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Arrangement on Officially Supported Export Credits

AGREEMENT ON SPECIAL FINANCIAL TERMS AND CONDITIONS FOR RENEWABLE ENERGIES AND WATER PROJECTS

This is a corrigendum to Document TD/PG(2005)19/FINAL.

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AGREEMENT ON SPECIAL FINANCIAL TERMS AND CONDITIONS FOR RENEWABLE ENERGIES AND WATER PROJECTS

CORRIGENDUM

1. Section A of document TD/PG(2005)19/FINAL should be amended as follows:

   i) Paragraph 1 j): the words “and Others” should be deleted.

2. Section B of document TD/PG(2005)19/FINAL should be amended as follows:

   i) Heading of Section B: the words “AND OTHERS” should be deleted;

   ii) Paragraph 7: the words “and those sectors listed below” should be deleted;

   iii) Paragraph 7: the word “95th" should be deleted and replaced by “next”;

   iv) Paragraph 7: the word “November” should be deleted and replaced by “September”;

   v) Paragraph 7 b): this should be deleted and paragraph 7 a) therefore merged with paragraph 7;

   vi) Paragraph 8: the word “a)”should be deleted and replaced by “the”;

   vii) Paragraph 8: the words “and their recommendations on b) above” should be deleted; and

   viii) Paragraph 8: the words “at the 95th Participants meeting in November 2005" should be deleted and replaced by a new sentence “This decision is expected by November 2005”.

3. Thus, document TD/PG(2005)19/FINAL should read as in the attached Annex 1.

ANNEX 1

AGREEMENT ON SPECIAL FINANCIAL TERMS AND CONDITIONS FOR RENEWABLE ENERGIES AND WATER PROJECTS

A. AGREEMENT

I. Scope of Application

1. The following Renewable Energy and Water projects shall be eligible for special terms and conditions provided that their impacts are addressed in accordance with the 2003 OECD Recommendation on Common Approaches to the Environment and Officially Supported Export Credits[1] (as subsequently amended by Members of the OECD Export Credits and Credit Guarantee Working Group (ECG) and agreed by the OECD Council):

a) Wind energy

b) Geothermal energy

c) Tidal and tidal stream power

d) Wave power

e) Solar photovoltaic power

f) Solar thermal energy

g) Ocean thermal energy

h) Bio-energy: all sustainable biomass, landfill gas, sewage treatment plant gas and biogas energy installations. 'Biomass' shall mean the biodegradable fraction of products, waste and residues from agriculture (including vegetal and animal substances), forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste.

i) Projects related to the supply of water for human use and wastewater treatment facilities:

- Infrastructure for the supply of drinking water to households, *i.e.* water purification for the purpose of obtaining drinking water and distribution network (including leakage control).

- Wastewater collection and treatment facilities, *i.e.* collection and treatment of household and industrial wastewater and sewage, including processes for the re-use or recycling of water and the treatment of sludge directly associated with these activities.

[1] TD/ECG(2005)3: It is understood that this Recommendation applies equally to projects that are not eligible for these special terms and conditions.

j) Hydro Power[2].

II. Credit Terms

2. The Participants may extend the maximum repayment term for these types of projects to 15 years. Prolonging the repayment term to 15 years will necessitate an appropriate surcharge on the CIRR: for a repayment term in excess of 12 years and up to 14 years, a surcharge of 20 basis points on the CIRR shall apply for all currencies; and for a repayment term in excess of 14 years, the relevant Special Commercial Interest Reference Rate (SCIRR) shall apply for all currencies.

3. As far as premium rates and minimum interest rates are concerned, the Participants shall not depart from current Arrangement rules.

III. The Arrangement

4. The special terms and conditions for renewable energy and water projects shall be introduced in a separate Annex to the Arrangement, in which a definition of the eligible projects would be given. Separately, Article 12 would be extended with an extra provision (12 c) specifically containing the special terms and conditions for renewable energy and water projects, including prior notification in accordance with the procedure in Article 44 (to be modified to include the renewable energies and water maximum credit terms).

5. These special terms and conditions for renewable energy and water projects shall be available on a trial basis of two years from 1 July 2005. The OECD Secretariat, in consultation with the Participants, will draft the necessary provisions for the introduction of these special terms and conditions in the Arrangement.

IV. Implementation

6. During the two-year trial period, the Participants shall assess the impact of these special terms and conditions, the scope of application and whether this trial period should be continued or amended. In addition, at the end of this period, the Participants shall re-visit the issue of local costs and evaluate whether support for renewable energy and water projects should be further enhanced by an increase in the ceiling for local costs above the current maximum of 15%.

B. HYDRO-POWER PROJECTS

7. The Participants will reflect on projects in the hydro-power sector with the aim of further discussions at their next Meeting to be held in September 2005. In the meantime, the Participants will invite their relevant experts to consider whether extant guidelines for assessing large hydro-power projects, *i.e.* as set out in the OECD Recommendation, are sufficient to comply with the relevant international standards, criteria and guidelines, or whether or not these need to be augmented.

8. The Participants' experts will present their proposals regarding the above in time for a decision by the Participants. This decision is expected by November 2005.

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[2] Subject to the outcomes of the procedure set out in Section B.