledge and belief. If the space provided is insufficient, please continue your answers on your headed notepaper and attach it to the form. (If completing the questionnaire in the electronic form, please start text responses in the grey boxes provided.)

Please read the Introduction and Guidance Notes before starting to complete the questionnaire.

Detailed notes regarding specific questions (marked QQ) are provided in Annex 1 of the questionnaire. Further assistance may be obtained by contacting the relevant Underwriter or the Business Principles Unit at ECGD.

Subject to our obligations to Parliament as a Government Department all information provided in this questionnaire will be treated as Commercial in Confidence until you tell us otherwise. Please tell us when you can release us from this commitment.

<table>
<thead>
<tr>
<th>Exporter’s/Investor’s Name:</th>
<th>VAi Industries (UK) Ltd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer’s/Enterprise Name:</td>
<td>Jindal Vijaynagar Steel Ltd</td>
</tr>
<tr>
<td>Project Countries:</td>
<td>India</td>
</tr>
<tr>
<td>ECGD Proposal Form Dated:</td>
<td>3 August 2005</td>
</tr>
</tbody>
</table>
GENERAL INFORMATION

1) Are any other Export Credit Agencies (ECAs) or other International Financial Institutions (IFIs) involved in the project?

☐ Yes  ☑ No  ☐ Don't know

If yes, please state names of IFIs or ECAs involved.

STANDARDS

2) If you have corporate Environment, Occupational Health & Safety, Social Issues or Human Rights policies and/or your company subscribes to ISO 14001/EMAS accreditation, please attach relevant details (if not previously provided).

☐ Copy of policies/certificates previously provided to ECGD

☐ Copy of policies/certificates attached

☐ No policies/accreditation in place thus none attached

(b) Please attach details of any documented Environment, Occupational Health & Safety or Social Issues policy statements issued by the project developer or owner.

☐ Copy of policies attached  ☐ None issued  ☑ X Don't know

(c) Is the project owner/developer ISO 14001/EMAS accredited?

☐ Copy of certificate attached  ☐ No  ☑ X Don't know

3) Is the project which you are supplying goods/services to or investing in designed to meet recognised environmental standards? (Mark all relevant.)

X Host Country  X UK/EU  ☐ World Bank  ☐ IFC  ☐ Other  ☐ None

If None, please explain.

(b) If the project/business is designed to meet any other environmental performance standards please identify and provide a copy of these.

Environmental standard:

☐ Copy attached

OCCUPATIONAL HEALTH AND SAFETY

4) Please indicate whether the goods/services/project that you are supplying/investing in will be compliant with UK or destination/host country Health and Safety standards and supply details of any Health and Safety guidance that you supply to the users/operators of your goods/projects.

☐ Standards:

☐ UK  ☑ X Destination/Host Country  ☐ Other  ☐ None

If Other or None please give details:

Guidance:

☐ Attached  ☐ None provided thus not attached
INDEPENDENT IMPACT ASSESSMENTS

(a) Has a Strategic Environmental Assessment (SEA), Environmental Impact Assessment (EIA), Social Impact Assessment (SIA) or Resettlement Action Plan (RAP) been prepared or is one planned? Please attach details of any social or environmental management and monitoring plan that has been developed for the project. (Annex 2 contains the contents list of a typical EIA.)

- SEA: □ Yes □ No □ Planned □ Don't know
- EIA: □ Yes □ No □ Planned □ Don't know
- SIA: □ Yes □ No □ Planned □ Don't know
- RAP: □ Yes □ No □ Planned □ Don't know

If Yes, please attach. If one or more is planned, please forward a copy of the Terms of Reference and timescales for completion.

Management & monitoring plan:
□ Copy attached □ No □ Available thus not attached □ Don’t know

(b) Where the goods or project impact on the local population and an EIA, SIA or RAP has not been prepared, have they (or their authorised representatives) been consulted?

- □ Yes □ No □ Don’t know

If Yes, please give details, including any mitigation or compensation measures.

ENVIRONMENTAL IMPACTS

(a) As or for what is the project site currently used?
□ Urban □ Industrial □ Greenfield □ Other – please specify

The plant will be erected as part of an existing steel plant facility and will be integrated into the existing building of the steelplant.

(b) Please indicate if the project will be located in or could have an environmental impact upon any of the following: (please mark all relevant box(es))

- □ Sites in the World Biosphere Reserves Directory
  (for list see website http://www.unesco.org/mab/wbr.htm)
- □ Sites on the World Heritage List
  (for list see website http://www.unesco.org/whc/heritage.htm)
- □ Semi-arid areas and desert margins
- □ Tropical or sub-tropical forests (especially primary forests)
- □ Rivers, lakes, coastline, coral reefs and wetlands, including mangroves
- □ National Parks, nationally designated nature reserves and all other conservation areas, and the margins of these
- □ Habitat of flora or fauna especially that of endangered species or areas of high concentrations of biological diversity
- □ Habitats providing important resources for vulnerable groups (e.g. indigenous or tribal groups, women or ethnic minorities)
- □ Areas largely untouched by humans (wildlands)
- □ Areas of high concentration of population or industrial activity where further development could create significant environmental problems
- □ Other areas of local interest or sensitive locations – please provide details

ECGO, May 2004
Please identify and quantify the annual consumption or extraction by the project and provide details relating to the following resources:

- **Metals and metal ores**
  - Annual consumption:
  - Details:

- **Minerals**
  - Annual consumption:
  - Details:

- **Coal**
  - Annual consumption:
  - Details:

- **Oil**
  - Annual consumption:
  - Details:

- **Gas**
  - Annual consumption:
  - Details:

- **Forest products**
  - Annual consumption:
  - Details:

- **Electrical power**
  - Annual consumption:
  - Details (Where possible, please identify original energy source):

Please identify and quantify the annual production or use by the project of greenhouse gases, ozone depleting substances, hazardous substances or persistent organic pollutants (POPs):

- **Carbon dioxide**
  - Annual production:
  - Details:

- **Methane**
  - Annual production:
  - Details:

- **Other greenhouse gas (Nitrous oxide, sulphur hexafluoride, hydrofluorocarbons and perfluorocarbons)**
  - Annual production:
  - Details:

- **Ozone depleting substance**
  - Annual production/use:
  - Details:

- **Hazardous substance**
  - Annual production/use:
  - Details:

- **Persistent organic pollutant**
  - Annual production/use:
  - Details:
SOCIAL AND HUMAN RIGHTS IMPACTS

8 Will the goods or project cause, require, bring about or stimulate any of the following?
(The Guidance notes in Annex 1 contain specific guidance for the responses in each of these areas)

☐ Resettlement of the local population
☐ Compulsory acquisition of land
☐ Displacement of, or damage to, existing industry or agriculture
☐ Job losses among the local population
☐ Child labour
☐ Bonded or forced labour
☐ Large-scale influx of workers
☐ Damage to sites of cultural, historic or scientific interest
☐ Impact on minority or vulnerable communities
☐ Use of armed personnel (either from private security firms or state security organisations)

Please provide details of any of these that apply.

Please note that projects involving any of the above will normally be categorised as having High potential impacts and ECGD will require the information normally contained in a Resettlement Action Plan or Social Impact Assessment in order to complete its impact analysis.

☐ Other social drawbacks, losses, or disadvantages, please specify:

☐ Social benefits, please specify:

9 Will the benefits of the goods/project (including employment opportunities for local people) be open to all, regardless of race, religion, gender, social grouping, etc.?  
☐ Yes ☐ No ☐ Don’t know

If No, please provide details and justification of selection process.

10 Please give details of any other information that you think may be relevant to ECGD’s assessment of the impact of this project, including any positive impacts not previously identified.
DECLARATION

We declare that:

1. if there are any material changes in the information provided in response to this Impact Questionnaire prior to ECGD approving support we will advise ECGD immediately;

2. if this Impact Questionnaire has been transmitted by electronic means, we have not amended any of the declarations or the questions contained in the Impact Questionnaire (form IQ2) provided to us by ECGD;

3. the facts stated and the representations made in this form and in any related discussions or correspondence are, to the best of our knowledge and belief, true and that we have neither misrepresented nor omitted any fact nor failed to provide any information known to us which is material to ECGD's assessment of the impact of the contract or the project to which it relates.

Signed on behalf of (Company Name): VAI Industries LTD

Signature

Name (block capitals): G A R L E Y

Capacity of signatory: General Manager - Commercial

(Signatory must be an authorised officer on behalf of the Company)

Date: 03-08-2005
Dear Mr Hildyard

Environmental Information Request - EIR(08)02

RE: Jindal Steel & Power Limited’s Integrated Steel Plant, Kerang, District of Angul, Orissa, India (‘the Project’)

Thank you for your email dated 15 May 2008 concerning the Project. Your request for information has been dealt with under the Environmental Information Regulations 2004.

ECGD holds the following impact assessments in relation to the Project:

1. Rapid Environmental Impact Assessment of 6 MTPA Greenfield Integrated Steel Plant, dated August 2005; and


ECGD understands that each of these impact assessments has been drawn up in accordance with Indian regulatory requirements. Initial information available to ECGD from India suggests that, as would be in accordance with these regulations, the assessments may have been made available locally in a form and language that are understandable to project-affected groups. ECGD’s due diligence on such matters is continuing.

ECGD has been advised by Jindal Steel & Power Limited (JSPL), the project company, that it is in the process of supplementing these assessments in order to meet the requirements of the relevant Safeguard Policies of the World Bank Group. JSPL has indicated that these assessments, together with the related supplementary material, will be published as one package, once completed.
ECGD does not hold a resettlement action plan for the Project. We are informed by JSPL that documentation for this purpose is being prepared and that this will cover such steps as have been taken to date, including those necessary under the relevant Indian regulatory requirements.

I confirm, in response to various concerns expressed in your email, that ECGD’s assessment of this project will conform to ECGD’s Case Impact Analysis Process, a copy of which can be found on ECGD’s website at: http://www.ecgd.gov.uk/ecgd_case_impact_analysis_process_-_may_2004-4.pdf

Should wish to be provided with a copy of either of the above assessments, please contact me quoting the above reference number.

If you are unhappy with the result of your request for information, you may request an internal review within two calendar months of the date of this letter. If you wish to request an internal review, or if you wish to make a complaint, please contact Steve Roberts-Mee, Senior Information Officer, ECGD, PO Box 2200, 2 Exchange Tower, Harbour Exchange Square, London E14 9GS, or email: information.access@ecgd.gsi.gov.uk.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at:

Information Commissioner’s Office

Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

If you have any queries about this letter, please contact me. Please remember to quote the reference number above in any future communications.

Yours sincerely

Stephen Head
Information Officer