Unclassified **TD/ECG(2004)5/FINAL**

Organisation de Coopération et de Développement Economiques
Organisation for Economic Co-operation and Development **23-Jun-2004**

English - Or. English

TRADE DIRECTORATE
TRADE COMMITTEE

TD/ECG(2004)5/FINAL
Unclassified

Working Party on Export Credits and Credit Guarantees

EXPORT CREDITS AND THE ENVIRONMENT: INFORMATION ON CATEGORY A AND B PROJECTS REPORTED FOR 2003

This document comprises information in respect of Category A and B projects notified by Members of the Working Party on Export Credits and Credit Guarantees (ECG) for the year 2003, pursuant to the 2001 Draft Recommendation on Common Approaches on Export Credits and the Environment which were voluntarily implemented between January 2002 and December 2003.

Contact: Xcred.Secretariat@oecd.org

JT00166605

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

English - Or. English

EXPORT CREDITS AND THE ENVIRONMENT: INFORMATION ON CATEGORY A AND B PROJECTS REPORTED FOR 2003

I. Introduction

1. In accordance with paragraph 19 of the 2001 Common Approaches, [TD/ECG(2000)11/REV6], *"the ECG shall (…) with due regard to business confidentiality, make aggregated information publicly available annually based on Members reporting in accordance with paragraph 21*". This report comprises such aggregated information for the year 2003.

II. Number and Volume of Projects Reported for 2003

2. 17 ECG Members reported 132 Category A and B projects for the year 2003 (compared to 137 projects for 2002), representing a total volume of official support[1] 7,257 million SDRs (9,618 million SDRs for 2002) which represents a fall of 25% compared to 2002.

3. In respect of Category A projects, 52 were reported by 15 ECG Members with a related volume of official support of 4.4 billion SDRs (*i.e.* the same number of projects for 2002 for which the value was 4.1 billion SDRs for 2002). 80 Category B projects were reported by 14 Members for a related volume of 2.9 billion SDRs (88 projects with a volume of 5.6 billion SDRs in 2002).

III. Analysis by Sector: Number of Projects

(i) Category A Projects

4. The 52 Category A projects were concentrated in five main sectors: Energy (37% of the total), Manufacturing (27%), Mining (19%), Transport & Telecommunication (10%) and Construction & Water (8%); almost all these sectors with the exception of the Telecommunications sector are noted in the Illustrative List of Sensitive Sectors and Areas in Annex I to the 2001 Common Approaches [Table 1].

(ii) Category B Projects

5. In Category B, Manufacturing (cement plants, metal/forest industries and chemical plants) represented 38% of the total number; another 25% was in respect of Energy (wind/oil-fired/gas-fired/ power plants), followed by the Construction & Water sector (shopping and cinema complex, water supply/treatment projects and dredging projects) with 17%, then Mining (gas exploration/processing/liquefaction projects) with 9% and Transport & Telecommunication (rail/air/road transport) with 7%. Projects in other sectors (such as farm irrigation system and food crop production) represented 4% [Chart 1].

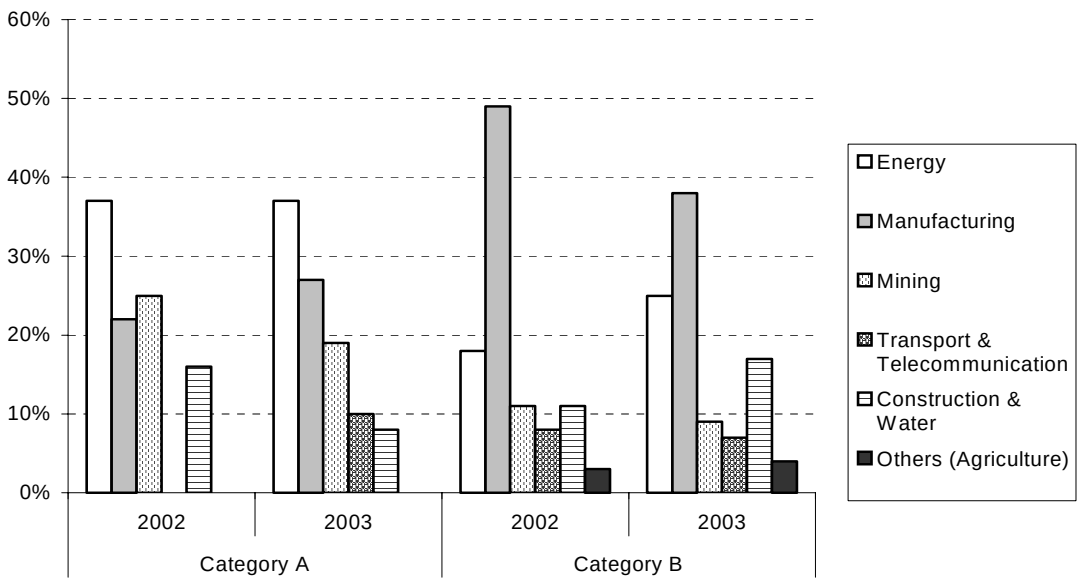
[1] In this document, the term "volume" means "part of the contract value benefiting from official support from an ECA".

Table 1: Number of Category A Projects by Sector for 2003

ENERGY 19 projects	**MANUFACTURING** 14 projects	**MINING** 10 projects	**TRANSPORT & TELECOMMUNICATION** 5 projects	**CONSTRUCTION & WATER** 4 projects
- 4 hydro-electric power plants - 4 gas-fired power plants - 2 nuclear power plants - 3 oil pipeline - 2 coal-fired power plants - 1 gas pipeline - 1 diesel power plants - 1 power generation (gas turbines) - 1 electrical transmission (supply of substation)	- 6 chemical plants - 3 pulp and paper mill projects - 3 petroleum refinery projects - 2 aluminium production projects	- 4 mining projects, including gold (2), nickel (1) and precious metals (1) - 3 offshore oil development projects - 2 gas development projects - 1 LNG production projects	- 2 water transport project - 1 air transport project - 1 road transport project - 1 optical fibre cable network project	- 3 dredging projects - 1 wastewater treatment plant

6. Chart 1 below illustrates the sector breakdown by number and category for 2002-2003.

Chart 1: Comparison of Category A and B Projects by Sector (2002-2003)



IV. Analysis by Sector: Volume of Projects

7. The total volume of Category A projects reported in 2003 was 4,380 million SDRs (+7.9% compared to 2002). By sector, Energy represented the largest volume of projects, followed by Manufacturing and Mining sectors; these three sectors, in aggregate volume terms, were close to the aggregated volume for 2002 [Table 2].

8. As to Category B projects, the total volume reported was 2,877 million SDRs (a 48.2% decrease in the 2002 level). In terms of the main sectors, in 2003 these were Energy, Manufacturing and Mining with an aggregated volume of 2,216 million SDRs (compared to Manufacturing, Transport & Telecommunication and Mining in 2002 with an aggregated volume of 4.2 billion SDRs) [Table 3].

9. Official support provided for projects where Members' share was below 10 million SDRs, ECG Members reported seven projects (13.2%) in Category A and 17 projects (21.3%) in Category B.

Table 2: Volume and Number of Category A Projects by Sector (2002-2003)

Sector	Number of Projects				Aggregated Volume (SDR Million)			
	2002		2003		2002		2003	
	Number	%	Number	%	Volume	%	Volume	%
Energy	18	37	19	37	1 953	48	1 985	45
Manufacturing	11	22	14	27	1 129	28	1 283	29
Mining	12	25	10	19	635	16	757	17
Transport & Telecommunication	-	-	5	10	-	-	285	7
Construction & Water	8	16	4	8	342	8	70	2
Total	**49**		**52**		**4 059**		**4 380**	

Table 3: Volume and Number of Category B Projects by Sector (2002-2003)

Sector	Number of Projects				Aggregated Volume (SDR Million)			
	2002		2003		2002		2003	
	Number	%	Number	%	Volume	%	Volume	%
Energy	16	18	20	25	822	15	1 007	35
Manufacturing	43	49	30	38	1 625	30	781	27
Mining	10	11	7	9	1 230	22	428	15
Transport & Telecommunication	7	8	6	7	1 345	24	308	11
Construction & Water	10	11	14	17	460	8	298	10
Others (Agriculture)	2	3	3	4	77	1	55	2
Total	**88**		**80**		**5 559**		**2 877**	

V. Type of Environmental Review Conducted

(i) Category A Projects

10. In respect of 78.8% (40 projects) of Category A projects (67% in 2002), 12 ECG Members out of 15 that have reported Category A projects, used an Environmental Impact Assessment (EIA) as a basis for the review phase. Seven ECG Members have used an EIA for all of their Category projects reviewed (that is for 23 projects). Three ECG Members used EIAs for most of their Category A projects whilst two ECG Members used EIAs for half of their Category A projects.

11. In respect of the other 22.6% (12 projects) reported in Category A:

- The EIA was replaced by other types of impact assessments: environmental impact statement, environmental study/audit questionnaire (*e.g.* EBRD Impact Questionnaire), World Bank Standards, documentation supplied by the project sponsor and additional information provided by the exporter (eleven projects).

- Relevant information was obtained and shared with other export credits agencies (one project).

(ii) Category B Projects

12. The ECG Members required an EIA for 17.5% (14 projects) of the Category B projects for 2003 (6% in 2002 - five projects). For the other 66 projects, ECG Members that provided information conducted their review process on the following basis, not all of which are mutually exclusive:

- Environmental impact/audit questionnaires (38 projects)
- Review of parameters against the relevant ECA sector tables, *e.g.* environmental screening tools
- Supplementary information provided by the exporter/sponsor
- Technical reports and meetings
- On-site visits

VI. Type of Environmental Standards Applied

(i) Category A Projects

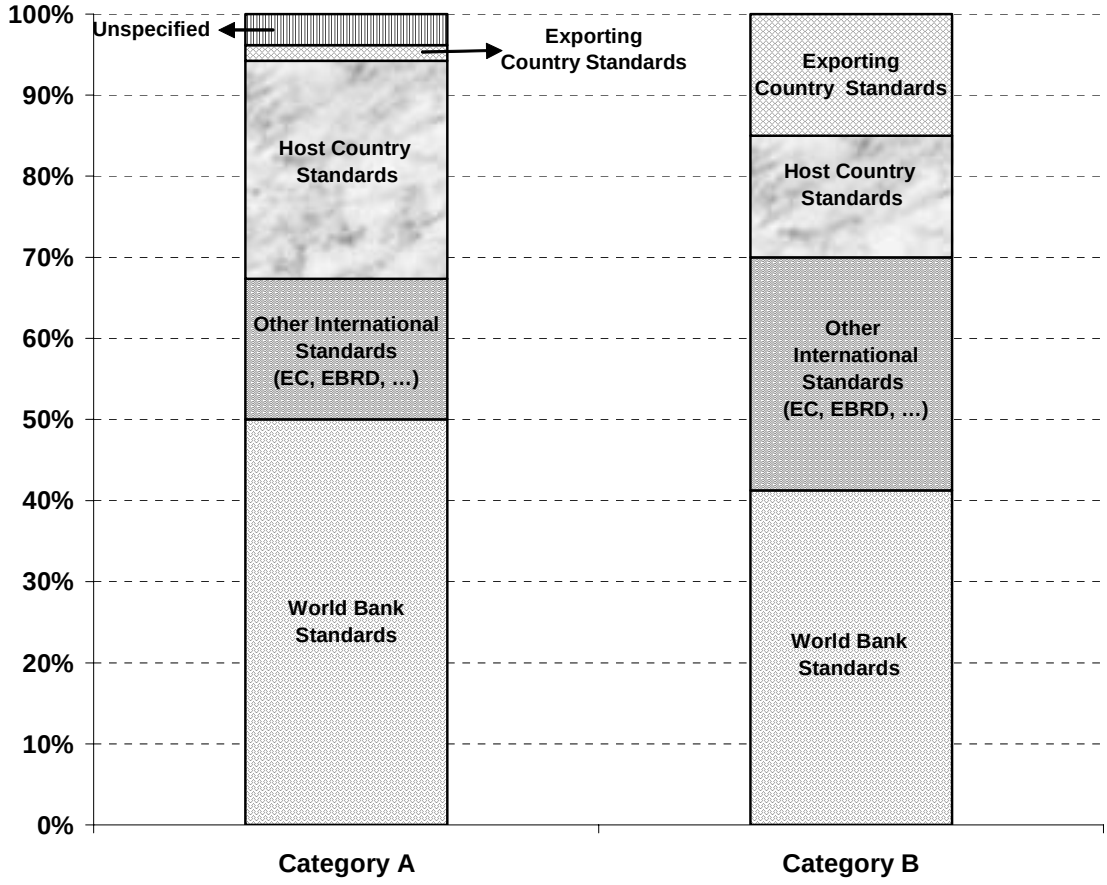
13. In respect of the Category A projects reported, International Standards (*i.e.* World Bank Standards and Other International Standards) were applied by 13 ECG Members to 35 projects, *i.e.* 67.3% of the total (65% – 32 projects in 2002). Eight ECG Members applied International Standards to all of their projects (23 projects), whilst three ECG Members applied them to most of their projects (11 out of 17 projects). Finally two ECG Members applied these standards for less than half of their Category A projects (two out of five projects).

14. Host Country Standards were applied to 14 projects – 26.4% – (20% in 2002) and Exporting Country Standards to one project – 1.9% (12% in 2002).

15. Of the 35 Category A projects for which International Standards were applied, 26 applied World Bank Standards (*i.e.* 74% compared to 81% in 2002), of which eleven referred in addition to standards of the EC, EBRD, WHO, USEPA, MARPOL, and also to Host Country Standards and local standards. In the remaining nine cases (26% compared to 18% in 2002), the following "Other International Standards" were referred to; IAEA/ICRP, EC, EBRD and HELCOM.

16. Chart 2 below shows a type of environmental standards applied mainly when reviewing Category A and B projects for 2003.

Chart 2: Type of Environmental Standards applied to Category A and B Projects for 2003



(ii) Category B Projects

17. In 2003, 56 of 80 Category B projects reported (that is 70% compared to 50% in 2002) applied International Standards (World Bank Standards for 59% and Other International Standards for 41%)[Chart 2]. 35 of those 56 projects that applied International Standards also met Host Country Standards. For 12 projects (15% compared to 36% in 2002) Host Country Standards only were applied; for another 12 projects (15% compared to 14% in 2002) Exporting Country Standards were applied, of which 6 projects also met Host Country Standards

VII. Key Environmental Factors taken into Consideration

18. With regard to key environmental factors for Category A projects, the ECG Members took several factors into consideration – as shown below in decreasing order of reference:

- Use of natural resources (including flora, fauna, soil and ecology): 26 mentions
- Emission levels (including gas, dust and radioactive emission): 25 mentions
- Effluent levels (including water management and discharge): 22 mentions
- Impacts on involuntary resettlement, indigenous peoples and cultural property: 18 mentions
- Waste disposal and management (including recycling): nine mentions
- Noise: four mentions
- Operating safety: one mention

VIII. Conditions Applied for Providing Official Support

19. Among the 52 Category A projects, additional environmental conditions for official support (*e.g*. mitigation measures) were reported to have been used as follows:

- Official support given with additional conditions (including compliance measures):

  22 projects (42.3% compared to 22.4% in 2002)

- Official support given without additional conditions:

  22 projects (42.3% compared to 77.6% in 2002)

- No indication: five projects