EXPORT CREDIT FINANCING SYSTEMS IN OECD MEMBER COUNTRIES AND NON-MEMBER ECONOMIES

Annex III
ANNEX III

EXPORT CREDITS AND THE ENVIRONMENT:

WORK PLAN

Against the background of the Action Statement agreed by the Members of the OECD Working Party on Export Credits and Credit Guarantees at their 82nd Meeting in February 2000, the Members are committed to pursuing the following Work-Plan on the issue of export credits and the environment, without prejudice as to outcomes. The Work Plan comprises a list of topics (which is not exhaustive) to be addressed in the further discussions of the Working Group in accordance with the commitments in the Action Statement and to facilitate the fulfilment of the OECD Ministerial Mandate.

(1) “[Members agree to] continue to develop, within their national systems of official export credit support, procedures and methodologies for identifying and assessing the environmental impact of projects.”

Timeframe:

Aim for completion by November 2000

Coverage

- Scope of considerations (e.g. environmental, developmental and social impact of projects).
- Thresholds.
- Sector considerations.
- Site/location of projects.
- Modifications to existing projects/ “add-on” projects.
- Exemptions from coverage.
Procedures and practices

- Elements for screening/quantitative and qualitative factors.
- Extent of screening (e.g. varying according to sector/size of project).
- Leverage of ECAs (e.g. treatment of sub-contracts).
- Benchmarking (e.g. IFI guidelines, host country standards).
- Timing of introduction of procedures and methodologies within national systems.
- Cost/benefit analyses.

Environmental review practices

- Environmental guidelines and criteria (e.g. quantitative and qualitative limits and criteria).

Information gathering on individual projects

- Scope and depth of information (e.g. requirement for an Environmental Impact Assessment).
- Sources (e.g. NGOs, ECAs, project sponsors, affected parties, recipient governments).
- Exchange of views on consultations at the national level.

Resource implications for ECAs

- Costs involved.
- “In-house” expertise; involvement of other Ministries (e.g. Environment); need for external consultants.
- Allocation/responsibility for costs (e.g. on ECA, project sponsor etc.).

(2) “[Members agree to] continue to monitor and evaluate, over time, their own experiences with these procedures and methodologies, as well as their own experiences related to mitigating the environmental impact of individual projects, and share these experiences with the other Members.”
Timeframe:

Aim for completion by November 2000.

Monitoring

- Elements for monitoring.
- Methodology for monitoring.
- Sharing of information.

Evaluation of information

- Appropriate elements for inclusion in evaluation of environmental effects.
- Methodology for evaluation.

Mitigation measures

- Methodology for measuring mitigation.
- Consideration of influence of ECA (e.g. if only supporting small sub-contract).
- “Conditionality” or otherwise of proposed measures (e.g. will official support be dependent on the mitigating steps being followed); Covenants.
- Environmental management systems.

Information exchange

- Methodology for sharing of evaluations.
- Appropriate recipients of information.
- Enhancing the Environmental Information Exchange for Larger Projects.
- Constraints (e.g. confidentiality concerns).
(3) “[Members agree] based on ECAs’ experiences (e.g. with Environmental Information Exchanges), [to] explore ways to synthesise common elements and best practices related to environmental review and impact assessment in order to strengthen a framework of common approaches amongst export credit agencies.”

Timeframe:


Common elements and best practices

- Collecting and mapping of information relating to (1) and (2) above (e.g. on new and established environmental screening systems).
- Synthesis of information on common elements and best practices.

Framework of common approaches

- Methodology for developing a framework.
- Factors for consideration (e.g. mitigation of environmental risk, avoidance of distortions of competition, etc.).
- Modalities of disseminating the framework.

(4) “[Members agree to] exchange views on an informal basis with appropriate stakeholders.”

Timeframe:

Ongoing.

Consultations (e.g. with NGOs, recipient countries, BIAC, TUAC, etc.)

- Appropriate third parties.
- Sovereign rights of recipient governments.
- Public dissemination issues.
ACTION STATEMENT ON THE ENVIRONMENT (2000)

In order to fulﬁl their political mandate relating to officially supported export credits and the environment, the Members of the Working Party on Export Credits and Credit Guarantees agree to take the following action:

1. Continue to develop, within their national systems of official export credit support, procedures and methodologies for identifying and assessing the environmental impact of projects.

2. Continue to monitor and evaluate, over time, their own experiences with these procedures and methodologies, as well as their own experiences related to mitigating the environmental impact of individual projects, and share these experiences with the other Members.

3. Agree on further refinements to the Environmental Information Exchange for Larger Projects.

4. Based on ECAs’ experiences (e.g. with Environmental Information Exchanges), explore ways to synthesise common elements and best practices related to environmental review and impact assessment in order to strengthen a framework of common approaches amongst export credit agencies.

5. Exchange views on an informal basis with appropriate stakeholders.

In the Communiqué from the OECD Council Meeting at Ministerial Level in May 1999, and in the context of the progress being made in the ECG, Ministers: "urged that the work continue with a view to strengthen common approaches and to report on progress made at the next Ministeral Council Meeting". (para. 18)

In addition, the G8 Members of the Working Party reaﬁrm their commitment in the Communiqué from the G8 Summit in Cologne in 1999, where G8 Heads undertook to: "…work within the OECD towards common environmental guidelines for export credit agencies. We hope to complete this work by the 2001 G8 Summit".
6. Agree on a work plan, including Special Sessions of the Working Party on Export Credits and Credit Guarantees dedicated to the environment issue, in order to facilitate this work and the fulfilment of the OECD Ministerial Mandate. The results of this work, which the Working Party aims to complete before the end of 2001, without precluding intermediary results by the 2001 OECD Ministerial Meeting, will be publicly disseminated.
Drawing on experience to date, Members of the OECD Working Party on Export Credits and Credit Guarantees (ECG) agree to refine the case-by-case voluntary environmental information exchange by undertaking the following:

- Export Credit Agencies (ECAs) involved in a project would ensure that all information, including any Environmental Impact Assessment (EIA) of the project, would form the basis of the voluntary environmental information exchanges.
- All participating ECAs would receive a copy of the EIA prepared for the buyer/owner or on behalf of the owner.
- Each ECA would then review the EIA and formulate views on environmental issues or concerns raised by the project.
- Taking account of confidentiality concerns, ECAs involved in any environmentally sensitive project may share information, exchange views and co-ordinate their responses to exporters, lenders, borrowers and other principle parties to the project.
- ECAs may share views on the adequacy of information available in relation to environmental and other project risks.
- The OECD Secretariat would be informed of these exchanges, and would be able to report periodically on the experience during the information exchange period.

The exchanges would apply to larger multi-sourced projects, which are included in environmentally sensitive sectors (e.g. mining, power, etc.). In the event that an EIA is not available, and if the ECAs decide that an EIA is essential to the environmental evaluation of the project, the ECAs would require the project sponsors to bear the cost of an EIA along with any other independent reports necessary for risk assessment purposes.
STATEMENT OF INTENT ON OFFICIALLY SUPPORTED EXPORT CREDITS AND THE ENVIRONMENT (1998)

Continuing the efforts in the OECD Group on Export Credits and Credit Guarantees to establish approaches for taking environmental factors into account when providing official export credit support, the Members:

1. Desire to conserve and enhance the environment, and to encourage consideration of the environmental impact of projects in buyers’ countries.

2. Welcome the role that OECD exports can play in diffusing environmentally beneficial technology and know-how to buyers’ countries.

3. Respect the sovereign right of buyers’ countries to make decisions regarding the impact and benefits of projects within their jurisdiction, and to enforce environmental regulations and standards.

4. Recognise the benefits of working in partnership with exporters, financial institutions and buyers’ countries.

5. Acknowledge the need for OECD exporters not to be placed in an adverse position vis-à-vis their competitors including non-OECD competitors.

6. Recognise the requirements for commercial confidentiality.

While these principles are an important step, the Group recognises the desirability of strengthening environmental considerations in risk assessment practices of export credit agencies, acknowledging the differences in national systems of official export credit support. In this regard, Members express their willingness to share information on the application of these practices and principles to relevant projects.
### ABBREVIATIONS

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<td>Arrangement</td>
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<td>Commercial Interest Reference Rate</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>EC</td>
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<td>ECA</td>
<td>Export Credit Agency</td>
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<td>HIPC</td>
<td>Highly indebted poor country</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>L/C</td>
<td>Letter of Credit</td>
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<td>LDC</td>
<td>Less Developed Countries</td>
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ANNEXES*

I. The Arrangement on Officially Supported Export Credits (2005)

II. European Community Procedures Concerning Export Credits
(formerly Annex III)

III. Export Credits and the Environment: Work Plan (formerly
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   Agreement on Environmental Information Exchange for Larger
   Projects (1999)
   Statement of Intent on Officially Supported Export Credits and
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IV. Action Statement on Bribery and Officially Supported Export
Credits (2000) (formerly Annex V)

V. OECD Recommendation on Common Approaches on
Environment and Officially Supported Export Credits (formerly
Annex VI)

* Annex II in earlier publications, i.e. Terms and Conditions Applicable to Project
Finance Transactions, is now incorporated in Annex I; accordingly all annexes
herein have been renumbered.