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Cancels & replaces the same document of 14 August 2007

Working Party on Export Credits and Credit Guarantees

EXPORT CREDITS AND THE ENVIRONMENT: INFORMATION ON CATEGORY A AND CATEGORY B PROJECTS REPORTED FOR 2006

This document comprises information in respect of Category A and Category B projects notified by Members of the Working Party on Export Credits and Credit Guarantees (ECG) for the year 2006, pursuant to the 2003 OECD Recommendation on Common Approaches on Environment and Officially Supported Export Credits.

This document is a Cancel and Replace: Table 4 has been amended.

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**EXPORT CREDITS AND THE ENVIRONMENT:
INFORMATION ON CATEGORY A AND CATEGORY B PROJECTS
REPORTED FOR 2006**

I. Introduction

1. In accordance with paragraph 17 of the 2003 OECD Recommendation on Common Approaches on Environment and Officially Supported Export Credits [TD/ECG(2005)3] (hereafter, the “OECD Recommendation”), “*the ECG shall (...) with due regard to business confidentiality, make aggregated information publicly available annually based on Members reporting in accordance with paragraph 19*”. This report comprises such aggregated information for the year 2006 and is the third such report under the OECD Recommendation.

2. 22 Members of the OECD Working Party on Export Credits and Credit Guarantees (ECG) reported 172 Category A and Category B projects for the year 2006, representing a total volume of official support¹ of almost 9.48 billion SDRs, which represents a decrease of approximately 10% in the number of such projects and of approximately 22% in the volume of official support compared to 2005.

II. Number and Volume of Projects for 2006

3. In respect of Category A projects, 38 were reported by 14 Members with a related volume of official support of 3.82 billion SDRs; for Category B projects, 134 were reported by 22 Members with a related volume of 5.65 billion SDRs.

4. Table 1 compares the number and volume of Category A and Category B projects for 2006 to previous years:

Table 1. Number and Volume of Category A and Category B Projects Reported for 2002 - 2006

	Category A		Category B		Total	
	Number	Volume (billion SDRs)	Number	Volume (billion SDRs)	Number	Volume (billion SDRs)
2002	49	4.06	88	5.56	137	9.62
2003	52	4.24	80	2.88	132	7.11
2004	55	6.48	99	4.63	154	11.12
2005	48	5.62	144	6.53	192	12.16
2006	38	3.82	134	5.65	172	9.48
Total	242	24.23	545	25.25	787	49.47

¹ In this document, the term “volume” means part of the contract value benefitting from official support from an Export Credit Agency.

III. Analysis by Project Country

5. The Category A and Category B projects reported for 2006 were located in 23 countries and in 48 countries respectively.

6. In terms of income group, for Category A projects, these were:

- LICs (low-income countries): six projects (15.8%) with a volume of 0.22 billion SDRs (5.6%).
- LMICs (lower-middle-income countries): 12 projects (31.6%) with a volume of 0.98 billion SDRs (25.6%).
- UMICs (upper-middle income countries): 12 projects (31.6%) with a volume of 1.14 billion SDRs (29.9%).
- HICs (high-income countries): eight projects (21.1%) with a volume of 1.49 billion SDRs (38.9%).

7. As to the income group for Category B projects, these were:

- LICs: 11 projects reported (8.2%) with a volume of 0.38 billion SDRs (6.8%).
- LMICs: 51 projects (38.1%) with a volume of 1.48 billion SDRs (26.2%).
- UMICs: 52 projects (38.8%) with a volume of 2.97 billion SDRs (52.5%).
- HICs : 20 projects (14.9%) with a volume of 0.82 billion SDRs (14.6%).

8. Charts 1 and 2 show the distribution of Category A and Category B project numbers and volumes by income group countries by percentage:

Chart 1. Category A: Number and Volume of Projects by Income Group (percentage)

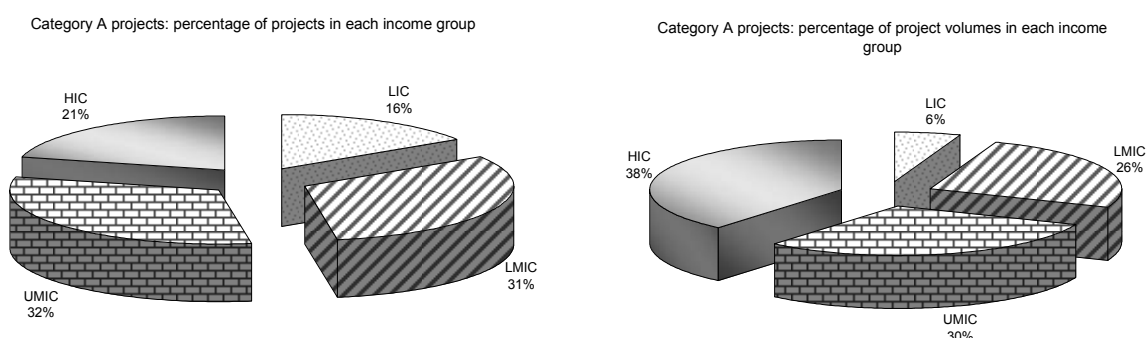
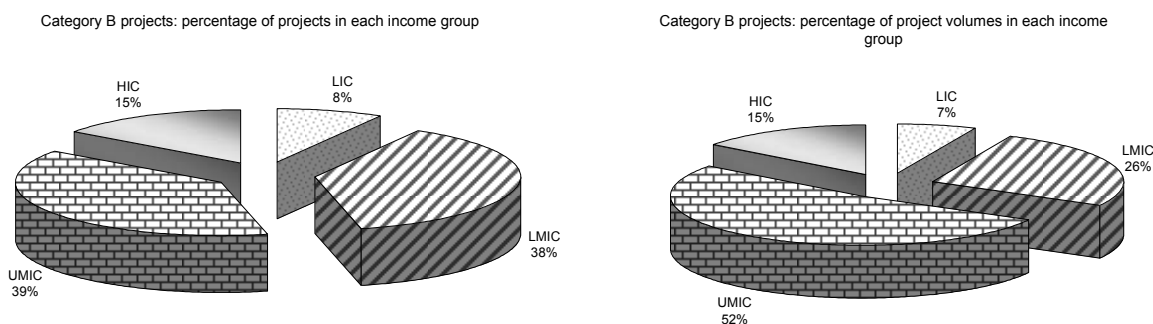


Chart 2. Category B: Number and Volume of Projects by Income Group (percentage)

IV. Analysis by Sector: Number of Projects

(i) Category A Projects

9. The 38 Category A projects were distributed by sector as follows: *Manufacturing* (32%), *Energy* (26%), *Mining* (26%), *Transport & Telecommunication* (5%), *Construction & Water* (3%) and *Other* (8%) [Table 2]; a comparison of Category A projects by sector for 2002-2006 is at Chart 3.

Table 2. Number of Category A Projects by Sector for 2006

MANUFACTURING	ENERGY	MINING	TRANSPORT & TELECOMMUNICATION	CONSTRUCTION & WATER	OTHER
12 projects	10 projects	10 projects	2 projects	1 project	3 projects
<ul style="list-style-type: none"> - 8 chemicals projects¹ - 1 steel plant - 1 fertiliser plant - 1 pulp mill - 1 aluminium plant² 	<ul style="list-style-type: none"> - 2 combined power projects³ - 2 gas-fired power projects - 2 electrical transmission/distribution - 2 coal-fired power plants - 1 oil-fired power plant - 1 hydro-power project 	<ul style="list-style-type: none"> - 4 mining projects⁴ - 4 oil and gas projects⁵ - 2 LNG projects 	<ul style="list-style-type: none"> - 1 airport construction - 1 metro construction 	<ul style="list-style-type: none"> - 1 water supply dam project 	<ul style="list-style-type: none"> - 2 dredging and land reclamation projects - 1 fisheries storage facility

1. Two of these projects were supported by five Members.

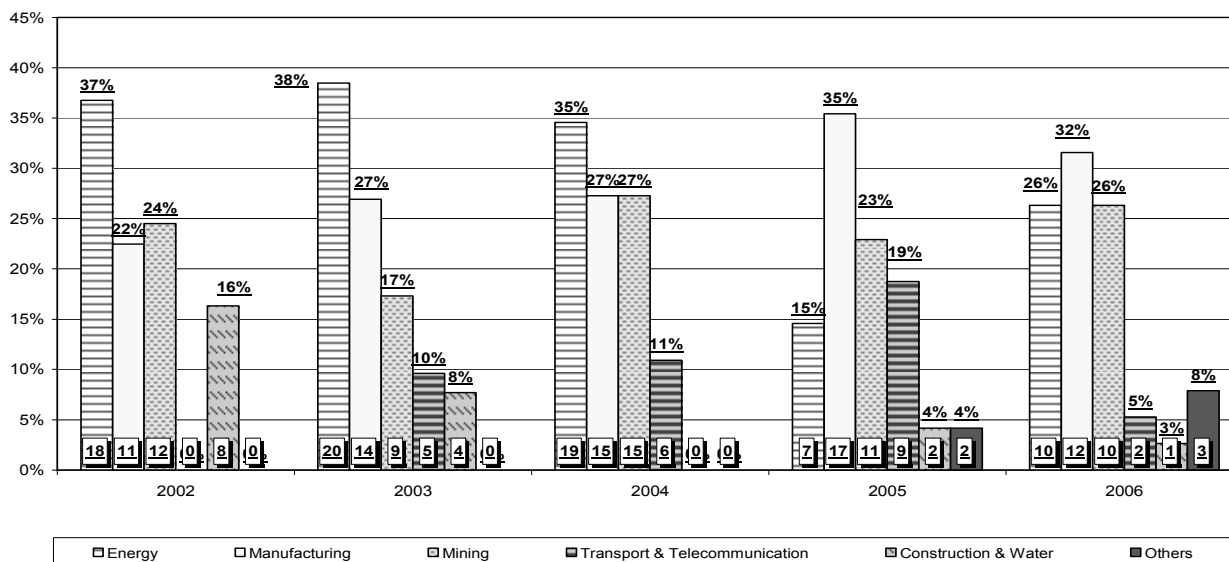
2. This project was also reported as a combined power project by a co-insuring Member

3. One of these projects was supported by two Members.

4. One of these projects was supported by two Members.

5. One of these projects was supported by two Members.

Chart 3. Comparison of Number of Category A Projects by Sector (2002-2006)



(ii) Category B Projects

10. The 134 Category B projects reported for 2006 were distributed by sector as follows: *Manufacturing* (46%), *Energy* (18%), *Transport & Telecommunication* (16%), *Mining* (9%), *Construction & Water* (2%) and *Other* (9%) [Table 3]. A comparison of Category B projects by sector for 2002-2006 is at Chart 4.

Table 3. Number of Category B Projects by Sector for 2006

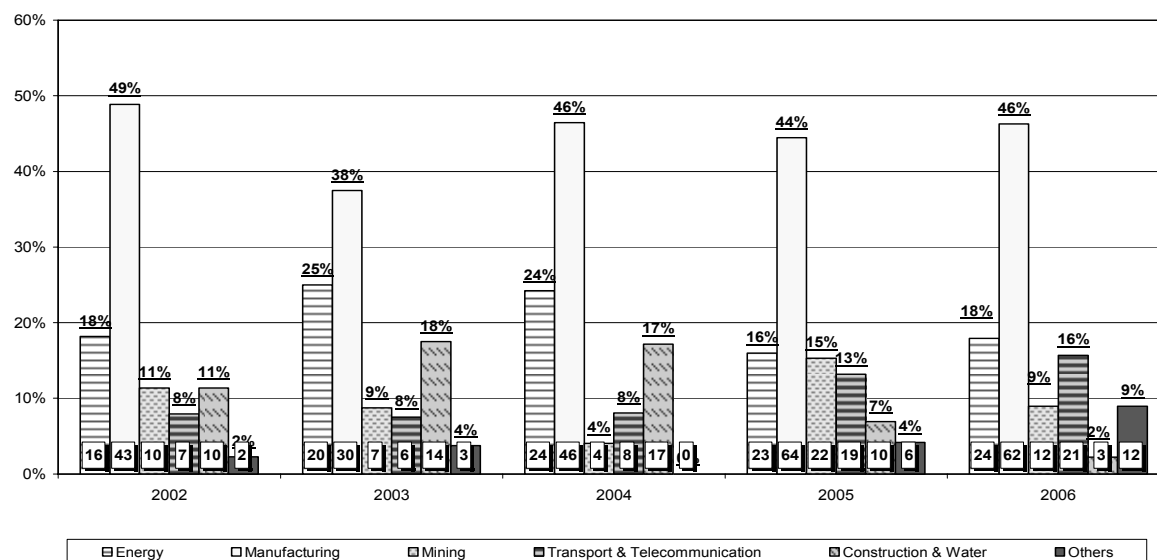
MANUFACTURING 62 projects	ENERGY 24 projects	TRANSPORT & TELECOMMUNICATION 21 projects	MINING 12 projects	CONSTRUCTION & WATER 3 projects	OTHER 12 projects
<ul style="list-style-type: none"> - 12 basic metal industries production projects¹ - 11 forest industry projects² - 8 chemical plants - 8 cement production projects - 8 agro-industries projects - 7 industrial development projects - 3 engineering projects - 2 non-ferrous metal projects - 2 energy manufacturing projects - 1 transport equipment project 	<ul style="list-style-type: none"> - 8 gas-fired power plants - 8 wind power projects - 2 electrical transmission/distribution projects - 4 biomass projects - 2 coal-fired power plants 	<ul style="list-style-type: none"> - 7 water transport projects - 6 road transport projects - 6 rail transport project³ - 2 air transport projects 	<ul style="list-style-type: none"> - 5 oil & gas projects - 3 ferrous metal projects - 2 non-ferrous metal projects - 1 precious metal project - 1 mineral prospecting and exploration project 	<ul style="list-style-type: none"> - 1 water supply and sanitation projects - 2 construction projects 	<ul style="list-style-type: none"> - 4 urban development /housing schemes - 3 agriculture projects - 2 education projects - 1 fisheries project - 1 health project - 1 tourism scheme

1. One of these projects was supported by more than one Members.

2. One of these projects was supported by two Members.

3. One of these projects was supported by two Members.

Chart 4. Comparison of number of Category B Projects by Sector (2002-2006)



V. Analysis by Sector: Volume of Projects

(i) Category A Projects

11. The total volume of Category A projects reported by Members for 2006 was 3.82 billion SDRs. By sector, *Manufacturing* remains the most significant sector, accounting for 45% of all Category A projects, followed by *Mining* (30%) and *Energy* (19%). The volume of projects in the *Transport & Telecommunications* sectors has fallen substantially: similarly, there was a decrease in the volumes of Category A projects reported for the *Construction & Water* and *Other* sectors [Table 4].

Table 4. Volume of Category A Projects by Sector (2002-2006)

Sector	2002		2003		2004		2005		2006	
	Volume (billion SDRs)	%	Volume (billion SDRs)	%	Volume (billion SDRs)	%	Volume (billion SDRs)	%	Volume (billion SDRs)	%
Energy	1.95	48	1.99	47	2.21	34	0.71	13	0.71	19
Manufacturing	1.13	28	1.28	30	1.14	18	1.91	34	1.71	45
Mining	0.64	16	0.61	14	2.71	42	1.05	19	1.15	30
Transport & Telecommunication	-	-	0.29	7	0.42	7	1.24	22	0.03	1
Construction & Water	0.34	8	0.07	2	-	-	0.07	1	0.03	1
Other	-	-	-	-	-	-	0.65	11	0.20	5
Total	4.06		4.24		6.48		5.62		3.82	

(ii) Category B Projects

12. With regard to Category B projects, the total volume reported for 2006 was 5.65 billion SDRs. All sectors saw a decrease in the actual volume of business supported except for *Transport & Telecommunication*. Overall, the *Manufacturing* sector continues to dominate the reporting for Category B projects, accounting for 48% of such projects in 2006 [Table 5].

Table 5. Volume of Category B Projects by Sector (2002-2006)

Sector	2002		2003		2004		2005		2006	
	Volume (billion SDRs)	%	Volume (billion SDRs)	%	Volume (billion SDRs)	%	Volume (billion SDRs)	%	Volume (billion SDRs)	%
Energy	0.82	15	1.01	35	1.13	24	0.96	15	0.88	16
Manufacturing	1.63	29	0.78	27	1.81	39	3.24	50	2.72	48
Mining	1.23	22	0.43	15	0.52	11	1.29	20	0.80	14
Transport & Telecommunication	1.35	24	0.31	11	0.93	20	0.58	9	0.91	16
Construction & Water	0.46	8	0.30	10	0.24	5	0.31	5	0.19	3
Other	0.08	1	0.06	2	-	-	0.16	2	0.15	3
Total	5.56		2.88		4.63		6.53		5.65	

13. In respect of official support provided for projects below 10 million SDRs, there were no such projects in Category A in 2006 (0% compared to 4.2% in 2005, 5.4% in 2004 and 13.2% in 2003) and 27 such projects in Category B (20.1% compared to 23.6% in 2005, 33% in 2004 and 21.3% in 2003).

VI. Type of Environmental Review Conducted**(i) Category A Projects**

14. Under Article 8 of the OECD Recommendation, Members should require an Environmental Impact Assessment (EIA) for Category A projects. In this connection, Members reported that EIAs were reviewed for 35 of the 38 Category A projects (93.4% compared to 83.3% in 2005, 81.9% in 2004, 76.9 in 2003 and 67% in 2002). Of the remaining three projects, one was reported as being reviewed against documents of an equivalent content to a formal EIA, one was reported as being reviewed against numerous supporting documents, including reports from independent consultants, and one was reported as being subject to the host government's State Environmental Protection Administration's approval of the EIA.

15. Eleven Members therefore reviewed EIAs for all their Category A projects (23 projects) and three Members reviewed EIAs for all but one each of their Category A projects (15 projects).

(ii) Category B Projects

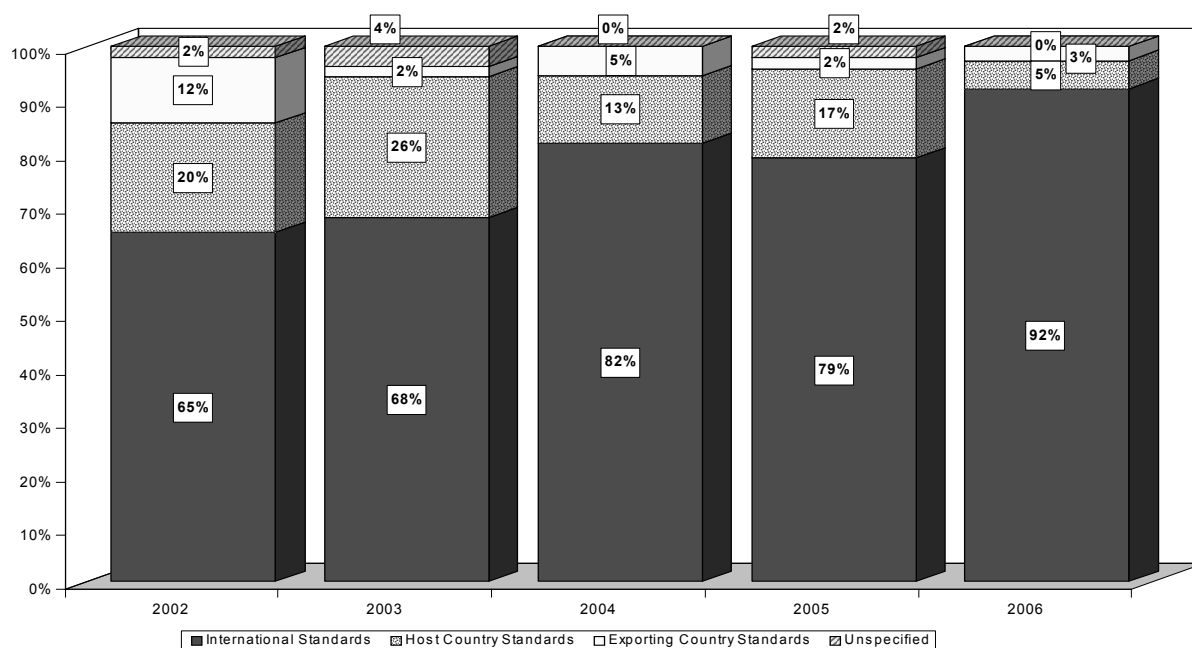
16. Although EIAs are not required for Category B projects, Members reported 24 projects where EIAs were reviewed (17.9% compared to 17.4% in 2005, 17.1% in 2004, 17% in 2003 and 6% in 2002). In those Category B cases where an EIA was not reviewed, most Members conducted their environmental review process on the basis of the following, not all of which were mutually exclusive:

- Other environmental reports, such as Preliminary EIAs, Environmental and Social Assessment Reports and Environmental Action Plans.
- Members' environmental questionnaire/memoranda.
- Environmental information/commitment provided by the exporter or exporter's standards.
- Supplementary information provided by the sponsor/buyer.
- Local laws/permits/documentation from host country environmental authorities.
- Local environmental studies or site assessments.
- Environmental information and expertise from other International Financial Institutions, *i.e.* EBRD and IFC.
- Site visits.
- Monitoring reports or environmental information from earlier phases of projects.
- Supplementary questions and technical meetings.
- Information from Embassies and the internet.

VII. Type of Environmental Standards Applied

(i) Category A Projects

17. In respect of Category A projects, International Standards were applied to 35 projects (92.1%), Host Country Standards to two projects (5.3%) and Exporting Country Standards to one project (2.6%). The distribution of standards used for Category A projects since 2002 is shown in Chart 5.

Chart 5. Type of Environmental Standards applied to Category A Projects for 2002-2006

18. Eleven of the 14 Members reporting Category A projects applied International Standards to all of their projects (34 projects); one Member applied International Standards to 50% of its projects (two projects) and two Members applied International Standards to none of their projects (two projects).

19. In respect of the 35 Category A projects where International Standards were applied, the World Bank Group standards (including Safeguard Policy published by World Bank) were applied to 34 projects (97.1% compared to 84.2% in 2005 and 93.3% in 2004). Five of these projects also referred to other, additional, standards including the European Union Best Available Technique (BAT) Reference Documents (BREF) and the World Health Organisation for air quality. The one project where non-World Bank Group International Standards were applied was instead benchmarked against the standards of the European Bank for Reconstruction and Development (EBRD) and additionally also referred to the European Union IPPC permit and World Bank guidelines.

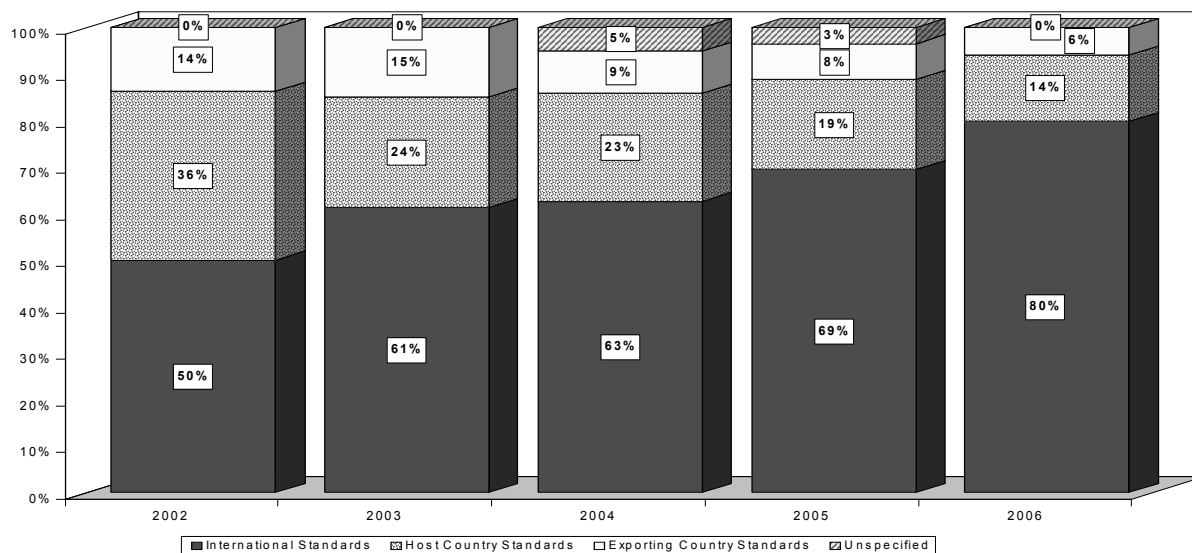
20. Of the two Category A projects where Host Country Standards were principally applied, one also referred to the standards of the European Union and the other to the host government's State Environmental Protection Administration's approval of the EIA. The one project where Exporting Country Standards were applied involved an export from the European Union to an existing facility.

(ii) Category B Projects

21. With respect to Category B projects, some Members reported benchmarking standards against or compliance with more than one set of standards. The following is, therefore, based on the principal set of standards applied to the 134 Category B projects: International Standards were applied to 107 projects (79.8%), Host Country Standards to 19 projects (14.2%), and Exporting Country Standards to eight projects (6.0%). All Category B projects for 2006 were benchmarked against a given set of standards.

22. The distribution of standards used for Category A projects since 2002 is shown at Chart 6.

Chart 6. Type of Environmental Standards applied to Category B Projects for 2002-2006



VIII. Key Environmental Factors Taken into Consideration

(i) Category A Projects

23. With regard to key environmental factors which were taken into consideration in the environmental review of Category A projects, Members reported the following key factors (not all of which were mutually exclusive):

- Emissions and quality (48 mentions), of which: air (19 mentions), water (15 mentions), waste (11 mentions) and noise (6 mentions).
- Impact on natural resources/habitation (8 mentions), including on flora, fauna, soil and mangroves (12 mentions).
- Social and socio-economic factors (8 mentions).
- Resettlement and cultural property (5 mentions).
- Marine resources, wetlands and fisheries (4 mentions).
- Product transport and raw material sourcing, including use of water resources (4 mentions).
- Large reclamation area/dredging volumes (3 mentions).
- Tailing management (2 mentions).
- Rehabilitation/ project closure (2 mentions).
- Disputed areas and consultation (2 mentions).
- River diversion (1 mention).

- Emergency and spill response (1 mention).

(ii) Category B Projects

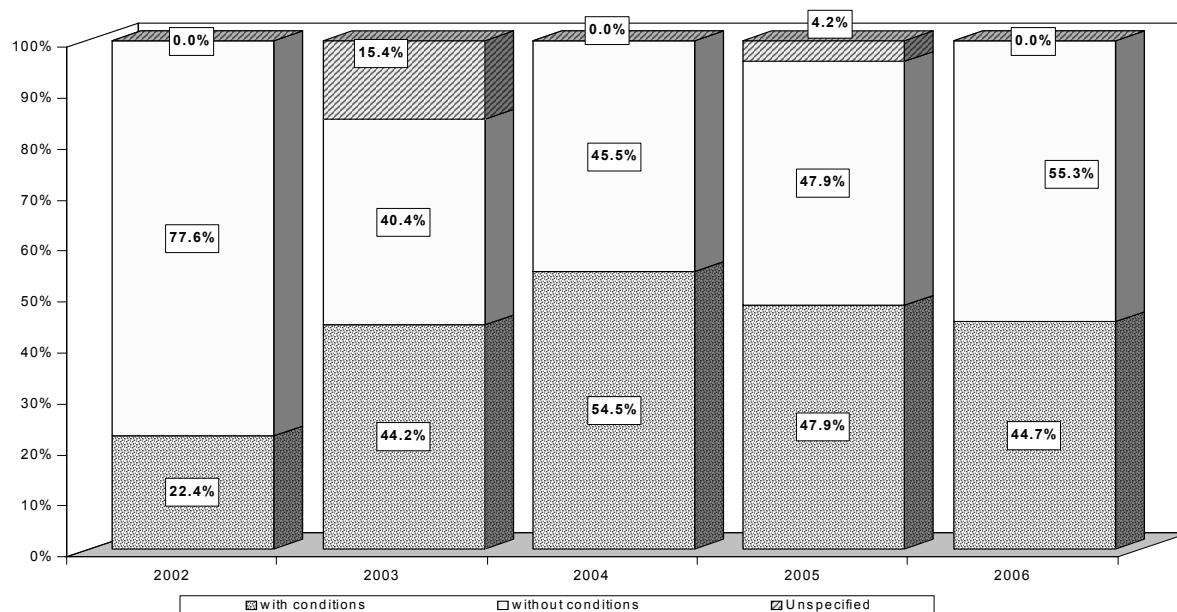
24. With regard to environmental factors for Category B projects, Members took a similar variety of environmental factors into consideration – as shown below (not all of which were mutually exclusive):

- Emissions and quality (147 mentions), of which: air (45), water (44 mentions), waste (29 mentions) and noise (24 mentions).
- Impact on natural resources/habitation, including on flora, fauna and soil (20 mentions).
- Product transport and raw material sourcing, including use of water resources (11 mentions).
- Fuel/hazardous material and chemical waste, including emergency response plans (11 mentions).
- Social and socio-economic factors (10 mentions).
- Impact of construction and operation, including site and land acquisition issues (7 mentions).
- Resettlement and cultural property (5 mentions).
- Visual impact (5 mentions).
- Marine resources, wetlands and fisheries (4 mentions).
- Vibration (3).
- Health and safety issues (3 mentions).
- Hazard to/from birds (2 mentions).

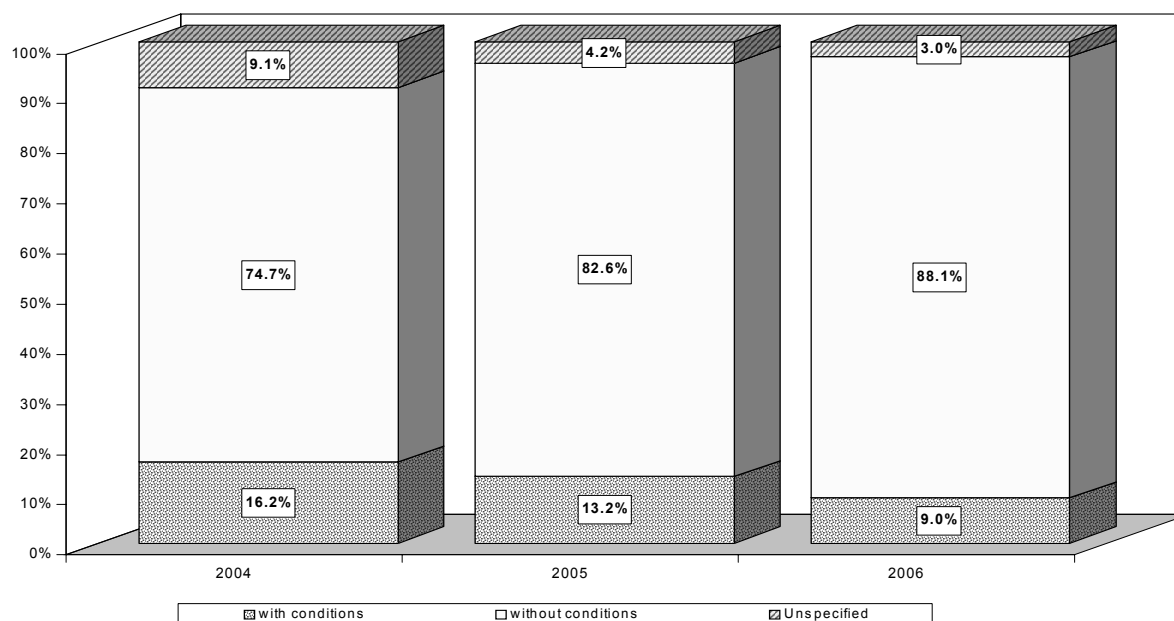
25. In addition, Members reported taking account of concerns regarding aviation, re-sedimentation, shop collisions, disputed areas, logging, dredging impacts, future land use, substances that deplete the ozone layer, energy use, and political treatment.

IX. Conditions Applied for Providing Official Support

26. For Category A projects, additional environmental conditions for official support were reported for 17 (44.7%) of the total 38 projects: Chart 7 shows how this compares to previous years:

Chart 7. Conditions applied to Category A projects 2002 - 2006

27. With regard to Category B projects, additional environmental conditions for official support were reported to have been used for 12 (9.0%) of the total 134 projects: Chart 8 shows how this compares to previous years (data on this issue is only available post-implementation of the OECD Recommendation, *i.e.* 2004-2006):

Chart 8. Conditions applied to Category B projects 2004 - 2006

X. Disclosure of Information

28. Under Article 16 of the OECD Recommendation, Members should seek to make environment impact information publicly available (*e.g.* EIAs, summary thereof) for Category A projects at least 30 calendar days before a final commitment to grant official support. In respect of projects reported in 2006, Members advised:

- ***Ex ante* disclosure of environmental impact information:** 38 projects (100% compared to 81.3% for 2005 and 62% for 2004) of which 29 projects involved the disclosure of EIAs, seven projects involved the disclosure of other information and two projects involved disclosure of a summary of an EIA.
- **No *ex ante* disclosure of environmental impact information:** no projects (0% compared to 18% for 2005 and 38% for 2004).

29. Under the OECD Recommendation, there is no requirement to disclose environmental information for Category B projects; therefore, this is not addressed in the reporting templates or in this review.