

Export Credit Agencies and Environmental Protection

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OECD Export Credit Agencies Have a New Environmental Agreement

- *Common Approaches On Environment And Officially Supported Export Credits* signed in December 2003 by all but 1 ECA
- Sets out minimum requirements for environmental review of projects supported by ECAs
- Members will do their utmost to meet them
- Note: US ExIm needs to substantially revise its procedures

Key Requirements

- Applies to projects with terms =2 years
- Review and classify all projects above SDR10 million and all projects in *sensitive areas* for which their share is below SDR10 million
- EIAs for all Category A projects (definitions of Categories A,B,C follow EBRD which are much the same as IFC)
- EIA report content spelled out in Agreement

Key Requirements

- Most stringent of host country or international standards applied (international standards include PPAH, home country, EC, etc.)
- Social safeguard policies of IFC are benchmarked (involuntary resettlement; cultural property; indigenous peoples)
- Covenants to be included as appropriate
- In cases of non-compliance, members are encouraged to take appropriate measures to restore compliance
- For Category A projects, members seek to make EIA info publicly available at least 30 days before final commitment

A Level Playing Field for Multilaterals/Bilaterals, Equator Banks, and ECAs?

- Classification/Categorization
- *Pollution Prevention and Abatement Handbook* (PPAH) and safeguard policies
- EIA methodology and report content
- Covenants
- Monitoring and project supervision

Two Current Initiatives Will Further the Movement Towards a Level Field

1. Common environmental assessment (EA) framework
 - World Bank and other multilateral development banks working hard to develop common EA requirements including EA report content and addressing issues such as cumulative and induced impacts, associated facilities, and projects with multiple sub-projects
 - Final draft may be in place in June
 - Once agreed by MDBs and approved by executive directors can expect bilaterals, ECAs and Equator Banks to also adopt
 - Will impact legislative requirements in some countries

Two Current Initiatives Will Further the Movement Towards a Level Field

2. Revisions to the Pollution Prevention and Abatement Handbook (PPAH)
 - Industry sector guidelines are 8+ years old
 - PPAH does not include several guidelines/sectors
 - Process to upgrade just starting (lead by IFC)
 - Full time manager for 2 years
 - Funding by IFC (\$500,000); Canada (\$250,000); Italy (\$250,000) and Sweden (\$500,000)
 - Guidance provided by institutional experts (EBRD; EDC; IFC)
 - Opportunity for multi-stakeholder participation
 - Important that PPAH be current – the bible for multilaterals, bilaterals, export credit agencies, Equator banks, governments, industry, NGOs, others