

**TRADE AND AGRICULTURE DIRECTORATE  
PARTICIPANTS TO THE ARRANGEMENT ON OFFICIALLY SUPPORTED EXPORT CREDITS**

**OPERATIONAL PROCEDURES FOR THE COUNTRY RISK EXPERTS GROUP - DECEMBER 2017  
REVISION**

*This document sets out the operational procedures governing the process by which countries (and selected multilateral institutions) are classified and by which sovereigns whose risk is significantly higher than country risk are identified by the Country Risk Experts (CRE) Group. These activities are undertaken in connection with the rules on Minimum Premium Rates (Articles 23-32 of the Arrangement).*

*It replaces the previous Country Risk Classification Operational Paper [TAD/PG(2017)3/FINAL].*

Contact: Mr. Michael GONTER, Export Credits Division, Trade and Agriculture Directorate, OECD  
Tel.: +33 (0)1 45 24 18 22; fax: +33 (0)1 44 30 61 58  
E-mail: michael.gonter@oecd.org; cc: export-credits@oecd.org

**JT03424251**

*This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.*



## **OPERATIONAL PROCEDURES FOR THE COUNTRY RISK EXPERTS GROUP DECEMBER 2017 REVISION**

### **I. INTRODUCTION**

1. This document sets forth the agreed operational procedures used by the Risk Experts (CREs) to classify countries (and selected multilateral institutions) and to identify sovereigns whose risk is significantly higher than country risk (hereafter referred to as “flagging” sovereign risk). These activities are carried out by the CREs in relation to the premium rules of the Arrangement on Officially Supported Export Credits (referred to hereafter as “the Arrangement”)<sup>1</sup>.

2. The operational procedures provided in this document cover five basic areas:

- The modalities by which countries and multilateral institutions are selected by the Participants to the Arrangement on Officially Supported Export Credits (hereafter referred to as “the Participants to the Arrangement”) for classification by the CREs.
- The responsibilities of the institution designated by the Participants to the Arrangement to run the Country Risk Assessment Model (CRAM)<sup>2</sup> and the Public Finance Module (PFM)<sup>3</sup>, as well as of participants<sup>4</sup> in respect of reporting and participation in the country classification process.
- The specific procedures that guide the work of the CREs in classifying and reviewing the classifications of the countries and multilateral institutions designated by the Participants to the Arrangement.
- The specific procedures for flagging a sovereign as not being the lowest-risk obligor in a country and having credit risk that is significantly higher than country risk.
- The modalities by which the costs of running the CRAM are shared amongst participants and the scope for participation in the country risk classification process by observers and those participants that choose not to share the costs of the CRAM.

3. Countries and multilateral institutions are classified and “sovereign risk flags” are applied by consensus amongst the CREs. The results of the CREs’ decision-making process are considered to be final; *i.e.* they are not subject to confirmation, review or modification by any parent body (*i.e.* the Participants to the Arrangement) before they come into force. However, in the case that consensus cannot be reached

---

<sup>1</sup> Articles 23 through 32 and supporting technical annexes.

<sup>2</sup> Detailed information on the functioning of the CRAM is provided in [TAD/PG\(2017\)10/FINAL](#).

<sup>3</sup> Detailed information on the functioning of the PFM is provided in [TAD/PG\(2011\)11/FINAL](#).

<sup>4</sup> This paper makes reference to “participants” (*i.e.* participating countries) rather than institutions or export credit agencies (ECAs). However, it is understood that participants with more than one institution/ECA that provides officially supported export credits may, for practical reasons, report on an institution/ECA basis (*i.e.* there may be multiple, but not duplicate, reports from any one participant).

amongst the CREs in respect of the classification of a particular country or multilateral institution, the CRE Chairman will make the decision on his authority and the country in question will automatically be reviewed at the next scheduled CRE meeting with a view towards reaching a consensus on the country's classification.

4. In general, the procedures of the CREs have been developed in the context of the following basic principles:

- **The decisions taken by the CREs should only be based upon risk-related considerations.**

The factors considered in arriving at a final classification explicitly exclude all non risk-related considerations; *e.g.* bilateral political considerations. In this context, whilst the choice of national experts to participate in the CRE meetings remains the responsibility of each participant, the expectation is that those who attend CRE meetings will only participate in their capacity as an expert on country risk, and that the views expressed in the meeting should represent their technical expertise, notwithstanding their institutional affiliation (*e.g.* whether they are affiliated with a guardian authority or an ECA).

- **The latest available information should be taken into account and therefore should be updated regularly.**

Updates of the CRAM and PFM results will be undertaken each time important new information becomes available. Principally, such new information refers to three types of information: (1) new financial/economic data, when they are received from the main source, being the International Monetary Fund (this happens in principle at least once a year for most countries), (2) new payment experience data from participants, to be received in principle every trimester (four times a year), and (3) important sudden events that may significantly change the perceived country risk.

- **The procedures of the CREs should be efficient, transparent and guarantee confidentiality.**

In order to facilitate serious and open discussions amongst the Experts, no written record attributing comments or positions to any expert is produced. However, the Chairman does provide an official written report of the outcome of the CRE meetings. In addition, the Chairman may also produce an internal summary report of the meeting that for each country provides information on: (1) the CRAM outcome without adjustment, (2) the retained adjustment and final classification and (3) the valid country risk arguments supporting the retained adjustment. In view of the need to maintain confidentiality in order to protect the process from political interference, participants and observers<sup>5</sup> are expected to minimise the extent to which the information and data produced in connection with the country risk classification process is shared within their government outside of those parties who are directly involved in country risk assessment. Under no circumstances shall any information or data produced in connection with the country risk classification process, or any positions expressed by participants or observers be shared with outside parties.

---

<sup>5</sup> Observers to CRE Meetings are required (via an exchange of letters) to confirm that they will, *inter alia*, respect the confidentiality requirements that are stipulated by the Participants. A list of the undertakings to which an observer to the CRE meetings must agree is provided in Annex 2.

## **II. SELECTION OF COUNTRIES AND MULTILATERAL INSTITUTIONS TO BE CLASSIFIED**

### **(a) Countries**

5. Article 25 of the Arrangement stipulates that all countries except High Income OECD countries and High Income Euro Area countries shall be classified according to the likelihood of whether they will service their external debts (*i.e.* country credit risk).

6. However, as stated in Footnote 12 of the Arrangement, countries that do not generally receive officially supported export credits are not necessarily classified. In the first instance, such countries are not classified in view of the need to minimise the administrative burden on the institution running the CRAM as well as the CREs. In addition, the empirical basis upon which the CRAM result is based is not always comprehensive for some very small countries.

7. The starting point for selecting countries to be classified is the list of countries identified by the Participants for the purposes of applying the rules (*e.g.* for maximum repayment terms and tied aid eligibility) of the Arrangement. This list is published on an annual basis in the “Country Classification” document. Subsequent to the publication of this document (usually in July), the Secretariat will prepare a proposal stipulating the countries to be reviewed by the CREs in the forthcoming year. In preparing the proposal, the following criteria are applied in order to promote continuity and to avoid having to assess whether or not a particular country should be classified again after having been removed from the list:

1. Any country on the Participants’ list with a population of more than one million should be classified.
2. Any country on the Participants’ list with a population of less than one million and for which outstanding commitments reported during the prior year by participants do not exceed USD 10 million are not classified.

8. The proposal, developed according to the above criteria, will then be submitted to the Participants to the Arrangement for confirmation by written procedure. Upon agreement, the Secretariat will issue the revised list of countries to be classified in the subsequent year. Any country added to the list will be classified for the first time when the review of countries in the same geographical region takes place (*i.e.* at the first meeting covering its geographical region in the following year). However, once a country is added to the list, it may be nominated for review out of cycle according to the procedures set forth later in this paper.

### **(b) Multilateral institutions**

9. Article 28 of the Arrangement states that Multilateral and Regional Institutions shall be classified into one of eight Country Risk Categories (0-7) and reviewed as appropriate; such applicable classifications shall be made public by the Secretariat.

10. As described in Annex XII of the Arrangement, multilateral and regional institutions may be eligible for classification on a case-by-case basis if the institution is generally exempt from the monetary control and transfer regulations of the country in which it is located. In addition to these basic criteria, such institutions should display, *inter alia*, the following characteristics:

- Statutory and financial independence.
- Immunity of all of the institution's assets from nationalisation or confiscation.

- Full freedom of transfer and conversion of funds.
- Not subject to government intervention in the country where it is located.
- Tax immunity.
- Member countries are obligated to supply additional capital to meet the institution's obligations.

11. As is the case for countries, the responsibility for deciding which institutions should be classified under Article 28 of the Arrangement lies with the Participants to the Arrangement. In practice, the Participants to the Arrangement shall consider any nominations for new institutions to be classified against the criteria listed in paragraph 10 above. Consideration shall also be given to the historical payment record in situations of country credit risks default either in the country where it is located or in a buyer/borrower country, as well as any other factors which may be deemed appropriate. In this context, it is incumbent upon the participant forwarding a nomination for a multilateral institution to be classified to provide a detailed analysis of the institution which, at a minimum, addresses the criteria mentioned above.

12. The decision to classify a multilateral institution shall be taken by consensus<sup>6</sup>; in the event that the Participants to the Arrangement decide that an institution should be classified, the CREs shall be informed and all information and arguments presented to the Participants to the Arrangement shall be forwarded to the CREs to assist in the subsequent risk assessment process.

### **III. RESPONSIBILITIES**

#### **(a) *The participants to the CRE meetings***

13. Beyond their participation as experts in the country risk classification process, participants<sup>7</sup> are responsible for providing payment experience data on a quarterly basis (*i.e.* by the 15<sup>th</sup> of February, May, August and November of each year) in respect of every country on the Participants' list of countries. A description of this reporting obligation along with instructions on how to submit data using the Standard Form for Payment Experience Reporting is provided in Annex 1 of the Country Risk Assessment Model Manual.

14. The participants to the CRE meetings are also responsible for preparing the risk analyses needed for reviewing the classification of multilateral institutions. The items to be addressed in arriving at a proposed classification for a multilateral institution are provided in Annex 1 of this document.

#### **(b) *Observers***

15. Since observers have access to all information and data produced in connection with the country risk classification process, they are also required to provide payment experience data according to the established parameters (see Annex 2).

---

<sup>6</sup> In principle, the decision to remove an institution from the list of classified institutions shall also be taken by the Participants to the Arrangement.

<sup>7</sup> The obligation to provide payment experience data applies to all participants, irrespective of whether or not they share in the costs of running the CRAM.

(c) ***The institution designated to run the CRAM and the PFM***

16. In the first instance, the institution designated by the Participants to the Arrangement to run the CRAM and PFM<sup>8</sup> is responsible for the collection of all necessary data and its integration into the models, as well as the production of CRAM and PFM results for every country to be reviewed (the circumstances and criteria by which a review of sovereign risk is undertaken are set out later in this document).

17. With respect to the production of CRAM and PFM results, in principle, each time that new important information becomes available in relation to any country that is on the list of countries that are classified, an updated CRAM and PFM result will be produced. These results, along with the data input and sources will be made available electronically (*i.e. via* the XRisk CWS electronic bulletin board) for all countries for which new important information (as defined above) has become available and all countries of the geographical regions that are on the agenda of the next CRE meeting.

18. A detailed description of this process including the definition of all data elements is also provided in TAD/PG(2014)10/FINAL.

#### **IV. PROCEDURES**

19. Although the Participants to the Arrangement reserve the right to ask the CREs to review the classification of a country or multilateral institution on an ad-hoc, exceptional basis<sup>9</sup>, the classification/review process is normally undertaken at regular CRE meetings that are organised by geographic regions to take advantage of experts who, for the most part, are specialised by region. This guarantees that all countries and multilateral institutions for which Minimum Premium Rates (MPRs) apply will be reviewed on a regular, and at least annual, basis. Countries and multilateral institutions outside the specific region(s) to be reviewed at a meeting can be added to the agenda on request. The order and dates and location of regional review meetings are fixed in advance for the coming year.

(a) ***Step 1. Preparation of the empirical basis for reviewing the classification of countries and multilateral institutions***

(i) ***Countries: Running of the models***

20. As noted previously, each time new important information become available for a country that is classified by the CREs, a new CRAM and PFM result will be produced by the institution designated to run the Models.

21. Prior to each meeting, CRAM and PFM results are also produced for all countries in the geographical region(s) scheduled for review at that CRE meeting.

---

<sup>8</sup> The Participants to the Arrangement have designated Credendo of Belgium to undertake this task. This shall remain the case until such time as the Participants to the Arrangement decide otherwise.

<sup>9</sup> At the time of writing of this paper, no country had been reviewed outside a regular CRE meeting, however it is foreseen that the participants could ask the CREs to review the classification of a country on an *ad hoc* basis *via e.g.* electronic communication according to the same basic principles and procedures (adapted to electronic communication) that govern the classification of countries and multilateral institutions at meetings (*e.g.* consensus decision-making).

22. Approximately six weeks prior to a CRE meeting<sup>10</sup>, all updated CRAM and PFM results (along with the data inputs and sources) are made available to participants and observers electronically (*i.e.* via the XRisk CWS electronic bulletin board).

(ii) *Multilateral institutions: Preparation of the risk analysis*

23. In principle, the generation of risk analyses for any multilateral institutions to be reviewed should adhere to the same schedule set out in respect of the preparation of CRAM results.

(b) *Step 2. Audit of the CRAM and PFM data input*

24. This step is only applicable to the classification of countries and the identification of sovereigns whose risk is significantly higher than country risk.

25. After having received the CRAM and PFM results, the experts have the opportunity to check the data inputs. As they have the CRAM and PFM, they are also in a position to undertake simulations of results based on alternate data scenarios. Any comments on data input should be sent to the institution designated to run the CRAM and PFM. This may lead to further comments and discussion amongst the experts *via* OLIS and, in principle, possible revisions to the CRAM and PFM outcomes (*e.g.* in the case of corrected payment experience data) that provide the starting point for the review of a country's classification.

(c) *Step 3. Nominating a country or multilateral institution for review at a meeting outside of the scheduled annual review*

26. The participants may request that a country or multilateral institution outside the geographical region(s) scheduled for review be added to the CREs' agenda. For countries, such requests should be based on arguments that the country risk has changed significantly (*e.g.* due to political shock, sudden financial crisis, etc. or a significant change in the CRAM result based on important new information as defined above) since the time of the last review by the CREs. For multilateral institutions, requests may be based on arguments related to changes in any factor affecting the institution's creditworthiness.

27. In order for a country or multilateral institution to be added to the agenda of the next CRE meeting, a nomination must be made by one participant and subsequently supported by at least two other participants. The nomination of countries and multilateral institutions and support for such nominations should be communicated directly to the Secretariat and are subject to deadlines established by the CRE Chairman for each meeting.<sup>11</sup> The Secretariat shall inform participants on an ongoing basis about such proposals and their status (without indicating the source of the nomination or of any support for it) until such time as the deadline for proposals has passed, at which time the final list of countries to be reviewed at the forthcoming meeting is finalised.

28. For multilateral institutions nominated for review outside the normal geographical schedule, the nominating participant is responsible for the preparation of the risk analysis (including a proposed classification).

---

<sup>10</sup> The ability of the institution designated to run the CRAM and PFM to provide the results six weeks before a meeting is constrained, *inter alia*, by the punctuality and accuracy of the participants' reporting of payment experience.

<sup>11</sup> The specific deadlines established by the CRE Chairman so as to allow for an appropriate period before the meeting, for *e.g.* the preparation of the discussion of the country, are published on the XRisk CWS electronic bulletin board.

**(d) Step 4. Nominating a sovereign for review**

29. The process of nominating new sovereigns for review (*i.e.* those that have not been flagged previously; see paragraph 30 below) in order to determine whether their risk is significantly higher than country risk is undertaken at the same time and is subject to the same deadlines and procedures established for the nomination of countries and multilateral institutions to be reviewed outside of the normal schedule. In order for a sovereign to be placed on the agenda for review at a particular meeting:

1. the sovereign's country must be subject to review at that meeting (*i.e.* a country in the region(s) scheduled for review or that has been added to the agenda<sup>12</sup>), and
2. a nomination must be made by one participant and subsequently supported by at least two other participants; and
3. one of the three following criteria must be met:
  - the country must be a member of a monetary union or special monetary arrangement; and/or
  - the country's payment experience score exceeds the country risk assessment score excluding payment experience by at least 25 percentage points; and/or
  - the country's PFM score is higher than 80% and its CRAM outcome is lower than 90%.

30. A sovereign that has been "flagged" by the CREs is automatically reviewed whenever its country is reviewed. Should the review of the sovereign result in the "flag" not being retained (by the decision of the CREs or because it no longer meets any of the three criteria listed above), the sovereign would thereafter again be subject to the normal nomination procedures.

**(e) Step 5. Adjustment proposals**

31. This step is only applicable to the classification of countries.

32. On the basis of the latest available CRAM outcome (which provides the starting point for the review of the classification of countries), the participants may propose adjustments to the CRAM outcome to integrate, in a qualitative way, political and/or other risk factors not (fully) taken into account by the CRAM. Irrespective of a country's prevailing classification, the starting point for the review of a classification is the classification resulting from the CRAM outcome (*i.e.* proposals for adjustment should be made in relation to the CRAM outcome and not the prevailing classification).<sup>13</sup>

---

<sup>12</sup> In practice the nomination of a country for review outside of the normal schedule and the nomination of the same country's sovereign for review should be communicated to the Secretariat at the same time and any reaction to such a proposal by other participants (*e.g.* in support of the proposal) should address both aspects of the nomination.

<sup>13</sup> For example, if the previous CRAM outcome classification for a country was Category 5 and the final classification (*i.e.* after adjustment for political and/or other risk factors not fully taken into account by the CRAM) was Category 6 (*i.e.* a downgrade by one category) and the new CRAM outcome classification is Category 5 (no change), then the starting point for the review of the classification is Category 5; adjustment proposals should be submitted accordingly by any participant seeking to maintain the final classification of Category 6.

33. Adjustment proposals should, whenever possible, be accompanied by a written justification as described in Section B VII of the CRAM Manual [TAD/PG(2011)11/FINAL] using the standard form shown in Annex 1 of the same document, and should be submitted no less than one week prior to the CRE meeting.

34. Adjustment proposals should be communicated directly to the Secretariat, who will maintain an ongoing summary of the adjustment proposals made and any supporting justifications on the XRisk CWS without attributing them to any participant. A detailed list of adjustment proposals by participant is provided to the CRE Chairman in order to facilitate the management of the decision-making process at CRE meetings.

35. If no adjustment proposal is submitted, it is assumed that the participants support the unadjusted CRAM outcome classification.

*(f) Step 6. Determination of the final country risk classifications and application of a sovereign risk flag*

36. In the first instance, should the country of a participant or observer be subject to review, the experts attending the meeting on behalf of that that country shall leave the meeting room until a decision has been reached.

37. During the meeting, the experts will discuss the arguments and counter-arguments of proposals for adjustment to the CRAM outcome<sup>14</sup> and, as appropriate, the application of a sovereign risk flag. The aim is to reach consensus amongst the experts on the final classification of all countries and multilateral institutions to be reviewed and whether or not to apply a sovereign risk flag based on valid risk arguments<sup>15</sup>; it is stressed that the validity of each argument should be thoroughly examined.

38. During the discussions, no expert is obliged to express explicitly an opinion about any decision before the Group (*e.g.* if the expert has no opinion or is indifferent). The experts should pay particular attention to the comments made by those participants with significant experience with, or special knowledge of, the country or multilateral institution being reviewed.

39. The CREs are expected to make all efforts to reach consensus on the country risk classifications as well as the application of sovereign risk flags. Accordingly, decisions are taken through a “consensus-building” process; the experts may, in the end, have to consider whether they can accept that the largest common denominator outweighs any outlier positions. It is understood that during the meeting, final decisions on the classifications of countries and multilateral institutions under review and the application of sovereign risk flags should be taken; this means that decisions should not be postponed due to a lack of consensus.

40. The CREs are expected to make all efforts to reach consensus on the classification of countries and multilateral institutions as well as the application of sovereign risk flags. However, if consensus cannot

---

<sup>14</sup> With respect to multilateral institutions, since there is no empirical model to generate an initial classification (and, consequently, no procedural equivalent to the process for proposing adjustments for countries), the decision-making process to arrive at the final classification of multilateral institutions is less structured. In this context, the starting point for the review of a classification of a multilateral institution is the prevailing classification, notwithstanding any changes in the country risk classifications of its shareholder countries.

<sup>15</sup> Whilst arguments put forward in relation to countries are confined to country risk, the basis for arguments made in relation to the final classification of multilateral institutions is broader (see Annex 1).

be reached on the final classification for a country or multilateral institution, the CRE Chairman will make the decision on his authority and the country in question will automatically be reviewed at the next scheduled CRE meeting with a view towards reaching a consensus on the country's classification. In the event that no consensus is reached to apply (or to confirm an existing) sovereign risk flag, the flag is not applied.

**(g) Step 7. Communication of the final classifications and any sovereign risk flags**

41. The final classifications and sovereign risk flags resulting from the meetings are communicated by the Secretariat, *via* OLIS and the XRisk CWS electronic bulletin board as well as the OECD Website on the next business day following the conclusion of a meeting.<sup>16</sup>

**V. MODALITIES BY WHICH THE COSTS OF RUNNING THE CRAM ARE SHARED AND IMPLICATIONS FOR PARTICIPATION IN THE COUNTRY RISK CLASSIFICATION PROCESS**

42. The costs of running the CRAM are shared by all participants who wish to fully participate in the country risk classification process. Full participation entails providing payment experience data, participating in the discussions which take place at the CRE meetings and participating in the decision-making process in respect of the classification of individual countries and classified multilateral institutions.

43. Every year, the cost of running the CRAM<sup>17</sup> is adjusted upwards or downwards to mirror the overall wage evolution of the country where the institution that runs the CRAM and PFM is located. The new amount is proposed to the Participants, and once approved, invoices are sent to each participant that wished to fully participate in the country risk classification process. The costs of running the CRAM are shared on an equal basis.

44. Participants who decide not to share the costs of running the CRAM have access to all information and data produced in connection with the country risk classification process and may participate according to the same parameters that have been established for observers (*i.e.* such participants are expected to participate actively discussions but are not allowed to take part in the decision-making process regarding the classification of countries or multilateral institutions or any other item subject to decision by the CREs).

---

<sup>16</sup> The implementation of re-classifications is set out in Article 25d) of the Arrangement.

<sup>17</sup> The original cost of running the CRAM was set at USD 200,000 in 1997. In 1999, the amount was translated into euros, and adjusted on an annual basis thereafter according to the methodology described above.

## ANNEX 1

### ELEMENTS TO BE ADDRESSED IN THE RISK ANALYSIS OF MULTILATERAL INSTITUTIONS

1. Having met the basic criteria listed in the body of this paper in paragraph 10, multilateral institutions should be classified taking into account the following considerations:

- In the first instance, multilateral and regional institutions that are located in High Income OECD Countries and that have mainly High Income OECD Countries as members/contributors should normally be classified in Category 0.
- With respect to other institutions, a reasonable point of departure in respect of classifying an institution is the weighted-average<sup>1</sup> classification of the main shareholder countries.
- The general payment record of the institution, with a view towards upgrading the institution vis-à-vis the weighted average classification; for instance, upgrading by one category in case of no payment default lasting more than three months during the last five years.
- The historical payment record in situations of country credit risks default either in the country where it is located or in a buyer/borrower country.
- Any emerging payment default of the institution: in the event of any payment default, the Country Risk Classification would revert to the country of its location, but in no event should the Country Risk Classification be less than the average Country Risk Category of the institution's contributors.
- The ratings produced by reputable international rating agencies, especially in the case where the institution has a better investment rating than the average weighted category suggests.
- The mutualisation by diversification of risk on several contributor countries.
- Economic/financial position and payment performance of the co-sponsoring countries.
- The ability of the institution to raise funds from private sources when other institutions in the country cannot do so, as well as the cost of such financing relative to the MPR for the market in which it is located and/or the average country risk category of the contributing countries.

---

<sup>1</sup> Weighted according to their callable capital contributions.

2. In addition, the degree to which the institution meets the basic eligibility criteria for being classified should also be taken into account (*e.g.* the degree to which there is an obligation of its Member countries to supply additional capital to meet the institution's obligations).

3. Additional factors which are usually considered within the risk assessment of a buyer/borrower, such as the financial position, the economic performance and the quality of management should also be taken into consideration within the risk assessment for the final classification of a multilateral or regional institution.

4. The above recorded criteria and arguments are not meant to be exclusive. It is underlined that, according to the Arrangement, the institutions shall be classified on a case-by-case basis according to an assessment of the risk of each institution on its own merits and any other factors which may be deemed appropriate in the assessment process may be taken into consideration.

**ANNEX 2****THE UNDERTAKINGS TO WHICH AN OBSERVER TO THE CRE MEETINGS MUST AGREE**

The following list of undertakings must be confirmed in writing by any observer country in order for it to participate in CRE Meetings:

- Discussions and documentation circulated in connection with the work of the CRE Group are strictly confidential, unless otherwise decided.
- Discussions held and decisions taken by the CREs are in the context of and for the purpose of applying the Arrangement on Officially Supported Export Credits, both in terms of substance and spirit; it is therefore understood that no information shared amongst the CREs shall be used in other fora in a way that would be contrary to the interests of the Arrangement and its Participants.
- Given the technical nature of the discussions, delegates attending the meeting are expected to be experts in country risk analysis and not policy or political representatives.
- Observers are expected to participate actively and co-operate fully in the work of the CRE Group, including information exchanges. Observers are, therefore, expected to share data, provide payment experience and otherwise contribute to the discussions.
- Observers may participate in discussions but do not take part in the decision-making process nor can they place a question on the agenda.
- Observers may not present information in respect of their own country at the meeting, however, they are free to provide any information that they deem relevant via established channels; such information is posted on the internal web site of the CREs for their reference.
- In order to allow for a free discussion among the CREs, as a standard practice, a country that is being reviewed and classified by the Group is required to leave the meeting room until the decision is taken.