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TRADE AND AGRICULTURE DIRECTORATE  
TRADE COMMITTEE

### Working Party on Export Credits and Credit Guarantees

#### EXPORT CREDITS AND THE ENVIRONMENT: 2008 REVIEW OF MEMBERS' RESPONSES TO THE SURVEY ON THE ENVIRONMENT AND OFFICIALLY SUPPORTED EXPORT CREDITS

*This document comprises the 2008 Review of Members' responses to the Survey on the Environment and Officially Supported Export Credits concerning their implementation of the 2007 OECD Recommendation on the Environment and Export Credits [TAD/ECG(2007)9].*

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## EXECUTIVE SUMMARY

This document contains a Review of Members' procedures and practices for taking into account environmental considerations when providing officially supported export credits in the context of the implementation of the *Revised OECD Recommendation on Common Approaches on the Environment and Officially Supported Export Credits* (the "2007 Recommendation") [TAD/ECG(2007)9] adopted by the OECD Council on 12 June 2007. It is based on Members' responses to the *Survey on the Environment and Officially Supported Export Credits* [TAD/ECG(2007)12/FINAL]: the responses are available in Annex I of this document, which is issued separately as TAD/ECG(2008)9/ANN/FINAL.

This Review is the first under the 2007 Recommendation and is based on responses from 27 of 29 Members of the Working Party on Export Credits and Credit Guarantees (ECG), *i.e.* a total of 30 Export Credit Agencies (ECAs): it will facilitate the ECG's Environmental Practitioners to inform their work on building a body of experience in the application of the 2007 Recommendation.

This Review shows that, whilst Members' environmental review systems vary considerably 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 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.

## EXPORT CREDITS AND THE ENVIRONMENT: 2008 REVIEW OF MEMBERS' RESPONSES TO THE SURVEY ON THE ENVIRONMENT AND OFFICIALLY SUPPORTED EXPORT CREDITS

### I. Introduction

1. The aim of this Review is to evaluate Members' implementation of the 2007 *Recommendation on the environment and export credits* [TAD/ECG(2007)9<sup>1</sup>], based on their responses to a *Survey* [TAD/ECG(2007)9/FINAL], which aims to elicit details of Members' environmental review systems, policies and practices.

2. Members' responses to the Survey, which are available in an Annex document, [TAD/ECG(2008)9/ANN/FINAL], are meant to be updated on an on-going basis to reflect any significant changes in their policies and practices. Both the Survey responses and this Review help inform the work of the ECG's Environmental Practitioners in building a body of experience on the application of the 2007 Recommendation and also of the Environment Policy Committee (EPOC) in connection with their reviews of Members' environmental performance.

3. This is the first Review of Members' export credit environmental review systems under the 2007 Recommendation: 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]. The current Survey is more comprehensive than earlier version and the responses, therefore, provide more detail on Members' environmental review systems. Any questions concerning individual Members' responses should be addressed to the Member concerned.

4. Responses to the Survey have been received from 27 out of 29 ECG Members: Ireland and Mexico did not reply as the former has no relevant official export credit programme and the latter has had little demand for medium- and long-term cover and, therefore, nothing of substance to report. In addition, responses from both the ECAs of Hungary, Japan and Korea have been reported and analysed separately: in total, therefore, responses have been received from 30 Members/ECAs. 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.

5. This report comprises two other Sections:

- Section II: Detailed Review of the Responses to the Survey
  - General Principles
  - Screening and Classification of Projects
  - Environmental Review
  - Evaluation, Decision and Monitoring

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<sup>1</sup> [http://webdomino1.oecd.org/olis/2007doc.nsf/Linkto/tad-ecg\(2007\)9](http://webdomino1.oecd.org/olis/2007doc.nsf/Linkto/tad-ecg(2007)9)

- Exchange and Disclosure of Information
  - Reporting and Monitoring of the Recommendation
  - Other Comments
- Section III: General Comments

## **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.*

6. 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.

7. All 30 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: they are available in full in the Annex document.

### **(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.*

8. 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 six Members/ECAs responded that all applications are screened, including three Members/ECAs, *i.e.* Finland, Luxembourg and Portugal, 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.
- Four Members/ECAs responded that not all applications are screened: Korea KEIC and New Zealand reported having thresholds of EUR 11.18 million and NZD 20 million respectively; Spain reported that applications for Bonds are not screened; 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?**

9. 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:

- Application form: 11 Members/ECAs<sup>2</sup>.
- Separate environmental questionnaire: 11 Members/ECAs<sup>3</sup>.
- 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, *i.e.* Australia, Denmark, Finland and New Zealand.
  - On a case-by-case basis depending on the nature of the application: three Members/ECAs, *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.

*(c) Responsibilities***4. Who is responsible for providing the information required to screen applications?**

10. 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): 23 Members/ECAs.
- Project sponsor (in most cases): two Members/ECAs, *i.e.* 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.* Canada, Denmark, Korea Eximbank, Spain and Turkey.

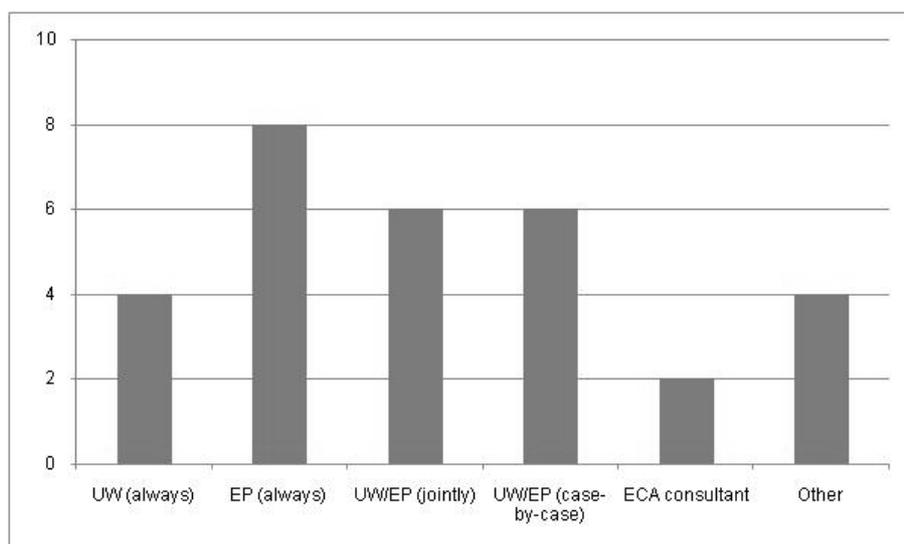
<sup>2</sup> Austria, Belgium, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom and United States.

<sup>3</sup> Czech Republic, France, Hungary Eximbank and MEHIB, Japan JBIC and NEXI, Korea KEIC, Poland, Slovak Republic, Spain and Turkey.

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

11. 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<sup>4</sup> below shows who is responsible for screening applications<sup>5</sup>.

**Chart 1: Question 5: Responsibility for screening applications**



(d) *Timing*

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

12. 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, *i.e.* Denmark.
- Before issuing either an indication or offer of support: one Member/ECA, *i.e.* Australia.
- Before underwriting the risk: one Member/ECA, *i.e.* Greece.

<sup>4</sup> For Charts 1, 3, 4, 7, 14 and 15, UW means Underwriter and EP means Environmental Practitioner.

<sup>5</sup> ‘Other’ responses include exporters for smaller transactions otherwise Environmental Practitioners (Canada), input from relevant Ministries (Hungary Eximbank and MEHIB), and ECA, plus underwriters and Environmental Practitioners of ONDD for confirmation (Luxembourg).

*(e) Scope and Criteria of Screening*

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

13. 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.*

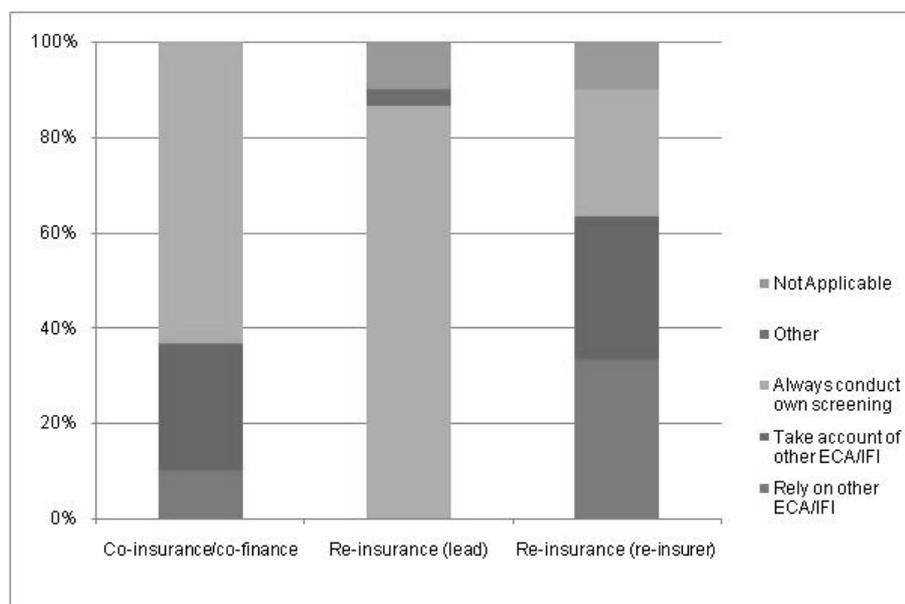
*(c) re-insurance as re-insurer.*

14. 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 situations<sup>6</sup>.

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<sup>6</sup> For questions 8 (b) and 8 (c) Hungary Eximbank, Japan JBIC and Korea Eximbank responded ‘Not Applicable’ as they do not provide insurance.

Chart 2: Question 8: Practices in screening applications



## (f) Existing Operations, New Projects and Other Exports

9. What procedures and practices do you have in place to help identify exports of capital goods and services to existing operations<sup>7</sup>?
10. What procedures and practices do you have in place to help identify exports of capital goods and services to projects<sup>8</sup>?
11. How do you screen exports of capital goods and services that are neither to existing operations nor to projects?

15. The 2007 Recommendation states that screening should identify exports of capital goods and services to existing operations and to projects, as defined in Paragraphs 5.1 and 5.2 respectively: in this context, these questions seek information on how Members/ECAs screen applications to identify exports of capital goods and services to existing operations, or to projects, or those that are neither to existing operations nor to projects. The responses should be read in conjunction with the responses to subsequent questions concerning the classification and review of exports (*c.f.* Questions 13, 24 and 25):

- Members/ECAs would refer to the answers provided in the application and screening documentation (*c.f.* Question 3), together with follow-up questions and independent research (*e.g. via* the internet), where necessary, to identify exports to existing operations, or to projects, or that are neither to existing operations nor to projects, *i.e.* the same screening process is used for all applications, the purpose of which is to identify the destination

<sup>7</sup> For the purposes of this Survey, “existing operations” are any identifiable existing operations that are undergoing no material change in output of function.

<sup>8</sup> 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, two Members/ECAs, *i.e.* Korea KEIC and Turkey, reported that they require the export contract to be provided to identify the destination of the export (*i.e.* a new project or existing operation). Turkey also reported that, once the transaction has been approved, it is checked against customs documentation.

(g) *Classification System*

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

16. 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, five 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 projects<sup>9</sup> 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.
  - 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).

(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.*

17. 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

<sup>9</sup> 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 50 Mio EUR

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.

18. 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”.
- Four Members/ECAs, *i.e.* Canada, Germany, 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 reported identifying such applications by way of a category for internal purposes only.

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

- Thirteen Members/ECAs<sup>10</sup> 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<sup>11</sup> 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.

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<sup>10</sup> Australia, Czech Republic, Denmark, Japan JBIC and NEXI, Korea Eximbank and KEIC, Luxembourg, Netherlands, Norway, Slovak Republic, United Kingdom and United States.

<sup>11</sup> 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?*

20. 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:

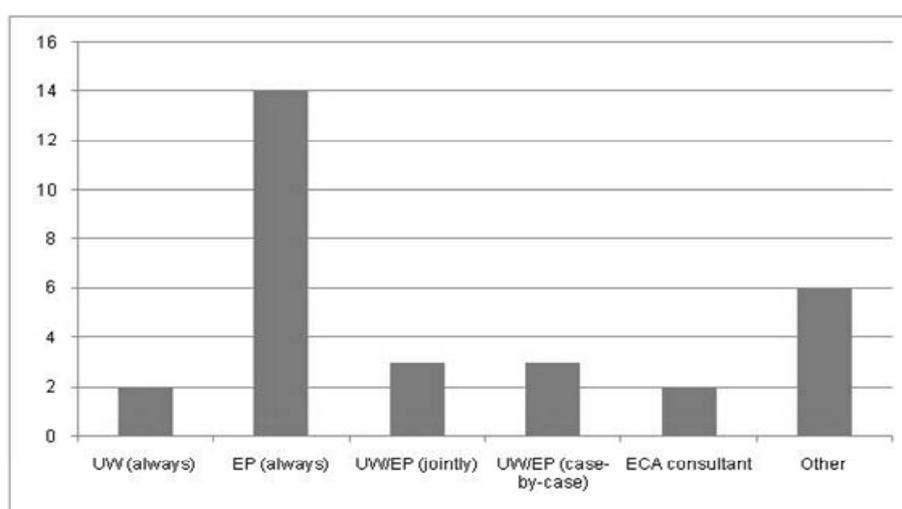
- Classify all projects in or near sensitive areas, in sensitive sectors, or with high potential environmental risks regardless of value: 15 Members/ECAs<sup>12</sup>.
- Classify all projects regardless of value: 14 Members/ECAs<sup>13</sup>.
- Other: one Member/ECA: New Zealand currently only classifies projects for which its share is above NZD 20 million.

(i) *Responsibilities for Classification*

15. *Who is responsible for the classification of projects?*

21. 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<sup>14</sup>:

**Chart 3: Question 15: Responsibility for classifying projects**



<sup>12</sup> 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.

<sup>13</sup> Australia, Austria, Belgium, Denmark, Hungary MEHIB, Italy, Japan JBIC and NEXI, Luxembourg (if with a repayment term of more than one year), Norway, Slovak Republic, Spain, United Kingdom and United States.

<sup>14</sup> ‘Other’ responses include underwriter and external consultant (Greece and Portugal), input from relevant Ministries (Hungary Eximbank and MEHIB), ECA Board (Luxembourg), and applicant or Environmental Practitioner (Poland).

**(iii) Environmental Review**

22. The following Sections of this Review relate to responses from 29 Members/ECAs only 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.*

23. 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
- Three Members/ECAs, *i.e.* Germany, 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?*

24. 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:

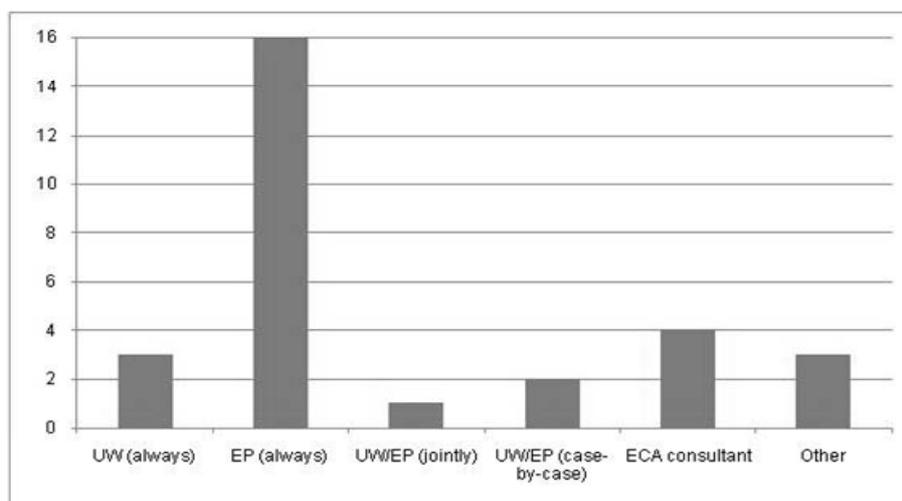
- Applicant (in most cases): 21 Members/ECAs.
- Project Sponsor (in most cases): three Members/ECAs, *i.e.* Canada, Korea KEIC and New Zealand.
- Other, *i.e.* applicant, exporter, borrower or project sponsor on a case-by-case basis: five Members/ECAs, *i.e.* Denmark, Korea Eximbank, Poland, Spain and Turkey.

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

25. 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<sup>15</sup>.

<sup>15</sup> ‘Other’ responses include input from relevant Ministries (Hungary Eximbank and MEHIB) and underwriter and external consultant (Portugal).

Chart 4: Question 18: Responsibility for reviewing projects

(c) *Scope and Criteria*

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

26. 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 review process by the Environmental Practitioners. 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.

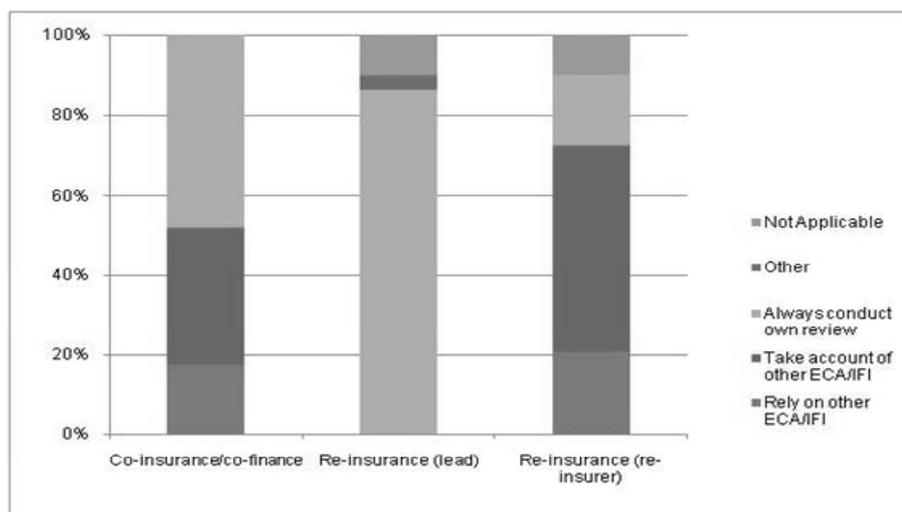
(b) Re-insurance as lead ECA.

(c) Re-insurance as re-insurer.

27. 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<sup>16</sup>.

<sup>16</sup> For questions 20 (b) and 20 (c) Hungary Eximbank, Japan JBIC and Korea Eximbank responded ‘Not Applicable’ as they do not provide insurance.

Chart 5: Question 20: Practices in reviewing applications

(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.

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

- Twenty 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 EIC 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 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:

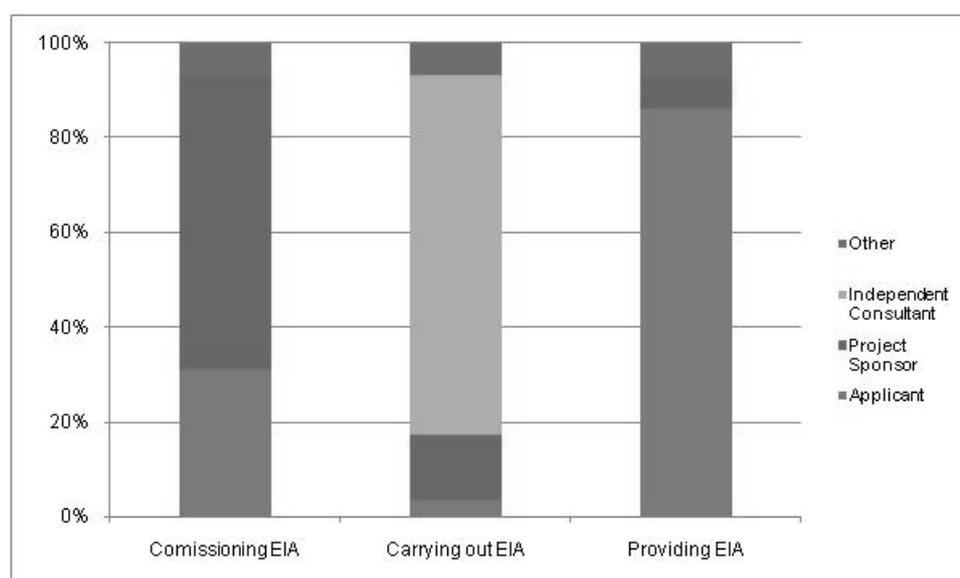
(a) Commissioning and carrying out an EIA?

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

(c) Reviewing an EIA report?

29. The 2007 Recommendation does not state who should be responsible for commissioning, carrying or review 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<sup>17</sup>.

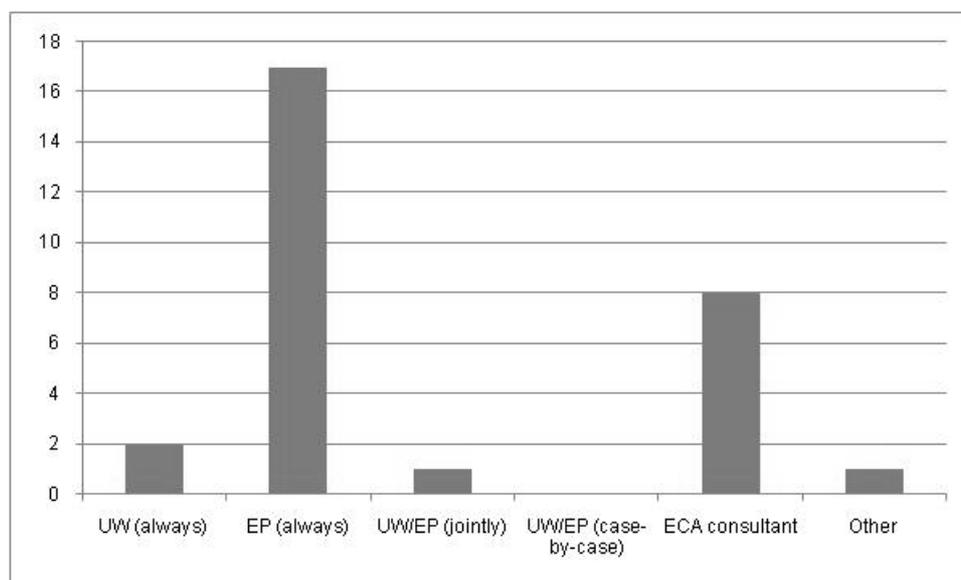
**Chart 6: Question 22: Responsibility for commissioning, carrying out and providing an EIA report**



30. 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, Chart 7 below shows how Members/ECAs responded concerning responsibility for reviewing an EIA report<sup>18</sup>.

<sup>17</sup> '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).

<sup>18</sup> The 'Other' response was from Portugal, which has not defined who is responsible for reviewing an EIA report.

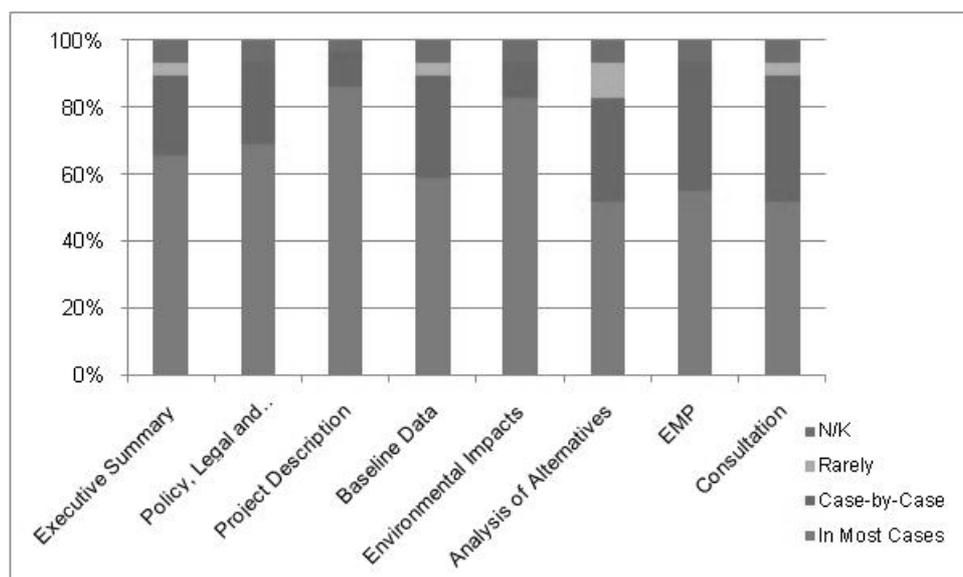
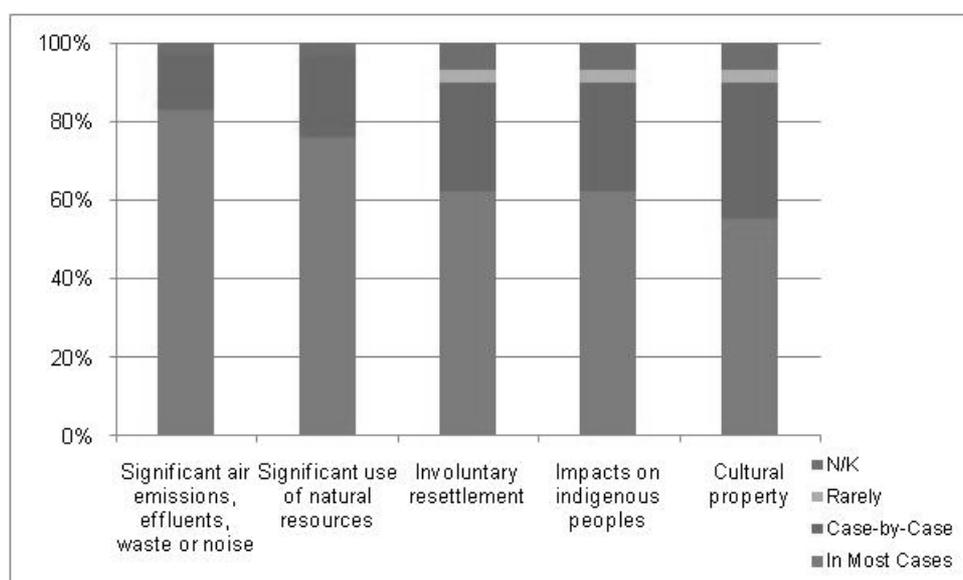
**Chart 7: Question 22: Responsibility for reviewing an EIA report***(e) Category B Projects*

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 (tired 1) of the Recommendation, are taken into consideration.

31. 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 on project emissions.

32. 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 (tired 1) of the 2007 Recommendation, are taken into consideration when reviewing Category B projects: in this context, 28 Members/ECAs<sup>19</sup> responded in full and such responses are given in Chart 8 and 9 below.

<sup>19</sup> Korea Eximbank did not respond in detail to this question.

**Chart 8: Question 23: Items in Annex II taken into consideration in reviewing Category B projects****Chart 9: Question 23: Items in Paragraph 8 taken into consideration in reviewing Category B projects***(f) Existing Operations*

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

33. 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: five Members/ECAs, *i.e.* Australia, Belgium, France, Luxembourg and Netherlands, 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.*

34. 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:

- Sixteen Members/ECAs<sup>20</sup> review the environmental risks associated with exports of capital goods and services that are neither to existing operations nor to projects. For information, three Members/ECAs reported examples of what they might look at: (i) 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), (ii) 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 Protocol (Spain) and (iii) 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<sup>21</sup> do not review the environmental risks associated with such exports.

(h) *Standards*

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

35. 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

<sup>20</sup> Australia, Canada, Czech Republic, Denmark, Finland, Italy, Japan JBIC and NEXI, Korea Eximbank, Netherlands, Norway, Slovak Republic, Spain, Switzerland, Sweden, United Kingdom.

<sup>21</sup> Austria, Belgium, France, Germany, Hungary Eximbank and MEHIB, Korea KEIC, Luxembourg, New Zealand, Poland, Portugal, Turkey and United States.

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.
- 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.

36. 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.*

37. Members/ECAs responded, with regard to international standards for Category A projects:

- Twelve Members/ECAs<sup>22</sup> always use World Bank Safeguard Policies and 13 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”.

<sup>22</sup> Czech Republic, Germany, Italy, Korea Eximbank and KEIC, Luxembourg, Netherlands, New Zealand, Slovak Republic, Sweden, Switzerland and Turkey.

- Eleven Members/ECAs<sup>23</sup> always use IFC Performance Standards for private sector limited or non-recourse project finance cases and 15 Members/ECAs do so on a case-by-case basis, for example, if requested by the project sponsor or if an Equator Principle 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”.
- Seven Members/ECAs<sup>24</sup> always use Regional Development Banks standards, where such institutions are supporting the transaction, and 21 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, 28 Members/ECAs<sup>25</sup> provided details: 20 Members/ECAs<sup>26</sup> 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 16 Members/ECAs<sup>27</sup> 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.*

38. 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 (EHS) Guidelines for evaluating the potential environmental impacts of Category A projects: in this context, 28 Members/ECAs responded in full<sup>28</sup>: Charts 10 and 11 provide details. For information, nine Members/ECAs<sup>29</sup> commented either that they would prefer to use the IFC EHS Guidelines or that they

<sup>23</sup> Belgium, Canada, Czech Republic, Denmark, France, Hungary Eximbank and MEHIB, Luxembourg, New Zealand, Switzerland and United States.

<sup>24</sup> Czech Republic, Korea KEIC, Luxembourg, Netherlands, New Zealand, Norway and Switzerland.

<sup>25</sup> Korea KEIC did not provide details.

<sup>26</sup> Australia, Canada, Denmark, Finland, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC and NEXI, Korea Eximbank, Netherlands, Norway, New Zealand, Poland, Slovak Republic, Spain, Sweden, Turkey and United States.

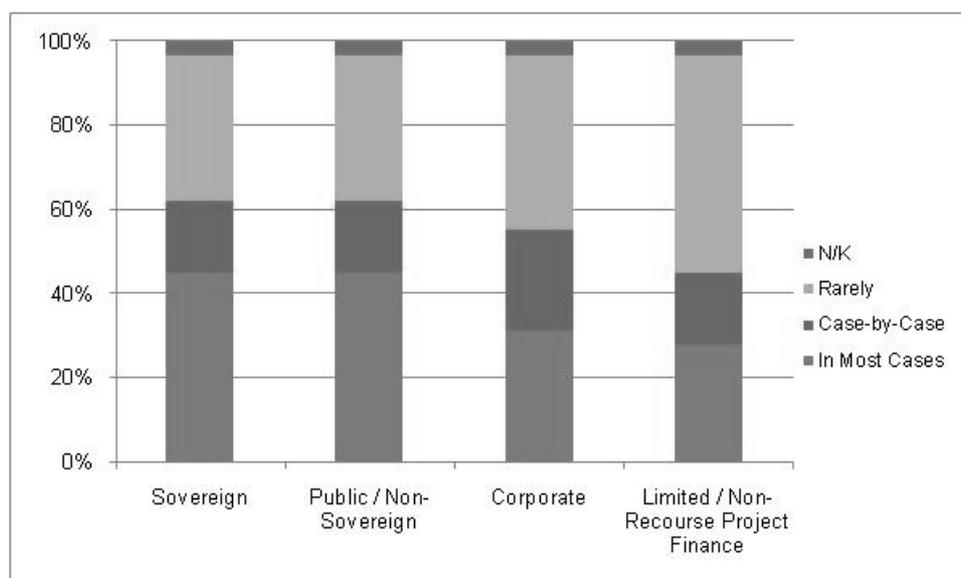
<sup>27</sup> Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Luxembourg, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

<sup>28</sup> Korea Eximbank did not respond in detail to this question.

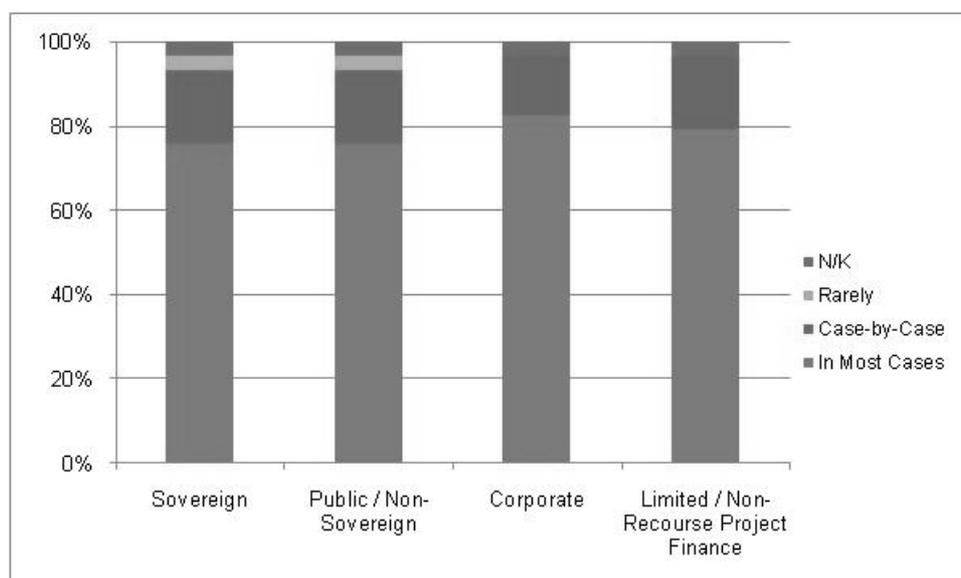
<sup>29</sup> Australia, Austria, Canada, Finland, Hungary Eximbank and MEHIB, Italy, Poland and United States.

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.

**Chart 10: Question 28: Use of the PPAH for Category A projects**



**Chart 11: Question 28: Use of the EHS Guidelines for Category A projects**



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.

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

- Fifteen Members/ECAs<sup>30</sup> always use World Bank Safeguard Policies and 12 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).
- Twelve Members/ECAs<sup>31</sup> always use IFC Performance Standards for private sector limited or non-recourse project finance cases and 15 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).
- Five Members/ECAs<sup>32</sup> 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. 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, 27 Members/ECAs<sup>33</sup> provided details, 19<sup>34</sup> 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 16 Members/ECAs<sup>35</sup> 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.

<sup>30</sup> Czech Republic, Finland, Germany, Hungary Eximbank and MEHIB, Italy, Korea Eximbank and KEIC, Netherlands, New Zealand, Norway, Slovak Republic, Sweden, Switzerland and Turkey.

<sup>31</sup> Belgium, Canada, Czech Republic, Denmark, France, Hungary Eximbank and MEHIB, Luxembourg, Netherlands, New Zealand, Norway and United States.

<sup>32</sup> Czech Republic, Korea KEIC, Netherlands, New Zealand and Norway.

<sup>33</sup> Finland and Korea KEIC did not provide details.

<sup>34</sup> Australia, Canada, Czech Republic, Denmark, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC and NEXI, Korea Eximbank, Netherlands, Norway, New Zealand, Slovak Republic, Spain, Sweden, Turkey and United States.

<sup>35</sup> Austria, Belgium, Canada, Czech Republic, Denmark, France, Germany, Luxembourg, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

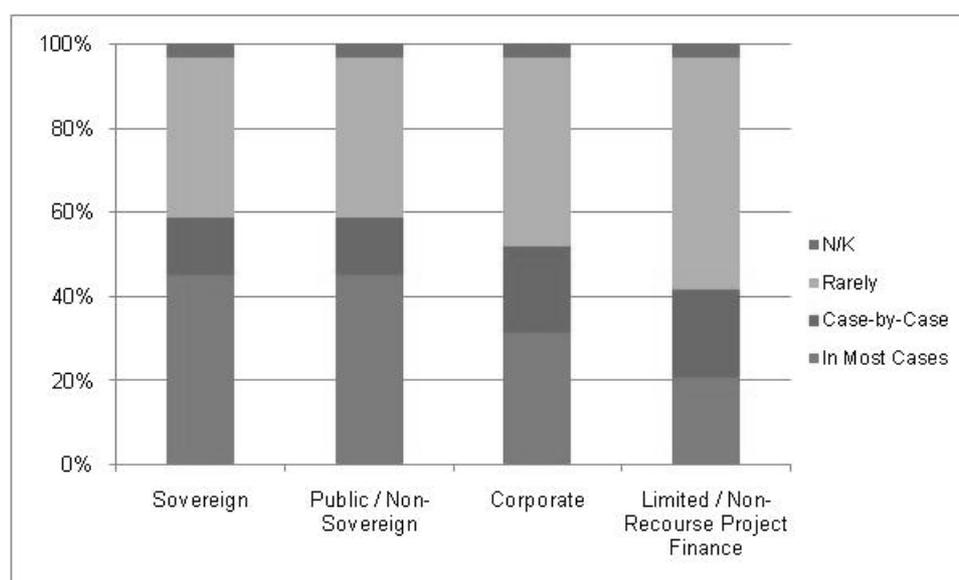
30. Please provide details of the circumstances, if any, in which you use the following technical international standards for the purposes of evaluating the potential environmental impacts of Category B projects (i.e. for sovereign, public/non-sovereign, corporate, limited or non-recourse project finance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

(a) *The Pollution Prevention and Abatement Handbook.*

(b) *IFC Environmental, Health and Safety Guidelines.*

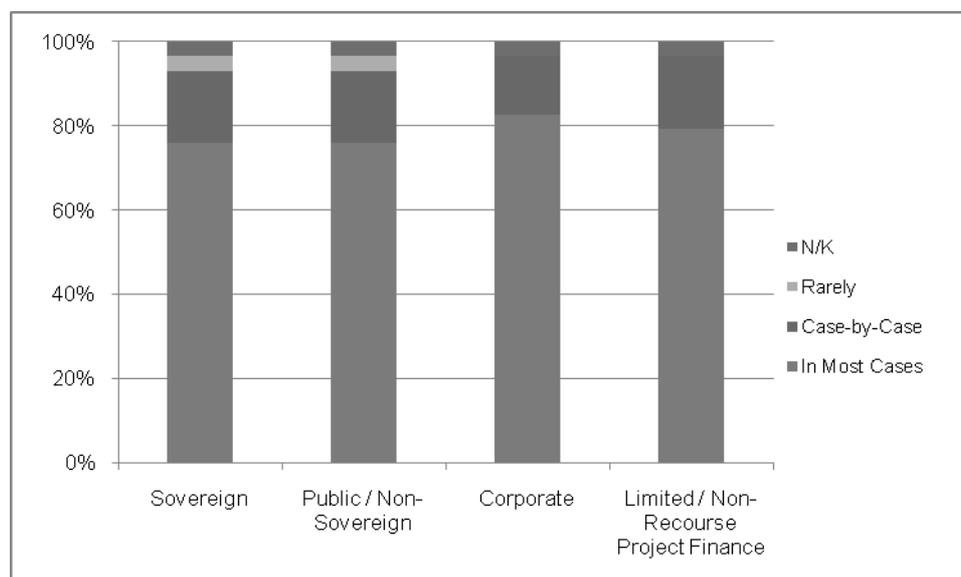
40. The Survey invited Members/ECAs to provide details of the circumstances, if any, in which they use PPAH and the IFC EHS Guidelines for evaluating the potential environmental impacts of Category B projects: in this context, 28 Members/ECAs responded in full<sup>36</sup>: Charts 12 and 13 provide details.

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



<sup>36</sup>

Korea Eximbank did not respond in detail to this question.

**Chart 13: Question 30: Use of the IFC EHS Guidelines for Category B projects**

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

41. In response to this question, 26 Members/ECAs responded<sup>37</sup>:

- Eleven Members/ECAs reported that they may 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.
- Six Members/ECAs, *i.e.* Hungary Eximbank and MEHIB, Japan JBIC, Netherlands, Turkey and United States, reported that they may apply additional standards, depending on the other IFIs involved in a transaction.
- Two Members/ECAs, *i.e.* Belgium and Portugal, reported that they may 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.

<sup>37</sup>

Finland, Korea KEIC 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.

42. In response to this question, 27 Members/ECAs responded<sup>38</sup>:

- Nineteen 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)
  - MARPOL Convention and Montreal Protocol (Spain)
  - Multilateral Investment Guarantee Agency standards for investment insurance (Hungary MEHIB)
  - World Commission on Dams (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.

<sup>38</sup>

Finland and Korea KEIC 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.

43. 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.

(i) *Site Visits*

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

44. 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.*

45. 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).

46. 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 Environmental Management Action Plan or Resettlement Action Plan.
  - 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.
  - Installation of waste gas treatment.
  - Change in design of a plant and additional SNCR plant.
  - Providing periodic measurements of emissions.
  - Obtaining and maintaining certification.

47. 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.*

48. 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.

49. 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.

50. With regard to any examples of experience of projects where support has been denied on account of the environmental impacts, 18 Members/ECAs reported no experience and ten Members/ECAs<sup>39</sup> 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.

51. 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 rely 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; Switzerland expects the project sponsor to publish monitoring reports and has experience of a project where 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

<sup>39</sup> Belgium, Canada, Denmark, France, Germany, Netherlands, Portugal, Spain, Sweden and United States. Australia declined to provide details of transactions that it considered but did not support.

and the issues that may be raised in the action plans; however, 13 Members/ECAs<sup>40</sup> 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.

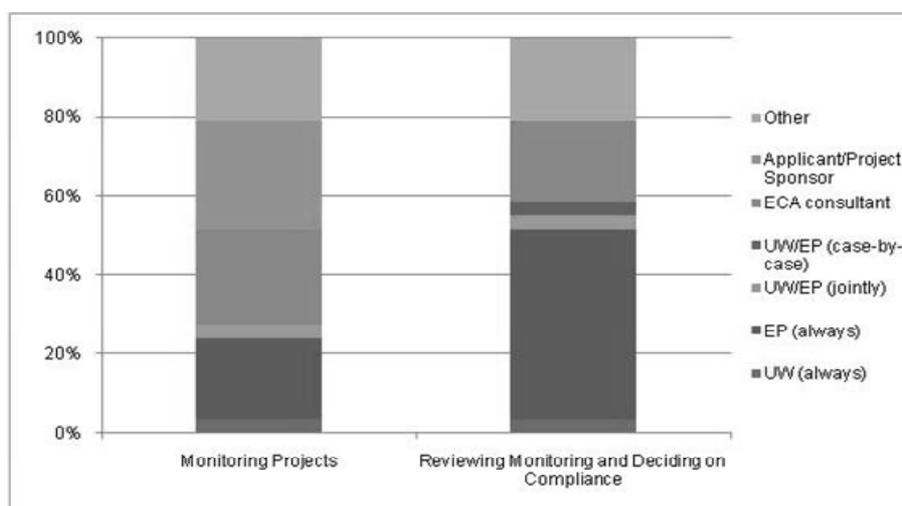
- With regard to the content of monitoring reports, Members/ECAs reported that this depends on the conditions imposed for a project, but may include the following, not all of which are mutually exclusive:
  - Quantitative data related to emissions, such as air, waste water and noise, and a comparison 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?*

52. 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 questions and their responses are for information and transparency: in this context, Chart 14 below shows how Members/ECAs responded<sup>41</sup>.

<sup>40</sup> Austria, Belgium, Czech Republic, Denmark, Finland, France, Italy, Netherlands, Slovak Republic, Spain, Switzerland, Sweden and United States.

<sup>41</sup> ‘Other’ responses include: for monitoring projects, portfolio risk manager and Environmental Practitioner (Australia), Underwriter, Environmental Practitioner and Consultant (Portugal, 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), and case-by-case (New Zealand and Slovak Republic).

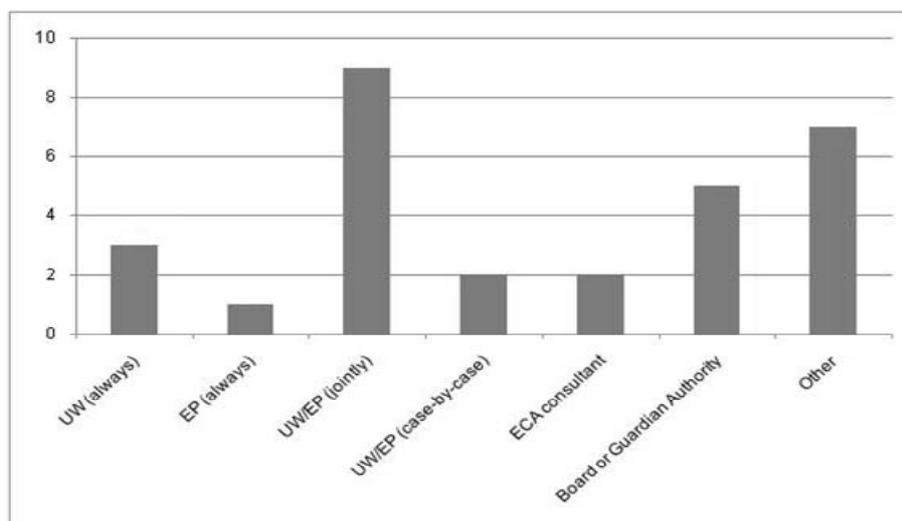
**Chart 14: Question 38: Responsibility for monitoring projects and reviewing monitoring information***(d) Non-compliance Measures*

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.

53. 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.

54. 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<sup>42</sup>:

<sup>42</sup> ‘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), and no experience (Sweden).

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

55. 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?*

56. 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<sup>43</sup>;
- 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;
- Other: three Members/ECAs, of which:
  - Where required as a condition of support, for example, compliance with IFC Performance Standards: one Member/ECA, *i.e.* Australia.

<sup>43</sup> 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.

- Projects with high public interest (*i.e.* hydro-power projects, or projects involving resettlement): one Member/ECA, *i.e.* Germany.
- 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.

57. 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: seven 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.
  - Case-by-case: two Members/ECAs, *i.e.* Germany and New Zealand.
  - Under the provisions of the Equator Principles: one Member/ECA, *i.e.* Denmark;
- No requirement for disclosure of monitoring reports and related information: ten Members/ECAs, *i.e.* Finland, Italy, Japan JBIC and NEXI, 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)?*

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

- All 29 Members/ECAs have published national ECA environmental policy statements and procedural guidance.

- All Members/ECAs, except Korea Eximbank, have posted this information on their websites and provided links to their sites<sup>44</sup>; of these, Hungary Eximbank, Luxembourg and Portugal 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.*

59. 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].

60. 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 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).

61. 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 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 (Hungary MEHIB, Netherlands and Portugal).

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<sup>44</sup> Denmark, Korea KEIC, New Zealand, Poland, Portugal, Sweden, Turkey and United States have provided links to their ECA home pages rather than to the specific environmental policy and procedural pages.

(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.

62. 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].

63. In this context, Members/ECAs 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 and export contract amount, or that they specifically ask for comments on the projects.

64. Members/ECAs generally make information on Category A projects publicly available *via* their websites, although additional information can sometimes be made available in printed form. 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).

65. With regard to Members’ legal frameworks for disclosure, 11 Members/ECAs<sup>45</sup> reported that they have no legal constraints to *ex ante* disclosure of project information, except in some cases for general provisions regarding commercial confidentiality and 14 Members/ECAs<sup>46</sup> 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

<sup>45</sup> Austria, Belgium, Czech Republic, Denmark, France, Japan JBIC and NEXI, Korea KEIC, Luxembourg, Netherlands and Slovak Republic.

<sup>46</sup> Australia, Canada, Finland, Germany, Italy, Korea Eximbank, Norway, Poland, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States.

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 *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 *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.

66. 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].

67. In this context, 24 Members/ECAs responded that their ECAs are responsible for making environmental impact information publicly available: in most cases, this is *via* a link to the information on the project sponsor’s website, with printed copies being made available on request; three Members/ECAs, *i.e.* Canada, Turkey and United Kingdom, responded 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.

68. All but three Members/ECAs, *i.e.* Netherlands, Slovak Republic and Turkey, referred in their responses to making EIA or Social and Environmental Assessment (SEA) reports or summaries thereof publicly available and the majority of Members/ECAs also responded that environmental impact information would generally be made available in English. 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.

69. 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.

70. 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: ten Members/ECAs, *i.e.* Austria, Belgium, Canada, Germany, Japan JBIC and NEXI, Korea Eximbank, 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: 12 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.
- No experience: one Member/ECA, *i.e.* Korea KEIC.

71. 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.

72. 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<sup>47</sup>:

- One month: two Members/ECAs, *i.e.* Korea Eximbank and Turkey;
- One or two years: six Members/ECAs, *i.e.* Austria, Belgium, Canada, Czech Republic, Netherlands, and Switzerland;
- Up to five years: five Members/ECAs, *i.e.* 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.

73. 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.

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

**(a) Accountability of your Guidelines**

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

74. The 2007 Recommendation states that “*Members shall ensure, through appropriate measures and mechanisms, compliance with their policies and procedures pursuant to the Recommendation*” [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<sup>48</sup>: for example, pre-issue, 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

<sup>47</sup> Norway, Portugal and Slovak Republic responded that they had no set rules for the length of time information should remain publicly available, and Korea KEIC and New Zealand responded that they had no experience.

<sup>48</sup> 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.

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.*

75. 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.

76. 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?*

77. For 24 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 22 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) and to reflect changes in the ECA organisation (Switzerland). The remaining two Members/ECAs reviewed their environmental procedures either to introduce more detailed procedures on specific topics, *i.e.* monitoring process, biodiversity and climate change issues etc. (Belgium) or to identify new ways to screen and assess short-term transactions (Denmark). Of the 24 Members/ECAs that have already reviewed their environmental procedures since the adoption of the 2007 Recommendation, seven 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), 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).

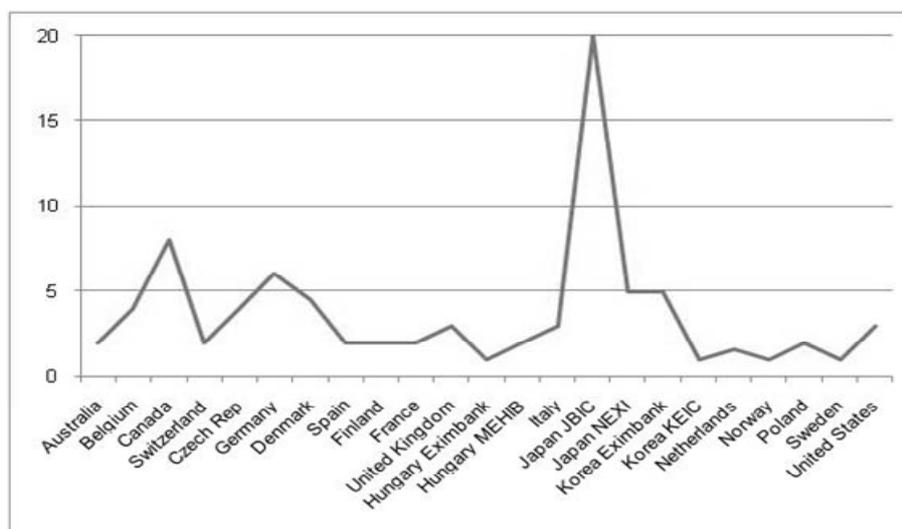
78. The remaining five Members/ECAs have not completed reviews of their environmental procedures since the adoption of the 2007 Recommendation in June 2007: of these Members/ECAs, Japan JBIC and NEXI, Korea KEIC and United Kingdom were undertaking reviews in 2008 and France has no plans for any reviews in the near future.

*(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.

79. 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, two Members/ECAs, *i.e.* Poland and Portugal, responded that the implementation has not required any additional resources to be made available. In terms of the number of dedicated Environmental Practitioners, 21 Members/ECAs reported having a total of 72 dedicated Environmental Practitioners and six Members/ECAs reported employing 14 external consultants: Chart 16 shows the total numbers of Environmental Practitioners and external consultants per Member/ECA:

**Chart 16: Question 50: Total number of Environmental Practitioners and external consultants per Member/ECA**

*(e) Cost Sharing*

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

80. 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.

(f) *Reporting*

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

81. 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: 24 Members/ECAs.
- No experience: one Member/ECA, *i.e.* New Zealand.

(g) *Body of Experience*

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

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

82. 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.
- Reference to files for reviewing applications for existing operations where the project has previously been reviewed as a new project.

83. 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.
- Internal 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.*

84. In response to this question, 16 Members/ECAs<sup>49</sup> noted that they produce reports on environmental issues in addition to those required by the 2007 Recommendation, including an annual CSR Report (Canada) and an annual Environmental and Social Activities Report (Japan JBIC): the remaining 13 Members/ECAs do not produce any additional reports.

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<sup>49</sup> Australia, Austria, Canada, Denmark, Finland, France, Germany, Hungary Eximbank and MEHIB, Italy, Japan JBIC, Netherlands, Norway, Spain, Switzerland and United Kingdom.

**(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?

85. 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.
- 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: two Members/ECAs, *i.e.* Germany 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.

86. 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**

87. 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.

88. 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***

- Four Members/ECAs reported that not all applications are screened (two Members/ECAs have thresholds, one Member/ECA does not screen bonds and one Member/ECA does not screen aerospace and defence applications); all 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 for classifying exports to projects, as set out in the 2007 Recommendation. Some Members/ECAs also use the same Categories for classifying exports to existing operations or that are neither to existing operations nor to projects.
- Members'/ECAs' practices for considering operations links with associated operations vary, particularly with regard to the factors taken into account and, possibly, 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 five Members/ECAs reported doing so in the same way as exports to projects; 16 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 limited, 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 25 Members/ECAs encouraging project sponsors to disclose such information and 13 Members/ECAs reporting circumstances in which they might require project sponsors to disclose such information.

**(d) *Exchanging 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-four 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.