

The Use of Environmental and Social Criteria in Export Credit Agencies' Practices

**A Study of Export Credit Agencies' Environmental Guidelines with Reference
to the World Commission on Dams**

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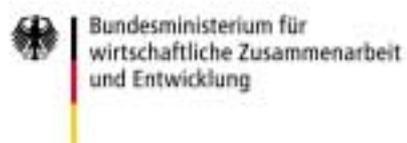


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Executive Summary

Large dam projects have often been among the most controversial construction projects. In the past, the potential benefits of dams have often been exaggerated, resulting in a discounting of substantial environmental and social costs. As a result, large dam projects have increasingly met with fierce resistance by NGOs in the North and affected communities in the South. The World Commission on Dams (WCD) was established in May 1998 as a response to these controversies, in particular, with the aim of assessing the contribution of dams to sustainable development, and of formulating internationally recognised principles to guide the future construction of dams. In November 2000, after two and a half years of reviewing the performance and impact of numerous large dams, the WCD issued its final report, recommending a new framework for decision-making. In this context, Ecologic – the Institute for International and European Environmental Policy¹ – was commissioned by the German Development Agency (GTZ – Gesellschaft für Technische Zusammenarbeit) to assess to what degree the WCD's recommendations have been incorporated in the environmental guidelines and assessment practices of Export Credit Agencies, who are among the most important sources of finance for large dam projects. To this end, Ecologic has analysed the environmental guidelines of selected ECAs in OECD member states and examined their relation to the WCD's recommendations. The study is based on information collected from an extensive review of the existing literature, formal and informal sources as well as the internet. It also relies heavily on the results of interviews that were conducted with environmental practitioners at several ECAs. The following main findings can be discerned:

- In the recent past, all major ECAs have adopted environmental and social guidelines and standards. As a consequence, Environmental Impact Assessment for projects with potentially significant adverse effects are by now firmly integrated into ECAs' lending practices. This marks a remarkable progress, especially when compared to the situation in the late 1990s.
- In the years since their publication, the WCD recommendations have been a central force behind promoting greater consideration of environmental impacts in evaluating dam projects. However, they have had only limited visible influence on ECAs' environmental guidelines. In the few cases where ECAs' guidelines explicitly mention the WCD recommendations, they are not referred to as strict guidelines, but rather as a general influence to be taken into consideration.
- While there are few explicit references to the WCD Report, most environmental practitioners consider the WCD report to have had a considerable influence on the practical implementation of ECA's environmental guidelines. In this interpretation, while compliance with the WCD recommendations is not formally required, they represent a set of topics that would have to be addressed in the Impact Assessment for any large dam project. This influence of the WCD's recommendations is most visible in ECAs that have sectoral guidelines for large hydropower projects.

¹ See <http://www.ecologic.de> for more information.

- At the same time, although the need for social and environmental standards for large dam projects is widely recognised, the WCD recommendations are frequently considered as unrealistically ambitious, and as only partly applicable to ECAs.
- ECAs perform different tasks, and work under diverse conditions. They differ in their institutional set-up, in their legal and financial status, and in their mandates and missions. As a result, the variation across institutional solutions that incorporate environmental considerations is great. This means that the comparability of environmental guidelines is limited to a certain degree.
- Although the implementation of environmental guidelines has led to some additional costs for both ECAs (who have to employ environmental experts) and exporters or sponsors (who have to provide Environmental Impact Assessments), there is a general consensus that these investments are worthwhile, as they reduce the risks of project failure and the reputational risk of being associated with projects that have significant adverse social and environmental effects. Therefore, the incorporation of environmental and social aspects makes good business sense for ECAs and their customers alike.

Zusammenfassung

Angesichts ihrer negativen Auswirkungen auf Bevölkerung und Umwelt gehören Großstaudämme weltweit zu den umstrittensten Bauprojekten. Insbesondere wurde der wirtschaftliche Nutzen von Staudämmen häufig überschätzt, wohingegen soziale und ökologische Kosten nur unzureichend berücksichtigt wurden. Dies führte dazu, dass größere Staudammprojekte auf immer stärkeren Widerstand stießen. Während sich die Debatte anfangs auf einzelne Staudämme und ihre örtlichen Auswirkungen konzentrierte, entwickelte sich die Auseinandersetzung in den 90er Jahren zu einer weltweiten Debatte.

In diesem Kontext wurde im Mai 1998 die World Commission on Dams (WCD) gegründet. Ihr Ziel war es, den Beitrag von Großstaudämmen zur nachhaltigen Entwicklung zu analysieren und darauf aufbauend Empfehlungen für die Planung und den Bau von Dämmen zu erarbeiten. Im November 2000 veröffentlichte die WCD ihren Abschlussbericht, in dem eine neue Herangehensweise an die Planung und Durchführung von Staudämmen vorgeschlagen wurde.

Einer der zentralen Streitpunkte in der Debatte betrifft die Finanzierung von Staudämmen. Besonders umstritten war dabei die Rolle von Exportkreditagenturen, die nach Ansicht vieler Kritiker dazu beitragen, fragwürdige Staudammprojekte mit öffentlichen Geldern zu subventionieren.

Vor diesem Hintergrund wurde Ecologic – das Institut für Internationale und Europäische Umweltpolitik² – von der Deutschen Gesellschaft für Technische Zusammenarbeit (GTZ) beauftragt, in einer Studie den Einfluss der WCD-Empfehlungen auf Exportkreditagenturen näher zu untersuchen. Zu diesem Zweck wurden die Umwelt- und Sozialrichtlinien ausgewählter Exportkreditagenturen analysiert, und untersucht, inwiefern die Empfehlungen der WCD Eingang in diese Leitlinien gefunden haben.

Neben wissenschaftlichen Studien, basiert die Studie zu einem großen Teil auf öffentlich zugänglichen Informationen, wie den Internet-Seiten der Exportkreditagenturen oder Berichten einzelner Nichtregierungsorganisationen. Eine weitere wichtige Informationsquelle für die vorliegende Studie waren Telefoninterviews, die mit Vertretern der untersuchten Exportkreditagenturen geführt wurden.

Die Studie kommt zu den folgenden Ergebnissen und Schlussfolgerungen:

- Sämtliche untersuchten Exportkreditagenturen haben in den letzten Jahren sowohl Umweltrichtlinien als auch Sozialstandards in ihre Geschäftspraktiken integriert. Dies beinhaltet Umweltverträglichkeitsprüfungen für Projekte mit signifikantem Potenzial für negative Auswirkungen auf Umwelt oder Bevölkerung. Im Vergleich zu der Situation in den 90er Jahren stellt die Einführung von Umwelt- und Sozialstandards einen beachtlichen Fortschritt dar.
- Die Arbeit und der Abschlussbericht der WCD waren wesentliche Einflussfaktoren innerhalb der Reformprozesse der untersuchten Exportkreditagenturen. Allerdings ist der sichtbare Einfluss der WCD insofern begrenzt, da nur wenige Exportkreditagenturen explizit auf die Empfehlungen der WCD Bezug nehmen. An den Stellen, an denen die Empfehlungen der

² Weitere Informationen unter <http://www.ecologic.de>.

WCD in den Leitlinien erwähnt werden, werden diese ausschließlich als Orientierungshilfe angeführt, jedoch nicht als strikte Richtlinien betrachtet.

- Obwohl die Empfehlungen der WCD in den Richtlinien der untersuchten Exportkreditagenturen kaum erwähnt werden, betrachtet die große Mehrheit der Interviewpartner den Bericht der WCD als bedeutenden Einfluss für die Vergabepraxis von Exportkrediten. Auch wenn Übereinstimmung mit den Empfehlungen der WCD Empfehlungen nicht als formelle Bedingung für eine Kreditvergabe verlangt wird, stellen die Empfehlungen zumindest eine Orientierungsgröße dafür dar, welche Kategorien in der Umweltverträglichkeitsprüfung für Großstaudämme enthalten sein sollten. Dieser Beitrag der WCD Empfehlungen ist am deutlichsten in denjenigen Exportkreditagenturen sichtbar, die über sektorale Richtlinien für Staudämme verfügen.
- Obwohl weitgehender Konsens über die Notwendigkeit von Umwelt- und Sozialstandards bei der Vergabe von Exportkrediten besteht, werden die Empfehlungen der WCD von Seiten der Exportkreditagenturen häufig als unrealistisch und zu weitgehend eingeschätzt. Zudem wird häufig angemerkt, dass die Empfehlungen nur bedingt auf die Vergabe von Exportkredit anwendbar seien.
- Exportkreditagenturen operieren unter verschiedenen Bedingungen. Dies betrifft nicht nur den rechtlichen und institutionellen Status der Agenturen, sondern auch ihr gesetzliches und politisches Umfeld, ihr Mandat und die Exportstruktur des Heimatlandes. Diese Unterschiede müssen bei einem Vergleich der verschiedenen Standards und Richtlinien berücksichtigt werden.
- Obwohl Umweltrichtlinien für Exportkreditagenturen und Exporteure zusätzlichen Aufwand und Kosten verursachen, besteht ein genereller Konsens, dass dieser Mehraufwand gerechtfertigt ist. Umwelt- und Sozialstandards, aber auch Umweltverträglichkeitsprüfungen können dazu beitragen, das Risiko von Fehlinvestitionen oder kostenintensiven Verzögerungen zu vermindern. Darüber hinaus helfen sie, das Risiko eines Reputationsverlustes zu minimieren. Daher ist eine stärkere Berücksichtigung von Umwelt- und Sozialstandards nicht nur aus Umweltsicht geboten, sondern auch wirtschaftlich für Exportkreditagenturen wie für Exporteure sinnvoll.

1 Introduction

1.1 Background

In light of the World Commission on Dams (WCD) final report³, and the consultation process leading up to its publication in 2000, there has been renewed emphasis on the necessity for national and international actors to take into account environmental and social impacts when pursuing development practices. The WCD recommendations are widely recognised by bilateral and multilateral agencies, governments and private firms alike due to the WCD's inclusive approach, and because of its high-level composition. The WCD has highlighted the responsibility of Export Credit Agencies (ECAs) in financing large dam projects in developing countries. With regard to the operations of ECAs, the WCD report put forward four main suggestions. These include the adoption of common environmental and social criteria for financial guarantees; improved coordination among ECAs to ensure a level playing field between ECAs; a requirement for private-sector applicants to meet certain codes of conduct in the implementation of a project, and extended consultation and information disclosure.

While ECAs themselves have been encouraged to incorporate the WCD recommendations, the extent to which this has occurred remains uncertain. It is, therefore, the aim of this study to provide an overview of current ECA practices, taking into account the diverse financial, economic, environmental, and social criteria that govern their lending practices. The study gathers examples of good practice in the development and implementation of environmental and social guidelines, especially for the approval of large dam projects. The survey places particular attention on the incorporation of WCD recommendations into standard business practices, and the role of information disclosure and public participation in the process.

1.2 Scope of the Study

This study has been commissioned by the German Development Agency GTZ (Gesellschaft für Technische Zusammenarbeit), a governmental agency acting primarily on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), which also approved the terms of reference for the study.

The study forms part of the GTZ's ongoing activities in support of the wider implementation of the WCD recommendations. These activities aim at informing German stakeholders and stimulating dialogue on the WCD report. This includes promoting the integration of the WCD recommendations into sectoral policies and establishing a German position in relation to international actors in the international WCD debate.⁴ The GTZ's superior authority, the BMZ, has been a sponsor of the WCD's work. It has fully endorsed the WCD's findings, and has repeatedly committed to implementing them in its own work.

³ World Commission on Dams (2000).

⁴ See <http://www.gtz.de/wcd> for more information.

1.3 Methods and Approaches

This study incorporated a survey of the existing literature on the topic, including research publications conducted by international organisations, NGOs and academic institutes. The main sources of information, however, were the ECAs themselves. The information gathered for this study relies largely on telephone interviews with environmental practitioners at the ECAs studied, as well as on public information presented on the ECAs' websites. Wherever possible, this information was verified or validated using other information sources.⁵ However, independent scientific research on the topic is quite scarce. Information compiled by NGOs and governments alike, although central to the public debate and to the context of this study, should be treated as analytically as possible to avoid biases or lack of objectivity.

Two caveats should be borne in mind. First, the study considered a variety of ECAs, differing in size, institutional set-up, mandates, and the economic and political backgrounds of their home countries. These factors limit the comparability of their approaches towards incorporating environmental and social concerns. As a result, while inspiration can be obtained from other ECA's experiences, there is no single universal solution which is applicable to all ECAs. Secondly, this study has focused largely on the published information that is available on environmental guidelines and their implementation. While certainly relevant, these formal and procedural aspects are only one side of the coin. Of similar importance is the effect that environmental guidelines have on the design and development of projects, and on the choice of projects submitted to ECAs. However, this influence is much less tangible, and is therefore more difficult to assess.

1.4 Preview of the Structure

The study will begin by presenting an overview of the context within which the WCD was formed. It will provide a background of the WCD itself and the process through which the conclusions and recommendations that were ultimately incorporated into the report took place. The reactions to the WCD guidelines will also be discussed. In addition to the WCD background, Section 2 also provides a description of ECAs and their involvement with large dam projects, as well as an overview of the interaction between the WCD report and the reform processes of ECAs' environmental and social guidelines.

Section 3 sets forth a general comparative description of the various environmental guidelines in nine OECD countries. The selected ECAs come from Australia (EFIC), Canada (EDC), France (COFACE), Germany (EULER HERMES), Japan (JBIC), Norway (GIEK), Switzerland (ERG), the United Kingdom (ECGD) and the United States (Ex-Im Bank). Aspects that will be examined include screening procedures, information disclosure and public participation, and environmental, social and corruption standards. Section 4 will describe with greater detail the experiences of each of these countries in the implementation of environmental guidelines. The report will conclude with a discussion and analysis of the results in Section 5, in order to determine the current relationship between ECAs and the WCD and the implications for the development and reform of environmental guidelines within export credit agencies.

⁵ In this context, the authors would especially like to thank Ms. Martina Otto of the UNEP DTIE and Ms. Janet West and Mr. Jean Le Cocguic of the OECD Working Party of Export Credits and Credit Guarantees for providing highly useful background information.

2 Background to the Study

2.1 The World Commission on Dams

Although for many years large dam projects enjoyed a positive association with development, they have also been among the most controversial construction projects. In favour of economic benefits, negative environmental and social impacts were frequently underestimated or even ignored. This often resulted in forced resettlements, insufficient or non-existing compensation schemes, a lack of public participation and the loss of cultural heritage values and ultimately, a re-evaluation of large dam projects in the eyes of many stakeholders. Civil society from both North and South organised to form a global alliance of NGOs in protest of large dam construction. Vocal public criticism and resistance from civil society and local communities affected by dams dissuaded international financial institutions from funding large dam projects, bringing several large dam projects to a halt.⁶ The public critique was reinforced by a World Bank report which reviewed fifty large dams in about thirty countries, finding that the projects had a mixed record in their treatment of displaced people and with their impacts on the environment.

Box 1: The Knowledge Base of the WCD report

The WCD commissioned a large volume of research in addition to its reliance on public consultation. In order to conduct the most comprehensive and independent review of the world's dams possible and to provide a solid foundation on which it could base its conclusions, the WCD commissioned and assessed:

- In-depth case studies of eight large dams on five continents, and papers assessing the overall dam-building records of China, India and Russia;
- 17 thematic reviews on social, environmental, economic and financial issues; alternatives to dams: different planning approaches and environmental impact assessments;
- brief reviews of 125 large dams in 56 countries;
- four public hearings in different regions; and
- 950 submissions by interested individuals, groups and institutions.

Source: World Commission on Dams (2000)

In order to avoid a political stalemate in the construction of dams, the World Commission on Dams was established jointly by the World Bank and the World Conservation Union. After its formation in 1998, the Commission began with a review of the development effectiveness of large dams and an assessment of alternative options for water resource management and energy generation. Its next task was to develop internationally acceptable criteria, guidelines and standards for the planning, design, appraisal, construction, operation, monitoring and decommissioning of dams.⁷

⁶ In June 1994, when the World Bank was celebrating its 50th anniversary, activist groups from across the globe adopted the Manibeli Declaration, calling for an immediate moratorium on World Bank funded large dams until a comprehensive, independent review of all Bank funded projects had been conducted. See: Baur and Rudolph (2001) p. 9 - 12. Manibeli declaration, online available at: <http://www.irn.org/programs/finance/manibeli.shtml>.

⁷ World Commission on Dams (2000), p. 1.

2.1.1 Composition

Following consultations with a wide range of stakeholders, the WCD carried out a comprehensive review of the world's large dams, analysing the performance and impacts of large dams, as well as looking at possible alternatives and issues relating to all stages of dam projects. The Commission's philosophy was to engage in "networked governance", and its twelve members included representatives from the public sector, private sector, and civil society, placing special emphasis on both geographical and professional balance. It aimed to minimise hierarchy through involving multiple stakeholders across many sectors.⁸ The WCD was an independent body; each member served in an individual capacity and none represented a country or institution. Commission membership itself was comprised of active practitioners whose personal legitimacy derived from their prominence in the international stakeholders networks.⁹ In the WCD Forum accompanying the Commission itself, 68 members from 36 countries – representing a cross-section of interests, views and institutions – consulted the WCD and provided a "sounding board" for the Commission's members.

From its inception, transparency and inclusiveness were key principles of the WCD. The WCD relied on several public consultations and access to the Commission was of high importance. Consensus among Commissioners was always intended to be a means to a greater end – progress toward a consensus among stakeholder at large.¹⁰

Because the WCD attempted to capture the political extremes of the debate in its composition and work programme, many observers considered the endeavour overly ambitious. Even with the three component bodies of the WCD in place – the Commission, Secretariat, and Forum - it was not clear that they would endure the political friction of the process. Nevertheless, in November 2000 the Commission released its final report, *Dams and Development: A New Framework for Decision-Making*.¹¹

2.1.2 The WCD Framework for Decision-Making

The WCD's report concluded that despite the contribution that dams to human development and the considerable benefits they have brought, these advantages have come at a high price in terms of social disruption and damage to the environment. In response, the Commission tried to provide a new framework for decision-making on water and energy projects based on recognising the rights of, and assessing the risks to, all stakeholders.¹² The underlying principle is that all those who would be adversely affected by any dam project are entitled to participate in the planning and decision-making process and should subsequently receive a share of the project benefits. The Commission identified five core values – equity, efficiency, participatory decision-making, sustainability and accountability – as forming the foundation for achieving this aim. The core values were the basis for the WCD's Seven Strategic Priorities, which it presents as guidelines for decision-making.

⁸ Streck (2002), p. 4.

⁹ Dubash et. al. (2001), p. 2.

¹⁰ Dubash et. al. (2001), p. 15.

¹¹ World Commission on Dams (2000).

¹² Imhof et. al. (2002), p. 3.

The guidelines recommend inter alia the use of the following procedures to assess the potential impact of large dam projects: stakeholder analysis; negotiated decision-making processes; free, prior and informed consent; Strategic Impact Assessments and project-level impact assessments for environmental, social, health and cultural heritage issues; Life Cycle Assessment etc.¹³

With the establishment of these guidelines, the WCD report joined a recent profusion of normative instruments and processes in international development that have no legal stature in themselves but are intended to be considered by

legislators and to influence development practices. As Kader Asmal, the Chairman of the WCD, has repeatedly stressed, these guidelines are recommendations but not requirements. He explains that "the guidelines offer guidance – not a regulatory framework. They are not laws to be obeyed rigidly... They are guidelines with a small 'g'."¹⁴

Box 2: WCD Strategic Priorities

In its final report, the WCD recommends seven strategic priorities for decision-making:

1. gaining public acceptance;
2. comprehensive options assessment;
3. reviewing existing dams;
4. sustaining rivers and livelihoods;
5. recognising entitlements and sharing benefits;
6. ensuring compliance; and
7. sharing rivers for peace, development and security.

These priorities are reinforced by 23 practical criteria and guidelines which can be adopted, adapted and applied by all actors involved in the dam controversy.

Source: World Commission on Dams (2000)

2.1.3 WCD Framework Reactions

The WCD report generated a series of reactions. The criticism from some governments, industries, and community-based organisations, together with an unenthusiastic response by the World Bank, showed that the consensus within the Commission did not translate into a broader stakeholder consensus.¹⁵ Given the non-binding character of the WCD's recommendations and their dependence on the backing of the Commission's members in their respective stakeholder groups, the implementation of the WCD recommendations is limited.

On the other hand, the WCD illustrates the potential of collaborative arrangements to overcome a stalemate in international policy debates. It also demonstrates the potential to formulate a set of soft guidelines that, despite their lack of regulatory power, can nevertheless significantly influence the political landscape surrounding a controversial issue. However, in the longer term, the possibilities for implementation will depend largely upon an ongoing constructive dialogue among civil society groups, governments and international agencies.¹⁶ Most bilateral aid agencies, some of which provided funding to the WCD, endorsed the WCD report. At the same time, they stressed the need to adapt the WCD guidelines to suit national policy processes.

¹³ World Commission on Dams (2000), p. 278.

¹⁴ World Commission on Dams (2001).

¹⁵ Streck (2002), p. 8.; Dubash et. al. (2001).

¹⁶ Dubash et. al. (2001), p. 17.

2.1.4 UNEP's Dams and Development Project

The head of the United Nations Environment Programme (UNEP) considered the report to be a welcome contribution to development debates and offered to host the WCD's follow-up body, namely UNEP's Dams and Development Project (DDP), in order to encourage the involvement of government stakeholders. According to UNEP, "further sustained efforts are required to operationalize and institutionalize the policies and guidelines developed through the WCD process. UNEP is well situated within the United Nations family of organizations to catalyse such future efforts, most likely in partnership with other United Nations organizations, such as the World Bank, UNESCO and FAO."¹⁷ UNEP's DDP has proceeded with promoting in-country dialogues on dams and development issues in many countries, which in some cases have developed into regional discussions.

2.2 Export Credit Agencies

2.2.1 Export Credit Agencies and Dams

Experience from the 1990s demonstrates that next to multilateral development banks and bilateral aid agencies ECAs have played a crucial role in financing dam projects. The WCD Thematic Review paper suggests that ECAs annually provide almost \$1.5 billion for various types of dams in developing countries¹⁸. Moreover, according to the International Rivers Network, most large dams in poor countries would never get off the ground without the support multilateral development banks or ECAs.¹⁹ However, ECAs incorporate environmental and social concerns to varying degrees: up to the mid-1990s, environmental and social standards and guidelines were the exception rather than the rule among ECAs. Although there have been impressive developments in this regard in recent years, ECAs and their involvement in dam projects remain under scrutiny by many Non-Governmental Organisations.²⁰

2.2.2 ECAs Defined

Nearly all major governments economically assist their respective domestic interests through export credit agencies. These government agencies, in short, promote national exports by financing transactions in cases in which financing from private financial market is not available because of unacceptably high risks. ECAs play a major role in international financing, in monetary terms collectively exceeding in size the World Bank Group and outpacing official development assistance.

¹⁷ See <http://www.unep.org/eou/Lessons/Dams.asp>.

¹⁸ WCD Press Releases & Announcements. See: http://www.dams.org/news_events/press356.htm.

¹⁹ Examples include Chixoy in Guatemala, Ghazi Barotha and Tarbela in Pakistan, Kedung Ombo in Indonesia etc.: here from: International Rivers Network, www.irn.org/wcd/eca.shtml.

²⁰ See for example <http://www.eca-watch.org>.

Box 3: ECA Types and Functions

Export credit finance and insurance is not inherently a state monopoly and is often provided by private insurance firms. However, government supported export credit finance and insurance is commonly found in transactions or projects in developing regions and emerging-market economies where political or other risks are considered to be too high, i.e., that they are unlikely to be insured by private means. Most industrialised nations have at least one ECA that provides financing under these conditions. The organisational forms of ECAs are diverse and include the following types:

- section of a ministry;
- government department;
- independent government agency or a semi-public joint stock company;
- private institution operating partly under an agreement with the government.ⁱ

ECAs may also differ in their mission and mandate – whether their primary objective is to increase exports, or to contribute to development goals as well. In addition, while export credit insurance and guarantees are the core business of ECAs, some ECAs also handle export finance or aid finance.

The finance provided by ECAs generally takes the form of loans, guarantees or export insurance. Export credits may take the form of “supplier credits”, extended by the exporter, or of “buyer credits”, where the exporter’s bank or other financial institutions lends to the buyer or his bank.ⁱⁱ The latter can also take the form of export credit guarantees, where the ECA guarantees a loan provided by a domestic bank to a foreign buyer. This distinction is especially relevant since a guarantee is usually extended unconditionally up front, whereas insurance cover depends on conditions and covenants. Therefore, ECAs that act primarily as a *guarantor* tend to scrutinise projects more intensely prior to decision making (as opposed to insurer ECAs). In practice, most ECAs provide both insurance and guarantees. Some ECAs further distinguish between business conducted with private firms abroad, and with foreign governments or public enterprises.

These differences impact the ECAs’ capacity to influence environmental and social aspects of the projects they support. For export guarantees, more information is collected up front than for export insurance, as the guarantor is committed to pay unconditionally. Likewise, providers of export finance and aid finance have more leverage over supported projects, as their stake in the projects is larger.

ⁱ OECD (2001a)

ⁱⁱ OECD (2001c)

In addition, ECAs are an increasingly important source of financing for the private sector. From 1988 to 1996 export credits increased four-fold from (US) \$ 26 billion to \$ 105 billion per year.²¹ At this time, ECAs account for between US\$50-\$70 billion annually in support for large industrial and infrastructure projects in developing countries.²² Given the large potential impact of ECA-supported projects, it is clear that a set of norms, standards and laws are needed to incorporate environmental considerations into the lending practices of these agencies.

²¹ Rich (1998).

²² Norlen et. al. (2002).

2.2.3 OECD Reforms

In addition to domestic regulation, ECAs are subject to international regulation, such as the OECD Arrangement on Officially Supported Export Credits or the WTO Agreement on Subsidies and Countervailing Measures.²³ Until the mid-1990s, almost all international negotiations concerning ECAs aimed at harmonising financial issues – such as lending periods and interest rates – at the international level. At the time, very few ECAs had formalised standards or guidelines to take account of environmental and social concerns in their operations.

Negotiations on common environmental and social guidelines for export credits began in the mid-1990s in the OECD Working Party on Export Credits and Credit Guarantees (now Export Credit Group). The negotiations gained some momentum following the 1997 Denver G8 Summit, which concluded that “Governments should help promote sustainable practices by taking environmental factors into account when providing financing support for investment in infrastructure and equipment”, and urged progress on the issue in the framework of OECD negotiations.

In late 1999, the OECD Working Party on Export Credits and Credit Guarantees agreed to a voluntary environmental information exchange on larger projects. The six point agreement includes exchanging environmental assessments on projects, sharing

other information and coordinating responses to exporters, lenders and other principle parties.²⁴ One objective of this agreement was to avoid negative downward competition among ECAs, so that projects for which support had been declined on environmental grounds by one ECA would not receive support from another ECA.

Building on this, the next challenge was to agree on a set of common approaches, in order to promote coherence among different ECA’s practices on the incorporation of environmental considerations, while taking account of institutional and other differences among ECAs.

According to the OECD, the Common Approaches were designed to achieve a balance between, on the one hand, the rights of buyers’ countries to take sovereign decisions on projects implemented within their borders and, on the other hand, the ECAs’ responsibility to take due account of environmental impacts of supported projects. A further objective was to promote policy coherence between environmental protection requirements and ECAs’

Box 4: ECA-WCD Interaction

In the discussion process leading up to the formulation of the WCD’s recommendations, exchanges of views and information took place between ECAs and WCD members on several levels and occasions. For example, the WCD chairman gave several presentations at the OECD Export Credit Group. In addition, some ECAs were closely connected to the drafting process, either through the personal involvement of ECA staff or board members in the WCD Forum, or in discussion rounds staged by the WCD. Japan’s JBIC and the US Ex-Im Bank were formally represented parties at the WCD Forum.ⁱ A representative of the Swiss Development Agency DEZA, who participated in meetings of the WCD Forum, is also on the ERG’s board and could provide valuable input from this forum for the assessment of hydro power projects at ERG.

ⁱ See http://dams.org/commission/forum/forum_list.htm

²³ See e.g. Canas and Scharf (1996).

²⁴ Udall (2000), p. 2.

commercial objectives.²⁵ After several years of debate and drafting, on 14 December 2001 the 6th revision of the Draft Recommendation on Common Approaches on Environment and officially supported Export Credits was published.²⁶ However, so far consensus could not be reached over the adoption of these standards, as the US and Turkey refused to endorse the Draft Recommendation.²⁷

2.2.4 Civil Society Critique

In the past, ECAs and their involvement in large dam projects have been the targets of several NGO campaigns. A small number of especially controversial dam projects, such as the Chinese Three Gorges Dam, the Ilisu Dam in Turkey, the Maheshwar and Tehri Dams in India, the San Roque Hydro and Irrigation Project in the Philippines, the Nam Theun 2 Dam in Laos or the Bujagali Dam in Uganda, were the target of massive NGO campaigning.²⁸ An NGO study submitted to the WCD has consequently underlined the need for the ECAs to examine more closely the environmental and social impacts of projects they support through credits, loans and guarantees. The case studies also highlight the problem of a lack of common standards of the ECAs agencies.²⁹

After the adoption of environmental guidelines in all major ECAs, civil society continues to be a vocal presence regarding the involvement of ECAs in the support of large dam projects. The Jakarta declaration of June 2000, adopted by more than 350 NGOs from 45 countries, calls for common and binding social, environmental and human right standards for ECAs that would match internationally recognised standards, such as those of the World Bank or the OECD Development Assistance Committee.³⁰ International NGOs and civil society continue to press for binding and internationally harmonised ECA policies. Their calls include inter alia immediately and comprehensively integrating the WCD's recommendations into their policies.³¹ Some NGOs even press for a complete banning of support of large hydropower dams.

2.2.5 Existing Body of Research

The debate surrounding ECAs and environmental and social issues has been addressed in several studies and reports. However, there is still relatively little scientific research on the topic³² and most evidence stems either from ECAs themselves, or from NGOs. One major source of information for this study was a survey produced by the OECD Working Party on Export Credits and Credit Guarantees "Environment and Export Credits: 2002 Revised

²⁵ OECD (2001a).

²⁶ OECD (2001b), hereafter also referred to as OECD Common Approaches.

²⁷ The US' main reason for rejecting the 6th draft of the Common Approaches was that they were considered as insufficiently ambitious. Especially in the field of transparency and information disclosure, the negotiated results were seen as falling far behind the standards already implemented by the US Ex-Im Bank and the US Overseas Private Investment Corporation (OPIC).

²⁸ The Ilisu and Bujagali dam projects have been put on hold. Building companies have refrained from pursuing the projects any further; and it seems likely that these decisions were at least partially influenced by the massive opposition they encountered from NGOs.

²⁹ Udall (2000), p. 1.

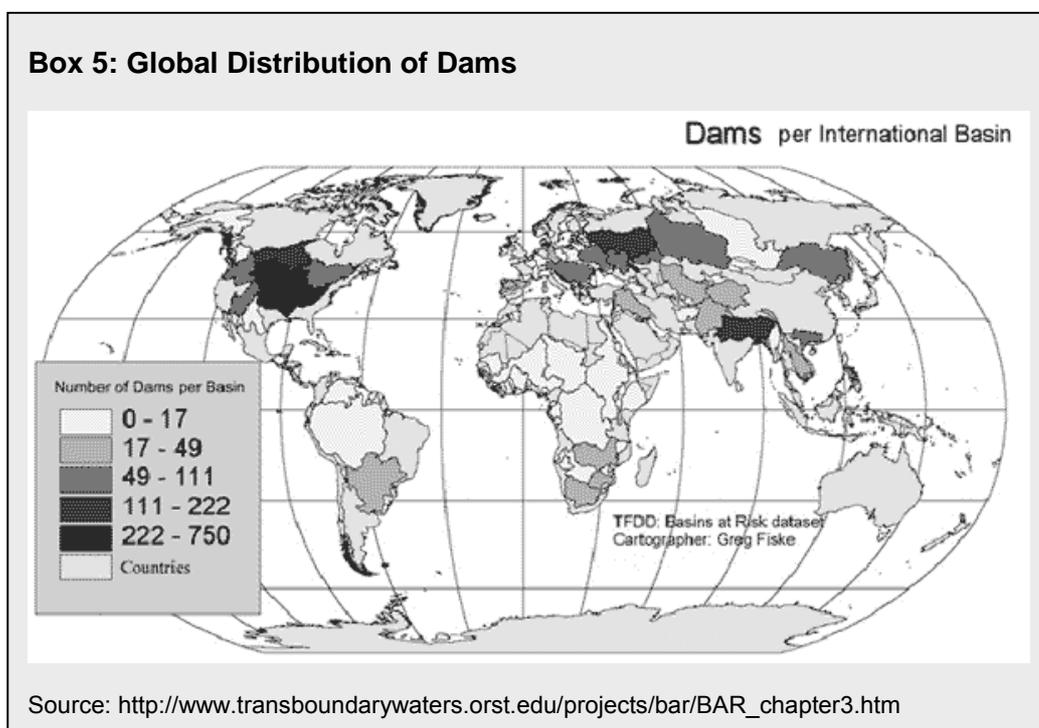
³⁰ See <http://www.eca-watch.org/goals/jakartadec.html>.

³¹ See <http://www.irn.org/wcd/eca.shtml>.

³² One exception being the recent paper by Carbonell and Stephen (2003).

Coverage Matrix". Updated in April 2003, it compared ECAs from OECD countries in regard to their environmental guidelines and procedures.³³

A number of studies and reports have been conducted by civil society actors, ranging from comparative surveys to pamphlets. The German NGO Urgewald has compiled an extensive comparative survey of social and environmental standards in different ECAs.³⁴ Other major NGOs such as WWF³⁵, The Centre for International Environmental Law (CIEL)³⁶, the French Les Amies de la Terre,³⁷ the Canadian Halifax Initiative,³⁸ the Swiss Berne Declaration,³⁹ the Australian AidWatch / MPI,⁴⁰ and the Washington-based Environmental Defense⁴¹ have conducted studies and reports, which are mostly aimed at the national ECAs.



³³ OECD (2003).

³⁴ <http://www.urgewald.de/>.

³⁵ World Wildlife Fund (2003).

³⁶ Bree and Hunter (1998).

³⁷ http://www.amisdelaterre.org/rubrique.php3?id_rubrique=22.

³⁸ <http://www.halifaxinitiative.org/>.

³⁹ Eberlein (2002).

⁴⁰ AidWatch / Mineral Policy Institute (1999).

⁴¹ Rich (1998).

3 Survey of Environmental Guidelines in Selected OECD Countries

In this section, the environmental and social guidelines of selected ECAs will be compared. To this end, the following aspects are considered: the screening processes and exemptions from screening, the policies regarding transparency and information disclosure, the social and environmental standards used, the monitoring mechanisms, the existence of exclusion criteria, and the existence of special programmes for environmentally friendly goods and projects.

The selection of ECAs in this survey was determined by economic and political factors. Based on economic criteria, Japan and the US were included given the economic importance of their export industries. The same consideration led to the inclusion of France, Germany and the UK. For Switzerland, Norway and Canada, the relative importance of hydropower in the countries' export portfolio was a main consideration.

From the political perspective, the US was selected given its explicit positioning during the negotiations on the OECD Common Approaches. Canada, Switzerland and Norway provided interesting cases against the background of their governments' involvement in international development cooperation efforts. In the cases of Switzerland, Japan and Australia, recent experiences with civil society involvement in the development of environmental guidelines were further motives. Finally, Australia and Japan completed the selection by offering experiences from a different background – be it cultural (Japan) or economic (Australia).

Based on the aforementioned country selection the following ECAs will be considered: the Australian EFIC, the Canadian EDC, the French COFACE, the German EULER HERMES, the Japanese JBIC, the Norwegian GIEK, the Swiss ERG, the British ECGD and the US Ex-Im Bank.

3.1 Screening

ECAs use screening processes to categorise credit applications according to their potential negative impacts, e.g. on the environment, on indigenous communities or other issues, such as development aims. The objective is to determine to which extent further investigations, such as environmental or social impact assessments, will be necessary, and to focus on those projects that are most likely to have significant adverse impacts.

Most screening processes are based on questionnaires and check lists that are supplied by the exporter or sponsor along with the application for coverage. In addition, if further information is available, such as pre-existing studies, it is generally taken into account as well.

Based on these preliminary questionnaires and checklists, all ECAs considered in this study categorise project applications according to their potential adverse impact on the environment. In accordance with the OECD Common Approaches and the World Bank Safeguard Principles, projects are classified into the categories A, B and C projects. According to this categorisation, projects in the category A have the highest potential to cause negative and potentially irreversible impacts and consequently require an elaborated environmental and social impact assessment, including possible mitigation measures, before any credit may be granted. These international classification rules are widely used by almost all ECAs, the only exception being the US Ex-Im Bank. According to their classification, projects with potentially significant negative impacts, including hydropower, are grouped into the B-category.

Large dam projects would generally be considered as category A projects, as suggested in Annex I to the OECD Common Approaches.⁴² The French COFACE, the US Ex-Im Bank and the Japanese JBIC have customised their screening process further by using specially adapted questionnaires and guidelines for large dam projects.⁴³ In addition, all ECAs also employ other than environmental criteria for the categorisation. For example, the Australian EFIC or the German EULER HERMES also classify such projects as category A projects that may affect vulnerable groups or ethnic minorities, involve large scale displacement and resettlement or affect significant cultural or natural heritage sites.⁴⁴

3.2 Thresholds and Exemption Criteria

In some instances, ECAs employ criteria to exempt certain kinds of transactions from the scope of environmental guidelines. Such exemptions are due to time constraints, or to enhance the efficiency of the system by not applying standards to projects where they are not applicable.

Before launching the environmental and social assessment procedure, most ECAs use thresholds to determine which credit applications have to be screened more closely. This practice is based on the assumption that projects under a certain value or below a certain borrowing period would not usually have significant adverse impacts, or that the potential negative impact would not justify the additional costs imposed by an in-depth screening. For example, the German EULER HERMES, the Japanese JBIC or the US Ex-Im Bank provide thresholds as a first selection criterion. The German EULER HERMES normally limits the screening to those projects that typically qualify for medium and long terms of payment with an order value exceeding 15 million Euro.⁴⁵ The Japanese JBIC only subject projects exceeding 10 million SDR⁴⁶ to a screening procedure. The US Ex-Im Bank requires that all projects worth more than \$10 million or repayment term greater than 7 years must be accompanied with a screening document that contains information to enable Ex-Im Bank to determine if an environmental review is necessary, whereas smaller projects are screened internally.⁴⁷ The French COFACE, by contrast, generally screens all projects but uses thresholds to determine the extent of the screening: a first, brief pre-questionnaire is used to give a first indication of potential impacts. If the project is located in or near an ecologically sensitive site, or if the value of the contract lies above Euro 10 million, a more extensive impact evaluation questionnaire has to be submitted. However, COFACE exempts aviation projects (which constitute a large share of its projects) from the normal procedures on environmental appraisal and information disclosure. Finally, the Australian EFIC and the British ECGD do not use thresholds but screen all transactions regardless of their value or recipient country. However, ECGD excepts projects in the defence and aerospace sectors from further screening and environmental review.

⁴² OECD (2001b).

⁴³ See COFACE homepage, http://www.coface.com/rub01_gr/gr05_eng01_envld.htm. The US Ex-Im Bank's sectoral guidelines for large hydropower projects can be found in Annex A, Table 9 of the Bank's general guidelines; see <http://www.exim.gov/products/policies/environment/envtbl9.html>.

⁴⁴ OECD (2003).

⁴⁵ OECD (2003).

⁴⁶ In the partial implementation of the new guidelines since Oct. 1, 2002, the following rate is applied as the SDR (Special Drawing Rights) exchange rate: 1 SDR = ¥154.72; \$1 = 0.7855 SDR.

⁴⁷ OECD (2003).

3.3 Monitoring of Compliance

Monitoring is essential for the successful integration of environmental concerns into ECA project implementation. As set out in the WCD report, all project operations and management should be informed by and should adapt to changing contexts and development needs. Also, if the exporter has agreed to implement mitigation measures to cushion negative impacts, it is necessary to monitor whether these measures are actually implemented, and whether they are properly dimensioned to achieve the desired mitigation effect. Such monitoring should occur periodically as an evaluation of the project's performance. In most instances, monitoring takes the form of an ongoing review of benefits and impacts, as well as a "follow-up" assessment which may occur post-project. As the WCD suggests, all project evaluations are suggested by the WCD to be open and transparent.

The WCD advised that post-project monitoring and evaluation, as well as periodic reviews of the benefits and impacts of the project, should be built into licensing agreements and the appropriate resources should be set aside. It appears that this demand is increasingly being met, with increasing use of covenants and reporting requirements for large dam projects. However, there remains significant room for procedural improvement should ECAs aim for a more complete compliance with the ideals set forth by the WCD. The reporting process itself could become more transparent, e.g. by following the Swiss suggestion to have independent expert panels overseeing the implementation of projects. The results of this process should be publicly available, also to allow a feedback and continuous improvement of environmental procedures. Finally, most ECAs still take a hands-off

Box 6: Environmental Export Schemes

A number of ECAs have implemented specific programmes to advance the export of environmentally friendly goods and projects. While the selection of sectors that are eligible for support differs between ECAs, it typically includes water treatment facilities, waste disposal, projects that enhance energy efficiency, or renewable energy technologies. The US Ex-Im Bank also supports hydropower projects as a renewable energy source. Such schemes have recently attracted particular attention in connection with the Clean Development Mechanism (CDM) under the Kyoto protocol.ⁱ

Examples of such programmes are the US Ex-Im Bank's Environmental Exports Programme,ⁱⁱ or JBIC's programme to support Environmental Conservation and Improvement.ⁱⁱⁱ The German EULER HERMES has recently announced that priority will be given to exports of environmentally friendly technologies, e.g. renewable energies.^{iv} Likewise, the British ECGD has recently launched a programme to advance exports of renewable energy goods, particularly to emerging markets. Under the scheme, 50m pound sterling per year will be earmarked for supporting renewable energy exports.^v

ⁱ For a discussion of the topic, see Wysham (2003).

ⁱⁱ www.exim.gov/products/special/environment.html.

ⁱⁱⁱ www.jbic.go.jp/english/enviro/suppport/index.php.

^{iv} Euler Hermes press release, dated 5 June 2003 www.exportkreditgarantien.de/service/presse/umwenga.html.

^v www.ecgd.gov.uk/news_home.htm?id=5089.

stance towards projects that they have supported in the past, but which appear questionable today. The fact that existing contracts usually do not give ECAs any leverage to demand mitigation measures ex-post might be a stimulus to include such clauses in future contracts.

In the context of ECAs, the monitoring process is most often conducted through regular reporting duties by the exporters, providing information on the progress of the project and on their compliance with environmental or social covenants. In a wider sense, monitoring also

serves to ensure that the project operates in compliance with the laws and regulations of the host country.

The ECAs in question take various approaches to monitoring the standards and covenants laid out in the loan contract, though in most instances the extent of compliance monitoring is considered on a case by case basis. Typically, monitoring requirements would be most extensive for category A projects (cat. B in the US); in these cases, monitoring serves to assess whether the measures spelled out in the EIA are properly implemented. However, of the ECAs considered here, only the Australian EFIC, the Canadian EDC and the US Ex-Im-Bank would unconditionally demand monitoring for all category A projects (cat. B in the US), usually covering the entire duration of the contract. Some ECAs, such as the US Ex-Im-Bank, the Australian EFIC and the Canadian EDC, also mention the possibility of periodic site visits during the monitoring phase. The Japanese JBIC generally requires monitoring plans for all category A projects, but in selected cases also for category B projects.⁴⁸ Norway's GIEK reserves the right to implement monitoring procedures on a case by case basis; only in projects involving resettlement, monitoring will be compulsory.⁴⁹ Likewise, the German EULER HERMES or the French COFACE base the decision to what extent reporting duties and covenants will be implemented on the results of the EIA. If doubts remain after the EIA, the sponsor can be asked to deliver monitoring reports on a regular basis.⁵⁰ In such a case, the guarantee contract contains a description of measures to be undertaken as part of the monitoring process.

With most ECAs, the exporter or the project sponsor is responsible for reporting on the environmental performance of supported projects. By contrast, the French COFACE and the British ECDG point out that independent third-party monitoring would generally be considered as the best option.⁵¹ The Swiss ERG goes even further by raising the option of an independent monitoring panel to oversee the implementation of large dam projects.⁵² However, they also acknowledge that this has not been the case so far.

Many ECAs have strict measures at their disposal if exporters fail to comply with the standards and covenants laid out in the loan contract. The Australian EFIC, Canadian EDC, Japanese JBIC and US Ex-Im Bank point out that insurance cover could be withdrawn – ex-post or a priori – if exporters were fail to comply with environmental standards. At the same time, such hard measures are rarely ever employed: in general, ECAs would first address their exporters, with the aim of bringing the projects back into compliance. Withdrawal of insurance cover would rather be used as a “stick behind the back”. With regard to already existing dams, however, ECAs are much more permissive: here, the general contention is that once the terms for supporting dams are fixed, there is no leeway whatsoever to influence the performance of the projects.

⁴⁸ Urgewald (2002).

⁴⁹ OECD (2003).

⁵⁰ EULER HERMES (2001).

⁵¹ OECD (2003).

⁵² ERG (2002).

3.4 Exclusion Criteria

Exclusion criteria are used to identify projects or sectors that are generally not eligible for support, these can be motivated by legal, political or international security concerns. Most ECAs have clauses that demand compliance with Multilateral Environmental Agreement, such as the Montreal Protocol to the Vienna Convention on Substances that Deplete the Ozone Layer or the Convention on Trade in Endangered Species (CITES). Such compliance is strongly emphasised e.g. by the Australian EFIC, the Canadian EDC or the Swiss ERG. In Australia, the list of eligible projects is further restricted by the customs regulations of the Australian government, which identify prohibited materials, substances or countries who are not considered when selecting projects, and therefore would not be included in any related environmental considerations.⁵³ In addition, EFIC has special requirements regarding military and related equipment, where the export of directly offensive devices has to be referred to the Minister for Trade.⁵⁴ Similar provisions exist in Germany. Moreover, EULER HERMES does not support nuclear energy-related projects as a general rule, except for non-nuclear technologies to enhance the safety of nuclear plants, or their decommissioning.⁵⁵ By contrast, the Canadian EDC's Board of Directors "did not deem an exclusion or prohibition list necessary at this time".⁵⁶ Neither does the French COFACE have an exclusion list of projects that would not be eligible for support as a general rule.⁵⁷

3.5 Transparency and Information Disclosure

Transparency and information disclosure are both essential preconditions for increased openness in policy-making. Transparency entails greater access to information as well as greater awareness of issues or policies. Operationally, this requires ensuring that the right to information (through a broad dissemination of activities to the general public and stakeholders, or through disclosure rules) are practised and respected. In the context of ECAs, transparency implies a clear, open and traceable decision-making process during the approval and implementation of a supported project. The decisions taken in the process, as well as the weighing of different countervailing objectives, have to be communicated and documented to the public in a clear and understandable way. This includes information on the information sources used and assessment of alternative options.

Transparency and information disclosure have been particularly contentious issues in the past.⁵⁸ NGOs have accused ECAs of excessive secrecy and demanded that public information be made available, given that ECAs are operating with taxpayers' money. At the same time, ECAs have argued that they and their customers operate in a highly competitive environment, and

⁵³ Urgewald (2002).

⁵⁴ See <http://www.efic.gov.au/environment/environstd.asp>.

⁵⁵ EULER HERMES (2001).

⁵⁶ EDC comment to NGO criticism of the new guidelines, see http://www.edc.ca/corpinfo/csr/disclosure/comments_e.pdf.

⁵⁷ See http://www.coface.com/rub01_gr/gr05_eng01_envfaq.htm.

⁵⁸ The central role of information disclosure is also underlined by the early adaptation of the OECD Agreement on Environmental Information Exchange for Larger Projects in 1999, well ahead of other negotiations in the field. Its relevance is also underlined by the fact that agreement on the OECD Common Approaches was hindered not least by disagreements on the extent and timing of information disclosure.

openness therefore has to be restricted to a degree where confidentiality is ensured and competitiveness is not jeopardised.⁵⁹

Although the issue of transparency and information disclosures has been central to the work of the World Commission on Dams,⁶⁰ no reference to the relevant sections of the WCD report were found in any of the ECAs' official guidelines. At the same time, it is clear that by and large, access to information has become considerably more open and easy over the last years. Therefore it can be argued that even if the WCD report is not explicitly adhered to, at least some ECAs are starting to act in its spirit.

Transparency and information disclosure affect three different areas in ECA's operations:

- (a) information about environmental and social standards and about guidelines themselves;
- (b) information about the environmental and social impacts of particular projects;
- (c) information about the role of environmental and social considerations in the decision-making process for a particular project.

By and large, the first aspect is generally covered very well by all ECAs included in this survey. Information on environmental and social guidelines is available and easily accessible in all countries via the ECAs' websites, with the Norwegian GIEK as the only exception.

Box 7: The Ilisu Dam

The case of the Ilisu Dam demonstrates the importance not only of having EIAs, but also of having good EIAs that are understandable, complete and robust in their assumptions and conclusions. The Ilisu Dam in Southeastern Turkey had been planned since the 1960s. It was highly controversial not only because of its ecological impacts on the river Tigris, the resettlement of up to 80,000 mostly Kurdish population and the loss of archaeological sites, but also because it would allow Turkey to control the water supply of Iraq and Syria. Despite the criticism, the Swiss ERG decided in 1998 to grant CHF 400m of export credit insurance to the Swiss firms Asea Brown Boveri (ABB, hydropower branch later sold to Alstom) and Sulzer Hydro (now V-A Tech Hydro) in a consortium financed by UBS. The British ECGD awarded 200 million Pound Sterling cover to the construction company Balfour Beatty.

Following lawsuits by affected Kurdish population, an environmental impact assessment was conducted and published in 2001. Two independent reviews commissioned by the ECGD,ⁱ as well as an assessment by eight NGOs,ⁱⁱ found severe shortcomings in the EIA, especially in reflection of the WCD's recommendations. Many essential considerations, pertaining to social and environmental impacts, benefits sharing and mitigation measures, were either absent or insufficiently specified. The significant environmental and social risks identified in the reviews, and the sustained public opposition to the project, were seen as a central reason why the British construction company Balfour Beatty and the Swiss bank UBS finally withdrew from the project. David Allwood of the British ECGD acknowledged that Ilisu was probably the most problematic project that ECGD had considered, and that experiences from this process had influenced ECGD's environmental policies, as it had "helped focus peoples' minds".ⁱⁱⁱ

ⁱ http://www.ecgd.gov.uk/home/pr_home/pr_ilisu.htm

ⁱⁱ http://www.evb.ch/cm_data/EIAR_Ilisu_Dam.pdf

ⁱⁱⁱ http://www.eca-watch.org/problems/turkey/ilisu_continues.html

⁵⁹ Note that this position is not unanimous among ECAs: for example, the Australian EFIC states its view that information contained in Environmental Impact Assessments "would not normally be commercially sensitive"; see <http://www.efic.gov.au/environment/envirionstd.asp>.

⁶⁰ Referring explicitly to ECAs' practices, the WCD report demands that the ECAs "promote consultation and information disclosure as normal procedure", WCD (2000), p. 316.

Concerning the second aspect, relating to information on environmental and social impacts of supported projects, there is a remarkable overall trend towards better information disclosure. A number of ECAs publish the Environmental Impact Assessments (EIAs) for category A projects either on their websites or mail them on request - either as full versions or as summaries. This approach is practised e.g. by the US Ex-Im-Bank, the Australian EFIC or the Japanese JBIC. Similarly, the Canadian EDC and the British ECGD do not publish EIAs due to legal reasons, but encourage their exporters to make EIAs available on request. Other ECAs publish only selected pieces of information, e.g. the German EULER HERMES or the Swiss ERG, which make a list of supported projects available online, identifying exporter, sponsor, duration and recipient country. The French COFACE presents a mix of both by publishing general project information as well as a brief summary of the EIA. Most ECAs, including the Norwegian GIEK, the German EULER HERMES or the Australian EFIC, address environmental and social impacts of supported projects in their annual reports.

A major issue about the disclosure policy is not only the extent to which information is made available, but also the timing disclosure. Certain ECAs have moved forward in recent years by providing information on applications before the final approval of an application, thereby responding to demands by NGOs who see their participation rights curtailed if they are only informed about decisions that have already been taken. The Australian EFIC, the Japanese JBIC, the British ECGD and the US Ex-Im Bank have progressed in this respect, by making environmental information on pending projects available before final approval is granted. The Australian EFIC facilitates comments during a 45-day public consultation period, during which the EIA conducted by the project sponsor is available and open to comments through the EFIC website. Also, the British ECGD maintains a website for high potential impact cases on which EIAs can be found before decisions in regard to the project are made. In Japan, for Official Development Assistance (ODA) loans conducted via JBIC, an ex-ante evaluation is facilitated through the publication of Evaluation Reports after the loan contract has been signed.⁶¹ For these loans, there is also extensive and well-documented ex-post evaluation.⁶² Similarly, the US Ex-Im Bank publishes a list of major projects, provides Environmental Assessments on request, and invites written comment on a list of other projects with potentially adverse effects.⁶³

It has to be noted that the leeway for information disclosure is generally limited by the legal provisions in the ECA's home country. Whereas some countries know a legal requirement for the disclosure of certain pieces of information,⁶⁴ other ECAs insist that to publish more information than is currently done would be a violation of national law, and that information disclosure generally has to take place voluntarily.⁶⁵ In other cases, more liberal information disclosure policies have only been possible in response to new legislation.⁶⁶

⁶¹ JBIC (2002).

⁶² See JBIC website, <http://www.jbic.go.jp/english/oec/post/index.php>.

⁶³ See the Ex-Im Bank's website, <http://www.exim.gov/products/policies/environment/envproj.html>.

⁶⁴ As an example, the Australian EFIC is encouraged through the Environment Protection and Biodiversity Conservation Act to publish details of how their actions accorded with the principles of ecological sustainable development, which is done via EFIC's annual report. In the US, information disclosure policies are based on the Freedom of Information Act.

⁶⁵ See <http://www.exportkreditgarantien.de/publikat/einzelpr.html>.

⁶⁶ In Japan, JBIC's extensive disclosure policy has been influenced by the Public Information Act for the Japanese Governmental Agencies (inofficial translation), approved in November 2001.

3.6 Public Participation

The participation of civil society and other stakeholders in the reform of ECAs' practices and their implementation is closely connected to the concept of transparency, and has been subject to similar dispute. Transparency is a precondition for successful public participation, but transparency alone does not ensure a constructive dialogue, which would allow to accommodate the views of all major stakeholders. Public participation can range from the relatively passive function of exchanging information, to providing consultation through working groups or meetings, to active involvement in analysis and agenda-setting. By contrast, a lack of participation leads to allegations of illegitimacy.

In recent years, there has been a trend to more proactive approaches in public participation in a number of ECAs. In some cases, stakeholder involvement is actively encouraged by ECAs rather than fending off involvement with recourse to the confidentiality of business approaches. This trend is most pronounced in Japan and the US, but there are also interesting examples in the UK, France and Australia.

One reason for the increased openness to public participation is that the reputational risk of badly managed and communicated projects is now recognised as a serious threat by ECAs and their clients alike;⁶⁷ reputational risk is increasingly also seen as an economic risk with the potential to seriously affect the profitability of exporters. Somewhat less prominent is the risk that projects may fail altogether due to public resistance, if environmental and social considerations are not given sufficient weight. This risk is generally less pronounced, as it poses a significant threat only for large-scale project in very sensitive and controversial sectors, that attract sufficient attention.⁶⁸

Public participation is possible in different forms and at different stages of a project:

- Before or after approval, or during the implementation phase of a project;
- During the designation of environmental guidelines.

Likewise, there are different stakeholders to be addressed:

- Local groups that will be affected by the supported projects;
- NGOs in the ECA's home country;
- Firms that have to implement environmental standards (i.e. sponsors and exporters).

Of the three, participation by the affected local communities has to be regarded as a weak spot in the implementation of environmental and social guidelines in some ECAs. Although this point featured centrally e.g. in the final report of the World Commission on Dams, some room for improvements remains.

Most ECAs encourage or require the participation of local affected population as part of an EIA for projects with a significant potential impact on the environment (category 'A' projects).

⁶⁷ Note also that most ECAs are also active on the private insurance market, where they face competition themselves.

⁶⁸ Cf. the debate concerning the Ilisu dam, Turkey: partly due to public resistance, the British construction company Balfour Beatty and the Swiss bank UBS withdrew their application for cover. Although extensive impact assessments were carried out for the Ilisu dam, these were seen as insufficient by NGOs and external reviewers alike (cf. <http://www.ecgd.gov.uk/finalermreport.pdf>, http://www.evb.ch/cm_data/EIAR%20Ilisu%20Dam.pdf).

Consultation with local communities is strongly expected by the Australian EFIC or the US Ex-Im Bank, and is obligatory with the Canadian ECD or the Japanese JBIC as part of an EIA. However, ECD also concedes that participation may be difficult to achieve because of different cultural or legal backgrounds in recipient countries. JBIC further specifies the requirement for local participation, including demands that information must be provided to local residents in a language understandable to them, and that the outcomes of consultations must be documented. The German EULER HERMES encourages local participation to avoid opposition and complications at a later stage. In general, participation of local affected groups is expected as part of the EIA for any large-scale project. Examples named for this were the Ilisu Dam in Turkey, where the EIA and the concurrent public participation were conducted by a consortium of several ECAs, and the Maheshwar Dam, where dialogue with local groups was underway before the German exporter eventually withdrew the application for cover.

With regard to the participation of civil society actors in the ECA's home country, there have been interesting developments in some countries. One example is the cooperation between the Japanese JBIC and the NGO Friends of the Earth Japan, which has also been reflected in JBIC's revised environmental guidelines.⁶⁹ Likewise, a constructive dialogue has been conducted between the US Ex-Im Bank and the Washington-based NGO Environmental Defense;⁷⁰ this cooperation has also influenced the Ex-Im Bank's stance towards the OECD Common Approaches. The Australian EFIC publishes NGO's comments both on EFIC's environmental policies, and on specific projects, on their website along with responses to the points raised. In a similar fashion, the British ECGD has included NGO's comments on the ECGD Business Principles in its mission and status review.⁷¹ Concerning the dialogue with other stakeholders, a number of ECAs gathered comments on the guidelines from main sponsors, or organised workshops to communicate and discuss the guidelines and their practical implications. The French COFACE staged such discussions during the development of its sectoral environmental guidelines. Similar consultations were held in Australia, Canada, Japan or Switzerland. In addition, the Japanese JBIC and the Australian EFIC have documented the points of criticism brought forward by NGOs on their websites, in the case of EFIC along with the ECA's responses.⁷² In the same spirit, the German EULER HERMES and the French COFACE have hosted UNEP workshops on the environmental and social reform processes, providing an informal discussion forum for ECA representatives, practitioners and main sponsors, as well as NGO representatives.⁷³

Somewhat less can be said about the role that NGOs play in the selection and execution of projects. Speaking on the condition of anonymity, some ECA officials voiced their discontent about their perception that NGOs' main interest was not to change and improve projects, but rather to stop them altogether. Other ECAs maintain that the collection of NGOs' comments on applied projects, as well as any respective changes in the project design, fall under the responsibility of the project owner.

⁶⁹ Cooperation has taken place e.g. in the framework of the Study Group on Environmental Guidelines, see <http://www.sg-egl-jbic.org/>.

⁷⁰ See <http://www.environmentaldefense.org/washingtonwatch.cfm>.

⁷¹ See ECGD (2000).

⁷² See <http://www.efic.gov.au/environment/eficresponse.asp> and <http://www.sg-egl-jbic.org/>

⁷³ Personal communication with Ms Martina Otto, UNEP DTIE, 3 June 2003.

3.7 Environmental, Social and Corruption Guidelines

Although remaining a contentious issue, the discussion of internationally harmonised environmental and social guidelines for ECAs has progressed considerably in recent years.

While the WCD's recommendation to adopt "common environmental and social criteria" remains elusive, all major ECAs have proceeded to implement their own, national environmental guidelines. Due to the existence of widely recognised international standards and procedures – i.e. the OECD Common Approaches and the World Bank Safeguard Principles – there is also a growing degree of coherence among ECAs' environmental guidelines. For example all countries surveyed have implemented the OECD Common Approaches, except for the US Ex-Im Bank.⁷⁴ When looking at the details, though, there is still a broad range of interpretation as to how stringent environmental guidelines should be.

According to the WCD report, a set of mutually enforcing incentives and mechanisms is required for social and environmental measures. These different instruments are collected in the form of guidelines, to focus

ECA's attention on the various environmental and social effects that supported projects entail, and to ensure that measures are in place to avoid corruption. These guidelines and standards should be coherent with international social and environmental commitments and treaties.

As a general rule, ECAs demand above all that supported projects comply with the national environmental and social legislation of the importing country. From this perspective, reference to international standards is applicable mainly where national environmental legislation in the recipient country is considered as insufficient.⁷⁵

Box 6: Sectoral Guidelines

In addition to the general environmental guidelines, some ECAs apply sectoral guidelines to sensitive economic sectors or projects. The Japanese JBIC, the French COFACE and the US Ex-Im Bank have specific guidelines for hydropower projects, which incorporate some aspects addressed in the WCD recommendations. For example, JBIC's Environmental Checklist for Hydro Power Projects asks whether agreement of the inhabitants who will be forced to relocate has been obtained, and demands information on efforts to minimise the project's adverse effects.ⁱ COFACE states that the work of the World Commission on Dams has informed the selection of criteria used in their guidelines for hydroelectric power stations and large dams. Inter alia, this pertains to the choice of an operating method and a site that will lead to as little negative impact on the environment as possible. Other elements, such as the impact of dams on downstream water uses and affected communities, also take up WCD considerations.ⁱⁱ The Ex-Im Bank's guidelines were adopted before the WCD was formed. By requiring project owners to consult locally affected populations and to protect their livelihoods, and by addressing impacts on downstream ecosystems, it contains some elements also raised in the WCD report.ⁱⁱⁱ

ⁱ www.jbic.go.jp/english/environ/guide/finance/checklist02.php

ⁱⁱ <http://www.coface.com/docs/barragesgb.pdf>

ⁱⁱⁱ <http://www.exim.gov/products/policies/environment/envtbl9.html>

⁷⁴ The US was one of two OECD countries not to accept the Common Approaches. Consequently the Ex-Im Bank did not adapt its environmental guidelines, however it can be said that the 1998 US standards already exceed the Common Approaches. Similarly, the Australian position is that the OECD Common Approaches did not necessitate any changes as they were already surpassed by EFIC's own standards.

⁷⁵ To facilitate judgement on which countries apply environmental legislation that can be deemed sufficient, the Canadian EDC has assembled an international survey of respective laws.

In addition to this, most ECAs also take wider developmental or environmental objectives into account, usually by benchmarking projects against internationally accepted standards. The Swiss ERG, for example, does not only consider transboundary environmental impacts of supported projects, e.g. in relation to climate change or the ozone layer, but also checks whether supported projects for coherence with Swiss development policy objectives, i.e. promoting development, human rights, democracy and peaceful coexistence between countries. Similarly, in the foreword to the British ECGD's mission statement it is noted that "ECGD should take account of the Government's wider international policies to promote sustainable development, human rights and good governance".⁷⁶ In addition, ECGD expects compliance with World Bank or regional multilateral development bank (MDB) standards should the standards of the host country be considered insufficient. Likewise, EULER HERMES expects applicants for category A projects to document which international standard they

have used in their EIA – e.g. World Bank, MDB or national (German) standards. EULER HERMES uses the World Bank Pollution Prevention and Abatement Handbook as a benchmark standard. In addition, World Bank operational policies (e.g. on resettlement) are also considered where applicable. The French COFACE, in their sectoral guidelines on large dams, refer to the World Bank operational directives 4.00, 4.01 and 4.03, as well as the WCD recommendations. However, it is argued that these standards can only serve as qualitative criteria, as there are no internationally accepted quantitative standards for dams.⁷⁷ For mining projects, the Australian EFIC follows a somewhat different approach: rather than demanding that exporters comply with

Box 7: World Bank Standards and Guidelines

While the World Bank Group as a financing institution has a different mandate and disposes of different instruments than ECAs do, World Bank standards are nonetheless regarded as the most widely recognised international standard for lending and financing. Consequently, several ECAs refer to different World Bank guidelines.

The environmental standards used by the World Bank Group comprise both procedural and evaluative standards.

Concerning the former, the operations of the World Bank are generally guided by a set of policies and procedures, contained in the Bank's Operational Manual. Within the overall set of Operational Policies, 10 key policies are critical to ensuring that potentially adverse environmental and social consequences are identified, minimised, and mitigated. These ten are known as the "Safeguard Policies" and receive particular attention during the project preparation and approval process. The safeguard policies are procedural guidelines and comprise the Bank's policy on Environmental Assessment (EA) as well as policies on Cultural Property, Disputed Areas, Forestry, Indigenous Peoples, International Waterways, Involuntary Resettlement, Natural Habitats, Pest Management, and Safety of Dams.

In contrast, the Pollution Prevention and Abatement Handbook discusses not only the basic concepts of cleaner production and pollution prevention, but also contains specific guidance for a number of industry sectors, such as the Petroleum Industry or Petrochemicals. This includes specific recommendations on best-practice technologies and target levels for emissions or for the efficiency of installation. For those industrial sectors addressed in the Handbook, it thereby provides evaluative standards for projects.

⁷⁶ ECGD (2000).

⁷⁷ See <http://www.coface.com/docs/barragesgb.pdf>

the requirements of the recipient country or with international standards, they encourage exporters to adopt the Australian mineral industry's Code for Environmental Management.⁷⁸

Most ECAs considered here follow the OECD's approach of subsuming the main social impacts under wider environmental aspects – such as resettlement or effects on vulnerable ethnic groups. The Norwegian GIEK covers the displacement of local people and the overall effect of projects on vulnerable groups.⁷⁹ EULER HERMES takes into account whether a project is located in or near a sensitive site or whether sites of ethnic interest, local population and/or cultural assets are affected.⁸⁰ The Australian EFIC also focuses on the community impact of supported projects, notably in the mining sector. To this end, an independent assessment of the community impact, including measures for its mitigation, may be required. In line with its developmental mandate, the Swiss ERG goes somewhat further by including aspects such as gender, sustainable technology use, and local employment in their assessment. Japan's JBIC has included in its environmental checklist social considerations such as resettlement, effects on indigenous people and on women.⁸¹

Thwarting corruption is a major concern for ECAs, who have come under criticism in the past either for not doing enough to avoid dirty business deals, or even in some cases embracing it (or at least ignoring its occurrence). According to Transparency International, the continued lack of action by ECAs to address this issue is bringing some ECA practices "close to complicity with a criminal offence".⁸² In response to this external pressure, ECAs have developed – with varying levels of stringency – sets of guidelines aimed at avoiding corruption. For example, Australia's EFIC has adopted the legal framework for incorporating the OECD anti-corruption convention.⁸³ In Canada EDC adheres to the OECD anti-bribery code and requires customers to submit anti-corruption declarations.⁸⁴ ECGD in Great Britain also conforms to the OECD standards, and goes further to screen the size of commissions and threaten to void insurance coverage should any bribery be detected. The Swiss ERG requires exporters to sign a form making them aware of the existing laws on bribery, and in Japan no specific policy has yet been announced by JBIC. Despite the intentions of ECAs to adhere to anti-corruption standards, in some cases the obstacle remains that enforcement and investigation mechanisms are faulty.⁸⁵

⁷⁸ See <http://www.minerals.org.au/downloads/pdf/Code2000.pdf>.

⁷⁹ See <http://www.giek.no/>.

⁸⁰ OECD (2003).

⁸¹ See <http://www.jbic.go.jp/english/environ/guide/finance/index.php>.

⁸² See www.fern.org/pages/eca/intcamp.html.

⁸³ Urgewald (2002).

⁸⁴ OECD (2003).

⁸⁵ Urgewald (2002).

3.8 Overview Table

Table 1: Overview on the use of selected instruments and policies

Instrument / Category	Variations	Australia (EFIC)	Canada (EDC)	France (COFACE)	Germany (EULER HERMES)	Japan (JBIC)	Norway (GIEK)	Switzerland (ERG)	United Kingdom (ECGD)	United States (Ex-Im Bank)
Products offered	♣ = export insurance/guarant. ♠ = export finance ♥ = aid finance	♣ ♠ ♥	♣ ♠	♣	♣	♠ ♥	♣	♣	♣	♣ ♠
Disclosure policy	♣ = EIA ex-ante ♠ = EIA ex-post ♥ = Summary ex-ante ♦ = Summary ex-post	♣ ²⁾	♦ ¹⁾	♦	♦ ¹⁾	♣ ²⁾	♦	♥ ²⁾	♣	♣
Env'mental reporting	♣ = annual report ♠ = environment report ♥ = other	♣	♥	-	♣	♠	♣	♣	♣ ♥	♥
Exclusion criteria	♣ = arms ♠ = nuclear	♣ ³⁾	-	-	♣ ⁴⁾ ♠	-	-	-	-	-
Support for env'mental goods	♣ = special programmes ♠ = support envisaged ♥ = preferable treatment	♥	-	-	♠	♣	-	-	♠	♣
Exemption from screening	♣ = monetary (< 10m SDR or similar) ♠ = duration < x yrs. ♥ = sectoral	-	♠	- ⁵⁾	♣ ♠	♣	-	- ⁵⁾	♥	♣ ♠
Sectoral guidelines for dams	♣ = sectoral guideline ♠ = sectoral questionnaire ♥ = other	-	-	♣	-	♠	-	-	-	♠
Mention of WCD	♣ = general guidelines ♠ = sectoral guidelines ♥ = other	-	-	♠	♣	-	-	♥	-	-
OECD C.A.	♣ = implemented ♠ = not endorsed	♣ ⁶⁾	♣	♣	♣	♣	♣	♣	♣	♠
Notes	¹⁾ Exporters are encouraged to publish information on controversial projects ex-ante. ²⁾ Subject to project owner's consent ³⁾ Offensive weapons are excluded ⁴⁾ Subject to approval by an interministerial board (IMA) ⁵⁾ Short pre-screening questionnaires used, including monetary thresholds ⁶⁾ No need for adaptation as own standards exceeded the OECD Common Approaches									

4 Experiences with Implementing Environmental Guidelines

The following section is based on information obtained through direct interviews with the ECA staff members (usually the environmental practitioners). Interviewees were given the opportunity to review the summaries based on their responses.⁸⁶ Nonetheless, the responsibility for the editing lies solely with the authors.

4.1 Australia: EFIC

The Australian Export Finance and Insurance Cooperation (EFIC) has supported virtually no dams in the last decade. Therefore, although EFIC's environmental guidelines list large hydroelectric installations as an example of a category A project, there is little need for specific dam-related policies. Some of the most controversial, larger-scale projects that EFIC has supported were in the mining sector,⁸⁷ as well as in thermal electricity generation. In general, though, only a small number of category A projects is supported by EFIC. EFIC's recent approval of a category A project, a gold mine in Laos, has indirectly triggered the first revision of EFIC's environmental guidelines. The review process, which has been contracted to PWC Consulting, is ongoing at the time of writing.

EFIC's environmental procedures are primarily oriented on the World Bank's Pollution Prevention and Abatement Handbook. In addition, clients in the mining sector are encouraged to adopt the Australian Minerals Industry Code for Environmental Management.⁸⁸ The WCD report was not consulted in the drafting of environmental guidelines, as it was still being developed when EFIC's policy was put in place, and did not directly relate to the goods and/or services covered by EFIC's operations.

Following EFIC's own assessment, the in-house cost associated with environmental assessment procedures can be regarded as „marginal“. Environmental issues (such as screening, assessment of EIAs and monitoring) are dealt with by two environmental practitioners, out of a total staff of 60. In addition, virtually all staff members have received basic environmental training. The assessment and verification of EIAs submitted to EFIC by applicants can be contracted to external experts. At the same time, EFIC would regard the cost of a thorough environmental appraisal up front as negligible in comparison to the costs that could arise at later stages, if environmental issues were not addressed properly.⁸⁹ The environmental assessment is usually only applied to that part of a project which is supported by

⁸⁶ Although most ECAs took advantage of this opportunity, several had not yet responded when the final draft of this study was completed.

⁸⁷ In 2000, mining projects accounted for 15% of EFIC's export finance commercial exposures (Grieg-Gran 2002). Among the most controversial projects were the Ok Tedi and the Lihir gold mines in Papua-New Guinea, and the Panguna copper mine in Bougainville (cf. Aid Watch / MPI 1999: Putting the Ethic into EFIC, <http://www.mpi.org.au/rr/docs/efic.pdf>).

⁸⁸ See <http://www.minerals.org.au/>.

⁸⁹ A case in point is the Baia Mare mine in Romania (EFIC was *not* involved in this project), where the breach of a dam for mine tailings resulted in massive cyanide contamination of the Tisza and Danube rivers. As this case has shown, costs do not only include clean-up costs and other direct liabilities, but also the reputational damage incurred.

EFIC. Exceptions to this rule do occur, e.g. if cover is requested for parts of projects that might inflict on EFIC's own reputation. In such cases, EIA's may also be required for the entire project.

The verification and assessment of EIA's provided by the client usually takes place in-house although EFIC may refer the assessment to external consultants, and as a general rule involves site visits for category A projects. For verification, various sources of information are used, including websites maintained by NGOs.

Following the introduction of stricter environmental and social guidelines in 2000, EFIC reports no opposition or disapproval from Australian exporters or sponsors. Even EFIC's relatively strict disclosure policy did not lead to fears of reduced competitiveness, at least none that were publicly voiced. A possible reason is businesses' concern for reputational risk, which implies that compliance with environmental and social standards is regarded as a hallmark of a good investment project, rather than an additional hassle. Consequently, Australian exporters and sponsors generally accept compliance with standards laid out in the World Bank Pollution Prevention and Abatement Handbook as a precondition for investment projects. The cost and time required for an environmental assessment is typically factored in right from the start of a project. As for EFIC itself, there is also little concern that its environmental standards would affect its competitiveness compared to the private sector, as private-sector insurers are increasingly subject to the same demands for high environmental and social standards.

In the event of non-compliance, EFIC has strict sanctioning mechanisms at its disposal. Contracts for sensitive projects would typically include covenants clauses and regular reporting duties. If a company fails to comply with these conditions, insurance cover for a project can be withdrawn. Monitoring compliance normally takes place over the entire duration of the process. However, experience shows that many policies are taken over by private export insurance companies after a start-up phase of around five years, thus limiting the monitoring period.

EFIC has far-reaching policies with regard to information disclosure. For pending projects, the full version of the EIA has to be made available via EFIC's website for a period of 45 days before final approval can be granted.⁹⁰ The comments received in response to the EIA are addressed by EFIC; summaries of the comments and of EFIC's replies are documented on the EFIC website. The appropriate participation of the locally affected communities is regarded as an integral part of the EIA, in accordance with World Bank safeguard policies.⁹¹

Similar procedures apply to the participation of civil society actors in the design and revision of EFIC's environmental guidelines; here, NGOs are addressed as one of four stakeholder groups (the others are: EFIC staff, the guardian authorities and other related ministries, and the business community). EFIC's position is that public participation is generally welcome, despite the fact that the dialogue with NGOs has been rough and fairly controversial at times. However, the contention is that secrecy on the side of EFIC would only lead to more mistrust and criticism, and that therefore an open and proactive stance would appear as the best way to avoid or resolve conflicts.

⁹⁰ There is an exception to this: EIAs can be withheld if the content is deemed commercially sensitive. However, EFIC has publicly stated that this would not normally be the case and to date no EIA's have been exempted from EFIC's public disclosure requirements, see <http://www.efic.gov.au/environment/envirionstd.asp>.

⁹¹ For example, projects involving resettlement are benchmarked against World Bank OP 4.12

4.2 Canada: EDC

Canada's Export Development Corporation (EDC) assists Canadian exporters by providing export credit insurance and financing services. As a Crown corporation, EDC operates autonomously within the general policy framework of the Canadian government. Given Canada's own dependence on hydropower as energy source and the related expertise of Canada's national industry in the hydropower sector, throughout the course of its history EDC gave export credit guarantees to a relatively large number of dam projects, including the Chamera Dam in India, the Urrà Dam in Colombia, the Manantali Dam in Senegal, or the Ralco Dam in Chile.⁹²

After its first environmental review in 1999, EDC adopted in 2001 its new Environmental Review Directive, which laid out a specific set of requirements with regard to environmental guidelines. According to the EDC, its Environmental Review Directive is consistent with the highest international standards, such as those set out in the World Bank Pollution Prevention and Abatement Handbook or in the International Finance Corporation safeguard policies. Standards and guidelines apply to all projects. Consequently, full EIAs are mandatory for all category A-projects even if the exporter delivers only a part to a larger project, e.g. turbines for a dam. Moreover, as required in the Environmental Directive from 1999, EIAs from both independent consultants and EDC's own experts have to be reviewed independently following its completion.

In terms of disclosure policy, EDC asks sponsors to make environmental information about projects available. However, EDC has no legal basis to require publication of environmental information prior to any decision and can only post environmental information on its own website after the signing of the project. This issue was addressed by EDC when it recently attempted to devise a full ex-ante disclosure requirement policy. However, these ambitions were hindered by the vested interests of exporters, who argued that an ex-ante disclosure policy would set them at a disadvantage compared to exporters from other countries.

For the purpose of verification of compliance, EDC includes in its contracts the right to visit the project site on a frequent basis during the lending period. In the event of non-compliance, EDC's approach would be to negotiate with project sponsors in order to determine the appropriate approach for achieving compliance. Today, out of about 1000 staff members EDC employs a 6 person team for the environment department, which devotes most of its time to project review. However, literally all staff members received some training to familiarise them with environmental issues.

Public participation played an important role in the course of the drafting process of EDC guidelines. Apart from the request to submit written suggestions via its website, EDC encouraged participation through a series of seminars and workshops. Again comments and suggestions were made publicly available through EDC's homepage.⁹³ At present, NGOs are not involved in the selection or implementation of projects. However, EDC could imagine to involve NGOs in assisting in monitoring of guidelines.

⁹² See Halifax Initiative Coalition (2001).

⁹³ Comments on EDC's Environmental Review Directive and EDC's Disclosure Policy" are online available at: http://www.edc.ca/corpinfo/csr/disclosure/comments_e.pdf.

EDC regards the role the WCD played as fundamental in the process of ECA reform. Given its balanced consideration of social economic and environmental concerns, the WCD is perceived as one of the major factor for ECAs to incorporate EIAs in their standard lending procedures. Moreover, the WCD contributed to improving co-ordination among agencies at the international level and to promote consultation and information disclosure. EDC could imagine that a checklist based on the WCD recommendation would be a useful instrument to assess dam projects.

In contrast to earlier years, EDC was involved in only few dam projects recently. Most contracts for dam projects were signed in the 1980s and early 1990s, hence before EDC's Environmental Review Directive came into force. In the recent past, a small number of project applications where turned down due to insufficient EIAs.

Little criticism of EDC's guidelines and standards was voiced by the business community. In fact, EDC approached major stakeholder to explain that the requirements in place are state of the art and accepted by other international institutions. However, critique derives rather from NGOs that view EDC's engagement in dam projects as an aggressive promotion of the Canadian hydroelectric industry. EDC itself perceives the issue of disclosure policy as the most pressing concern brought forward for NGOs.

4.3 France: COFACE

The French Export Credit Agency COFACE has supported a considerable number of dams and dam-related projects. Between two and five applications for export credit concerning equipment to be integrated in a dam project (such as turbines for hydroelectric plants, for instance) are underwritten each year. Of the total number of projects reviewed by COFACE's environmental team, dams and hydroelectric equipment only amounted to three percent in 2002.⁹⁴ At the time of writing, COFACE is involved in controversial projects such as the Three Gorges Dam.⁹⁵

Generally, COFACE endorses and welcomes dam projects, although they are viewed with some ambiguity because of their controversial nature. As a general rule, large dam projects would always be considered as category A projects and would therefore require a full Environmental Impact Assessment. If the application for cover only applies to parts of a project, the screening process would usually be based on the effects of the entire project, rather than selected aspects. For example, in a contract for the construction of a power line for a hydroelectric power plant, it would also be assessed whether the dam itself complies with environmental and social standards. The only qualification to this requirement is for already existing dams, where modifications are hard to implement as the environmental and social damage would have already occurred. For this reason, as well as for legal reasons, it is not possible to demand amendments to dam projects that were granted support earlier but that have become controversial since the introduction of the new guidelines.

⁹⁴ See http://www.coface.com/rub01_gr/gr05_eng01_envact.htm.

⁹⁵ For an overview of recent supported projects, cf. the ex-post list of category A projects on the COFACE website, http://www.coface.fr/docs/gc4_02.pdf. Friends of the Earth France have also brought COFACE in connection with the Nam Theon 2 Dam in Laos, but this information is not confirmed by COFACE (http://www.amisdelaterre.org/article.php3?id_article=540).

The application of environmental and social guidelines can, in certain cases, result in cumbersome processes, ranging from a few weeks up to one year or more. Generally, the gathering of information and the consideration of social aspects are named as the most time-consuming elements. In the past, some dam projects have experienced delays because of this, especially if they raised the attention of NGO campaigns. There are no assessments of the cost of environmental screening and monitoring. Of the two hundred employees at the Medium and Long Term Department of COFACE, two are exclusively concerned with environmental procedures. Environmental training measures for other staff have not taken place, as the responsibility for environmental assessment lies solely with the specialists.

There is no requirement for the EIA to be conducted by an independent assessor, however EIAs are cross-checked using information from different sources – from French embassies to campaign websites. External expertise is occasionally consulted. NGO feedback on supported projects is not solicited, but is nevertheless accepted when provided. Whether COFACE uses covenants in the loan contract is decided on a case-by-case basis, depending on the results and quality of the EIA. If doubts remain about the environmental or social impact of the project, stricter monitoring requirements and covenants may be used.

Upon their introduction, the environmental guidelines were discussed with the business community and main clients. On the whole, they welcomed the effort to make the process of environmental review more transparent, particularly by specifying which international standards would be applied. Meetings with major stakeholders that COFACE staged in order to communicate the aims of the new guidelines have helped to resolve remaining concerns.

COFACE itself has taken up the WCD report in devising its sectoral guideline for large dam projects.⁹⁶ Although the WCD recommendations are generally welcomed and endorsed, doubts remain about their applicability to ECAs' day-to-day operations. Especially concerning the social dimension, full adherence to the recommendations would be seen as over-ambitious. The impression is that ECAs, due to the nature of the agencies, have much less leverage than International Financing Institutions or development agencies in implementing these recommendations. Also, the WCD's relevance is seen to be limited since the World Bank has not fully endorsed the WCD's conclusions. For these reasons, they are not used as a strong requirement in the assessment process for large dams, but rather as an influencing factor to be considered in the process.

After release of a first version of the sectoral guidelines in December 2002, there have been several consultations with NGO representatives in early 2003. Although NGOs generally welcomed the sectoral guidelines, they demanded improvements especially regarding the assessment of social impacts. A further conflict point concerns COFACE's information disclosure policy: under the current guidelines, information on supported projects is published quarterly on the COFACE website, containing basic information on the project and a brief summary of potential environmental and social impacts.⁹⁷ Whether COFACE will disclose environmental information ex ante has not yet been decided, but rather will depend on the outcome of the re-negotiations of the Common Approaches at the OECD level.

⁹⁶ See <http://www.coface.com/docs/barragesgb.pdf>; Note that the sectoral guidelines are being revised at the time of writing. A final version of the guidelines should be available on the COFACE web site by the end of July 2003.

⁹⁷ See http://www.coface.fr/rub01_gr/gc.htm.

4.4 Germany: EULER HERMES

The German federal government has installed the official export credit insurance scheme to carry the political and commercial risks of exports that would not be insured on the private market. The management of the insurance business in the name and for account of the Federal Government has been delegated to a private consortium, lead by the EULER HERMES Kreditversicherungs-Aktiengesellschaft and in association with PwC Deutsche Revision AG (hereafter EULER HERMES). In contrast to other ECAs, which also provide export finance and / or aid finance, EULER HERMES' role is limited to the provision of export credit insurance.

Among other factors, the structure of Germany's exporting economy is one reason why EULER HERMES has handled a relatively large number of category A projects in the past in comparison to other OECD-ECAs. This includes deliveries for large dam projects. In the past, HERMES has provided insurance to exports contributing to the Tehri Dam in India, or the Chinese Three-Gorges-Dam.⁹⁸

Applications for cover are first checked and processed by the consortium. Decisions are taken on the basis of guidelines set by an Interministerial Committee for Export Guarantees. Larger contracts are decided by the Interministerial Committee (IMA), which is comprised of representatives from the Federal Ministry of Economics and Labour, the Federal Foreign Office, the Federal Ministry of Finance and the Federal Ministry for Economic Cooperation and Development. Screening and review procedures are in accordance with the OECD Common Approaches and are documented in EULER HERMES' Environmental Guidelines (EULER HERMES 2001).

With regard to standards, as laid out in the OECD Common Approaches, EULER HERMES benchmarks its projects against internationally accepted standards such as the World Bank Pollution Prevention and Abatement Handbook. Where applicable, World Bank Operational Policies – e.g. pertaining to resettlement – may also be considered. The decision as to which international standards are considered – be they World Bank or Multilateral Development Bank standards – is the responsibility of the exporter. This practice was already in place before Germany formally endorsed the OECD Common Approaches.

Concerning the recommendations put forward by the World Commission on Dams, EULER HERMES sees only limited overlap between the recommendations made by the WCD and EULER HERMES' daily work. This is the case because only a small number of paragraphs of the WCD report are directly applicable to ECAs. According to EULER HERMES, the WCD is directed rather at governments, international financial Institutions and project owners or buyers. An important example is the search for viable alternatives, which is neither in the mandate nor in the feasible realm of ECAs: many of the decisions that the WCD sought to influence would have long been taken before an exporter approaches an ECA. Nonetheless, the assessment procedures for large dam projects have been informed by the WCD recommendations, and categories and concerns mentioned in the report should generally be considered in the procedure.

⁹⁸ Note that for both Tehri and the Three Gorges Dam, the exports supported by EULER HERMES only constituted a small share of the project. The application concerning turbines for the Three Gorges Dam was decided before the current environmental guidelines were introduced.

In contrast to other ECAs, EULER HERMES does not use general questionnaires or checklists. Such an approach is not seen as useful, as export credits cover too vast a variety of projects, and because inflexible questionnaires do not consider information already contained in the application form or the project memo. The information required is specified on a case-by-case basis. For this purpose, internal sectoral checklists exist.⁹⁹ An internal checklist for hydropower projects is currently being refined, and may be published in the future.

The central element of the environmental review of a defined type of category A projects is the Environmental Impact Assessment, for which the sponsor is responsible and which is to be provided by the applicant. EIAs should be carried out in accordance with guidelines stated in Annex II of the OECD Common Approaches, in most cases by independent experts. However, EULER HERMES has no formal requirements concerning the independence of the author of the EIA. According to EULER HERMES, the decisive factor is the overall quality and credibility of the EIA and the compliance with the applicable international standards for EIAs, as laid out in Annex II of the OECD Common Approaches or the World Bank Operational Policy 4.01.

In addition to the EIA, available information from other sources is routinely taken into consideration. In particular for large scale projects, including dams, EULER HERMES meets with the sponsor, gathers information through the embassies and affected ministries and all other serious sources of information, including the internet and NGOs' publications. Moreover, NGO's comments are routinely used to take account of possible conflicts and problems that would arise in the implementation of a project; such comments are welcome and are usually followed up on in the further assessment procedure. As large dams usually represent multi-sourcing projects, EULER HERMES consults additionally with other ECAs or financing institutions. As part of this process, EULER HERMES also takes into consideration whether an assessment of alternative options has taken place in the planning phase of the project. However, although such an assessment is appreciated, it is not a formal requirement.

Concerning the impact of the environmental assessment and review process, EULER HERMES stresses the fact that the decision making should not be seen as a one-off decision, but rather as a developing process between EULER HERMES and its clients. As a possible result of this process, project owners (directly or via the exporter) may receive advice and support to adjust and improve their projects, so as to achieve compliance with the environmental guidelines. On the other hand, projects for which compliance is difficult or impossible to achieve would usually not be applied for cover or would be withdrawn if arising problems cannot be solved.

Generally, EULER HERMES' business guidelines and principles are publicly available via its website. One exception is the aforementioned internal questionnaires, as these are adapted to the information requirements of projects on a case to case basis, and since they are continuously revised and developed, and informed by the discussions with the public in which EULER HERMES engages. Project specific data will be published, if the policy holder gives his consent.¹⁰⁰ In some cases, such as the Ilisu Dam Project, EIAs are published as well. While EULER HERMES encourages its clients to release information, EULER HERMES is not in the position to require the publication of environmental information. According to EULER HERMES,

⁹⁹ An overview of the categories addressed in such a checklist can be obtained from <http://www.exportkreditgarantien.de/herubund/checklis.html>.

¹⁰⁰ For information on project data, see www.exportkreditgarantien.de/pdf/eng/Projektdaten_eng.pdf.

however, there is generally no shortage of released information: first, confidentiality is less of a concern for highly controversial projects that are already publicly discussed. Secondly, interested parties generally have enough alternative channels at their disposal to avail of needed information.

EULER HERMES' environmental guidelines were developed with a broad support of the parliament. Dialogue with the public was also ensured, involving business and NGO representatives. EULER HERMES faces some vocal criticism by a number of civil society groups, though certain NGOs such as WWF and Transparency International are regarded as very constructive. However, the general perception is that the logic of NGOs' campaigns is to stop large projects altogether, rather than focussing on better ways of incorporating environmental and social standards. Here, a clear and partly irreconcilable conflict of interests persists. Although it is difficult to quantify the specific costs for the environmental screening, assessment and review procedure, EULER HERMES considers the additional work which arises from environmental and social guidelines as substantial. Of the entire environmental assessment process of a project, the most time intensive activity is the information gathering and review process that follows the screening. The screening process itself is largely standardised. Testimony to this effort is the fact that a substantial part of the project evaluation addresses environmental and social issues. Moreover, EULER HERMES employs a team of six environmental experts, five of whom are however not exclusively concerned with environmental and social issues. Apart from the cost of screening and review, costs for the incorporation of environmental and social considerations are covered by the project owners. They face not only cost-intensive EIAs, but can also experience significant delays if complications occur which may also affect the exporters. However, it seems experienced exporters and project sponsors have by now scheduled the time required for the whole environmental assessment into the project planning to a greater degree than before the publication of the WCD-Report.

4.5 Japan: JBIC

The Japanese export credit agency JBIC was created in October 1999 as the result of a merger of the Japanese Export-Import Bank (JEXIM) and the Overseas Economic Cooperation Fund (OECF). Before this, both institutions had their own respective guidelines, and conducted their environmental observation in conjunction with these guidelines. After the law effecting the merger was passed in the Parliament, the content of a supplementary resolution demanded that there should be "united guidelines" for JBIC. In their final version, the "Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations" were adopted on 1 April 2002.

In the development of the unified environmental guidelines, one requirement was to comply with the OECD Common Approaches. Moreover the guidelines were designed in such a way as to refer with environmental standards of International Financial Institutions such as the World Bank Safeguard Principles. JBIC is currently seeking to define international good practices in incorporating environmental standards. International standards are regarded as a reference and guiding principle in this respect.

Next to the OECD Common Approaches and International Financial Institutions' guidelines such as World Bank Safeguard Policies, a further influential factor were the recommendations made

by the World Commission on Dams.¹⁰¹ Following the publication of the WCD's final report, part of the recommendations were shared by JBIC, and found to be applicable to its operations. They were therefore taken up in JBIC's new guidelines, e.g. in the sectoral guidelines for large dams.¹⁰²

Within JBIC, the responsibility for the screening procedure lies with the loan department. Staff members there have received special training to review the potential impacts of proposed projects.¹⁰³ The extensive environmental review procedure for category A and B projects is carried out by the Environment Analysis Department. Altogether, of JBIC's total staff of 886, about 20 are primarily occupied with these tasks.¹⁰⁴

Participation by interested civil society actors and other stakeholders is valued by JBIC, and is supported both in the in the approval phase of their lending and in the revision of JBIC's environmental guidelines. For projects of the category A, public consultation has to take place before the EIA can be finally approved. The results of those processes will be documented in the EIA. Participation of the local communities that may be affected by the supported projects lies in the responsibility of the project owner. JBIC will use the EIA itself and comments on the EIA from the third parties for their review process. JBIC will also disclose the status of their consideration about their lending and availability of the EIA on the website before the conclusion of the Loan Agreement. The duration of the public disclosure is not determined beforehand, but decided on a case-to-case basis.

In order to facilitate public participation at an early stage, JBIC has implemented a far-reaching policy on public disclosure. For all projects where the disclosure policy applies, the results of the screening process,¹⁰⁵ the EIAs conducted as well as the environmental review are published on the website to give the public an idea of why JBIC has agreed to provide backing to this project. For all of these components, the qualification applies that information will only be disclosed where it does not conflict with commercial confidentiality requirements. This qualification has

Box 8: Nippon Export and Investment Insurance

Next to JBIC, the Nippon Export and Investment Insurance (NEXI) plays an important role in supporting Japanese exports. While JBIC's mandate is to support exports through loans and aid finance, NEXI provides insurance coverage for Japanese exports. However, while JBIC and NEXI have a different mandate, both apply similar environmental and social guidelines to the projects they support. Next to general Guidelines, NEXI employs specific sectoral guidelines for dams and reservoirs.ⁱ Inter alia, resettlement issues and the impact on local and downstream livelihoods are addressed, as well as a set of environmental criteria, including water quality, ecosystem impacts, fish migration and sedimentation. Appropriate procedures for a dialogue with affected communities are also addressed.

ⁱ http://nexi.go.jp/e/pdf/ins_kankyoku12e.pdf

¹⁰¹ Note that, next to the US Ex-Im Bank, JBIC was one of two ECA's officially represented in the WCD Forum (see http://www.dams.org/commission/forum/forum_list.htm). JBIC has supported several large dam projects in the past, including the controversial San Roque Irrigation Project in the Philippines.

¹⁰² See <http://www.jbic.go.jp/english/environ/guide/finance/check/list02.php>.

¹⁰³ JBIC (2002), p. 12.

¹⁰⁴ The figure on staff members was quoted from <http://www.jbic.go.jp/english/profile/about/organize/index.php>.

¹⁰⁵ The information disclosed includes project name, country, location, an outline and sector of the project, as well as its category classification and the reasons for that classification.

also been introduced to dispel businesses' concerns that the disclosure policy might have an adverse effect on their competitiveness.

As part of the revision process leading up to JBIC's unified environmental guidelines, the "Study Group on Environmental Guidelines for JBIC" was formed, comprising members from JBIC, from the ministries of foreign affairs, finance and the environment as well as other government agencies, from academia and from non-governmental organisations (NGOs).¹⁰⁶ In addition, there was a consulting period of two months, inviting comments from the general public, as well as six public consultation forums with all major stakeholders, involving civil society actors as well as businesses. From the business community alone, some 2000 written comments on different aspects of the guidelines were received.

4.6 Norway: GIEK

The Norwegian Garanti-Instituttet for Eksportkreditt (GIEK) is a government agency which reports to the Ministry of Trade and Commerce. It aims at promoting the exports of Norwegian goods and services by operating government guarantee schemes which consist primarily of commercial and political risk insurance for exporters. Supported projects include dams, although dam projects generally represent only a very limited share of GIEK's overall business.

In 1998, GIEK was the first European ECA to introduce environmental standards. After 2001 it implemented the Common Approaches in its practical lending procedure without officially integrating them into the lending guidelines. This followed in February 2003, when GIEK officially endorsed the Common Approaches in its guidelines. From the beginning, all standards and guidelines applied to all export supporting instruments provided by GIEK.

According to GIEK, the WCD had an impact on the reform processes of ECAs. Running parallel to reform processes inside ECAs in OECD member countries, it certainly influenced these processes and contributed to raising awareness of potential negative impacts and establishing legal and democratic processes inside ECAs. Its most important accomplishment is probably to support the introduction of compulsory EIAs. However, as the WCD offers no universal criteria but rather suggests guiding principles, GIEK applies the WCD proposals in its own way. This is described as an ongoing learning process. GIEK emphasises the importance of practical implementation as compared to written standards that have no effect on their own.

GIEK requires all exporters seeking credit guarantees for dam projects to conduct EIAs in accordance with highest international standards. Exception is granted in cases where the Norwegian exporter delivers limited parts to a project and an EIA was already carried out on behalf of other organisations, such as the World Bank or other ECAs. In these cases no further assessment of environmental and social risks is required by GIEK. As most EIAs are conducted by external consultants, GIEK relies almost entirely on the information made available by the exporter. GIEK does not employ specialised environmental experts: with only 38 staff members, it is simply too small to afford environmental experts with sufficient technical skills and knowledge.

Most of the costs linked to EIA, monitoring and reporting are borne by the exporter. The only costs linked to environmental guidelines and standards that GIEK incurs are labour costs for

¹⁰⁶ <http://www.sg-egl-jbic.org/topE.htm>.

tasks such as screening projects or consultations with NGOs and Parliament. According to legal provisions, exporters are also responsible for the disclosure of environmental information to the public. GIEK recommends that the exporter releases all project information, but it is in no position to require or enforce the disclosure of information by private companies. As an enforcement mechanism in cases of non-compliance with environmental standards, GIEK has the power to stop or suspend bank disbursements.

Generally, it is perceived that there are few problems with the support of dam projects. The private sector expressed neither disagreement nor displeasure with the additional obligations due to the environmental guidelines. Exporters anticipate GIEK's working procedures, as a result possible obstacles are taken into account in advance. Consequently, the decision whether to accept an application for a credit guarantee is seen as a process, including consultations and advice, and subsequent improvements to the project. As no project lacking a proper EIA would be taken to the board, no application for credit guarantee was ever turned down. In other words, exporters see the decision-making process as a service supporting them to achieve compliance with existing guidelines and standards that ensure the eligibility for credit guarantees. While exporters do not complain about GIEK's guidelines and standards, they do demand that other ECAs follow suit in order to avoid unfair competition and economic distortion.

Criticism of the environmental guidelines and standards in place stems mainly from civil society. One Norwegian NGO, the Association for International Water and Forest Studies (FIVAS), has given considerable attention to GIEK's work. While GIEK regards displacement and resettlement as the most contentious issue, other issues came up during a seminar organised by FIVAS. Their demands included a general follow-up to the WCD report, alteration of GIEK's disclosure policy allowing access to information on relevant project prior decision and a broad ex-post evaluation of dam projects.¹⁰⁷ Moreover, in a report on the Guaigüí multipurpose dam FIVAS claims that the lending practices of GIEK conflict with WCD recommendations on many points, including the suggestion to base decisions on a free, prior and informed consent by all stakeholders, to evaluate alternatives, to assess all costs and benefits associated with a project, and to start construction only after resettlement and reparation issues are settled.¹⁰⁸

In addition to the criticism heard from NGOs and civil society, buyer countries sometimes raise concerns about GIEK's lending practices. According to GIEK, these groups are frequently not as familiar with current international standards as industrialised countries and do tend to perceive social and environmental concerns as impediments to economic development.

4.7 Switzerland: ERG

Since Switzerland itself relies on hydropower for more than 60% percent of its electricity generation, and as a number of Swiss firms are key players in hydroelectricity generation, it is not surprising that a number of Swiss exports for dams and related equipment have received export credit insurance from the Swiss *Exportrisikogarantie* (ERG), such as the Three Gorges Dam in China. For other controversial dam projects, such as the Ilisu Dam in Turkey or the Bujagali Dam in Uganda, ERG has considered granting export credit insurance; however these

¹⁰⁷ FIVAS (2002).

¹⁰⁸ FIVAS (2002b)

involvements did not materialise.¹⁰⁹ In the past, the ERG came under heavy criticism for its support of the controversial Ilisu Dam in Turkey; however discussions have calmed since the Swiss UBS bank refrained from supporting the project.¹¹⁰

In the form of questionnaires and checklists, ERG has included environmental aspects in its operations since the 1999/2000. Previous to this, environmental impacts were subsumed under a questionnaire on development impacts, which had been in use since 1984. Formalised environmental and development guidelines were established in 2000.¹¹¹ New and revised guidelines and questionnaires, taking account of the OECD Common Approaches, have become valid as of 1 November 2002.

One peculiarity of the Swiss system is the high priority given to the developmental impact of supported projects. For selected developing countries, the consistency with Swiss development policy objectives is assessed in a separate procedure, in addition to the environmental assessment procedure.

Incoming project proposals are screened against a set of criteria to find out whether they are located in or near an environmentally sensitive area, or whether they concern an environmentally sensitive sector. If this is the case, a more extensive environmental impact questionnaire has to be completed by the exporter for all projects of CHF 10 million or more. For larger projects with potentially significant impacts, an Environmental Impact Assessment Report (EIAR) will usually be required. This report has to be provided by the exporter or sponsor. It is then itself subjected to an assessment, in order to judge whether environmental, social and developmental aspects have been covered sufficiently.

Whereas the screening of projects is typically conducted in-house by ERG, the assessment of the EIAR is usually subcontracted to external assessors. In some cases, where the sponsors decide to make the EIAR public, it is also common for NGOs to comment on the report; NGO comments would then contribute to ERG's assessment of the EIAR. However, if an EIAR is deemed as insufficient or implausible, the consequence would not normally be to reject the project, but to encourage changes in the project design. Finally, monitoring compliance with environmental requirements in the implementation of a project would normally takes place through annual reporting by the exporter and/or lender. To verify and validate information provided by exporters, ERG exchanges with national ministries and Swiss embassies abroad, as well as with other ECAs where appropriate.

For the cost of the environmental assessment and review procedure, ERG's policy is to cover the first 20,000 CHF, all further costs have to be borne by the exporter. The manpower devoted to environmental screening and monitoring within ERG is limited, however: of the 14 staff members, one is designated as environmental specialist. In addition, internal training of other staff members has taken place.

¹⁰⁹ In the case of the Bujagali Dam, ERG was prepared to grant export credit insurance under a number of conditions. Since these conditions were not met by the exporter, and since new information has surfaced since then, the dam would not be supported at this stage unless it was re-evaluated.

¹¹⁰ See press release by the Berne declaration, http://www.evb.ch/index.cfm?page_id=1183.

¹¹¹ See the 2000 ERG Annual Report, <http://web.swiss-erg.com/ueberuns/jb/d/ergb00d.pdf>.

The recommendations by the World Commission on Dams are generally considered by ERG as a useful contribution to ECAs practices.¹¹² This is not so much because of their contribution to creating a level playing field (this is rather achieved through the OECD Common Approaches), but rather because of their high degree of legitimacy. Notably, ERG incorporates them explicitly into the Environmental Impact Assessment Report (EIAR) for large dam projects. In any report for a large dam project, the seven priorities identified by the WCD are expected to be addressed. Thus, while they are not seen as binding formal requirements, it has to be reported to what extent the WCD recommendations have been met.

Information disclosure takes place both pre-approval and post-approval. On the ERG website,¹¹³ selected information (such as destination, sector, exporter and the name of the project) is available both on projects pending the decision of final approval, as well as on already approved projects.¹¹⁴ Further details on supported projects are documented in the annual reports. However, the ERG does not see it as its responsibility to provide more detailed information on projects; instead, exporters and sponsors are encouraged to make their information publicly available, e.g. by publishing EIARs or their summaries. Likewise, comments on supported projects should be collected directly by the exporters.

The dialogue with civil society actors is generally welcome and is perceived as constructive in most cases. At the same time, the impression is that the dialogue has become less tense and more cooperative in recent years. It has to be noted that the majority of requests and comments are made by one NGO alone (the Berne Declaration). Only with the more controversial projects, there is involvement from other NGOs as well. The dialogue with locally affected communities should be included in the EIAR, but is generally regarded as the project-owner's responsibility. In addition, there are only few experiences with this form of public involvement.

Parallel to the process of designing and implementing environmental guidelines, several public meetings were held to communicate the aims and ideas of the guidelines and to gather comments. Representatives of the business community initially met the proposals with scepticism, fearing that higher environmental standards would lessen their competitiveness. In the meantime, the impression is that these fears have been alleviated through the adoption of the OECD Common Approaches. From the NGO side, the demand most intensely put forward was to facilitate earlier information of the public about pending projects. To a degree, the existing policy of limited ex-ante disclosure can be accredited to these demands.

4.8 United Kingdom: ECGD

The Export Credits Guarantee Department (ECGD) of the United Kingdom is a government department responsible to the Secretary of State for Trade and Industry. The Export and Investment Guarantees Act of 1991 requires ECGD to obtain the consent of Her Majesty's Treasury for every guarantee it gives. In practice, the Treasury has delegated authority to

¹¹² There was indeed a personal link between ERG and the WCD: Paul Peter of the Swiss Agency for Development and Cooperation (SDC), one of ERG's board members, also participated in the WCD forum and could provide valuable input from this group.

¹¹³ See <http://web.swiss-erg.com/lastinfo/projektdaten/e/ex-ante.htm> or <http://web.swiss-erg.com/lastinfo/projektdaten/e/ex-post.htm>.

¹¹⁴ Two qualifications are necessary in this context: first, ex-ante disclosure requires the exporter's approval for publishing the data on the website. Secondly, disclosure only applies to projects of the categories A and B, exceeding 10 million CHF.

ECGD to conduct routine business within the constraints of the Department's risk management system, while ECGD consults with the Treasury and other UK government departments for all contentious or ambiguous cases. ECGD's objective is to support exporters of British goods and services and British firms investing overseas by providing export credit guarantees and insurance.

According to the ECGD, the last instance of a dam project with ECGD support occurred 10-15 years ago. However, ECGD has considered a few proposals for dam projects, including the Ilisu Dam in Turkey. These projects raised significant controversy, particularly with regard to resettlement issues. As a result of this controversy and the associated risk and costs involved, the exporters eventually pulled out of these projects.

ECGD's environmental interest and regulations have mostly been developed within the last three years. The process began in January 2000 when ECGD first began to formally consider the environmental impacts of supported projects. In December 2000 ECGD adopted a Statement of Business Principles, which included a commitment to Sustainable Development. At the same time the department introduced environmental and social assessment procedures.

The most recent change in ECGD's lending procedures is its revised disclosure policy, which was established in April 2003. It applies to projects with a high potential for significant social and environmental impacts. ECGD publishes on its website details of projects with potentially large impacts that are currently being considered. This notification includes a description of the project and information on where to obtain an EIA. It is normally posted for at least 60 days.

With regard to standards, ECGD normally expects projects to comply with the World Bank Safeguard Policies, although appropriate international or host country standards may be acceptable. In general, all projects are screened for environmental and social impacts (the only exceptions being granted to the defence and aerospace sectors). EIAs are not required in instances of minor changes to existing projects. The costs of an EIAs are normally borne by the project sponsor.

Two ECGD staff members are responsible for the screening procedures and the monitoring of compliance, and handle other all social and environmental questions. Regular meetings with stakeholders include an annual seminar for all exporters and customers, as well as meetings with NGO representatives. Consultation with civil society is considered important, and for example took place in the designing of the environmental procedures.

Inside the ECGD the World Commission on Dams is not regarded as a major driving force for the process of establishing new guidelines. This is partly due to the limited involvement of ECGD in dam projects. Moreover, it is perceived that the process of establishing environmental guidelines and enhancing co-operation among ECAs was already launched before the WCD came into being. Although the WCD may have instilled a new drive into these processes, the improved cooperation among ECAs is rather seen as a result of negotiations at the OECD level.

With regard to the private sector, the most contentious points for the business community has been disclosure and the cost and time associated with providing information and preparing reports. In addition, before the regulations were officially introduced, there were general complaints that such strict guidelines would adversely affect UK business and competitiveness, however these concerns have not materialised.

An issue of primary importance is how to reconcile the interests of civil society with those of the private sector, as well as the business interests of the ECA itself. ECGD faces a considerable reputational risk if it is associated with “bad” projects, for instance when ECGD’s lending procedures become the target of NGO campaigns. From the NGO side, discontent has mainly been concentrated on few high profile projects, particularly dams or projects dealing with oil and gas exploitation. The most controversial issue is that of transparency, including access to information and participatory decision making.

4.9 United States of America: Ex-Im Bank

The Export-Import Bank of the United States (Ex-Im Bank) facilitates US Exports by providing a number of services, including insurance, loans and guarantees. As an independent US government agency, US Congress and a number of other government agencies play a significant role in designing Ex-Im’s policy.

In regard to dams, Ex-Im supported a number of well known dams in the 1970s and 80s. This was before social and environmental concerns became more prevalent. Also after the introduction of the environmental policy sponsors applied for credit guarantees, including the Ilisu or Three Gorges Dam. However, most applications were withdrawn or even turned down due to the lack of adequate information.

In 1992, Ex-Im Bank’s charter was amended to incorporate environmental concerns to take into account the potential beneficial and adverse environmental effects of the U.S. goods and services. In response to its congressional mandate, the Ex-Im Bank introduced an environmental policy in 1994, consisting of the Environmental Procedures and Guidelines, and the Environmental Exports Programme to support U.S. exports that are environmentally beneficial, including hydroelectric projects. In 1998, the latest guidelines were established which will probably be revised against the background of the ongoing reform process in the OECD. Usually, Ex-Im’s guidelines do apply to the entire project and not only to the part that is delivered by the U.S. exporter, although Ex-Im acknowledges that such decisions have to be taken for each individual case. However, the new construction of any project with high potential for negative social and environmental effects will certainly require a full EIA.

Generally, little problems with gathering the required information were reported as exporters are much more open than 10 or even 5 years ago. Especially with ECAs moving towards more common guidelines, sponsors recognise that EIA are almost universally required for large infrastructure projects. However there are exceptions. The Three Gorges Dam is the most prominent example where social and environmental information was not deemed as sufficient by Ex-Im. Another example is the Ilisu Dam in Turkey, where the sponsor tried for about two years to meet Ex-Im requirements, before he withdrew from the project.

Usually, long term transaction are first technically reviewed by a number of in-house engineers and environmental specialist. The ensuing EIA is mandatory for category B projects (i.e. those with the highest potential for negative social and environmental impacts). Depending on the project, the EIA can be done in-house or by external consultants. Responsibility for the EIA, including the costs and the quality, is borne by the exporter. Ex-Im on the other side publishes a list of all major projects it considers sponsoring and offers to provide anyone with an electronic copy of the complete EIA on request.

The disclosure policy of Ex-Im attempts to balance the demands of both confidential business information and the Freedom of Information Act. Thus, Ex-Im does not require clients to publish EIAs a certain length of time in advance. In practice, however, there are about 100 days between the arrival of the EIA, the review and the decision of the board. According to Ex-Im a time span of about 45 days usually applies, even if it was possible to take a quicker decision, in order to give everyone the opportunity to study the EIA. In comparison with other ECAs, Ex-Im perceives its disclosure policy as advanced and would like to see more progress in the negotiations on the OECD level. In the same spirit, Ex-Im refused to endorse the OECD Common Approaches, as they were regarded as insufficient.

Participation takes mainly place during the EIAs. Here, participation is not required but strongly recommended. In other parts of the lending procedure, such as the selection of projects, implementation or monitoring, NGOs are not directly involved. However, during the formulation of Ex-Im's environmental guidelines, consultation with major stakeholders took place, including exporters, Congress and NGOs. For example, the dialogue conducted between Ex-Im and the Washington-based NGO Environmental Defense influenced the Ex-Im Bank's stance towards the OECD Common Approaches.

According to Ex-Im, the WCD played a crucial role in the process of designing social and environmental guidelines into ECAs' procedures. First, it overcame the perceived risk of a complete moratorium on large dams. Second, although a large number of recommendations do not address ECAs directly, they certainly contributed strongly to setting up social and environmental guidelines, in particular in regard to transparency and participation. Moreover, the WCD helped to push the ECAs further towards harmonisation. However, a check list for dams based on the WCD recommendations is not seen as useful, as the recommendations should be used as broad guidelines and be applied on a case by case basis.

To ensure compliance, the approval of reporting and monitoring issues are explicitly integrated into the lending contracts. Thus, cases of non-compliance are rather exceptional. In the few instances, Ex-Im attempts to re-establish compliance jointly with the exporter. The threat to suspend disbursements can be used as an *ultima ratio*. Nevertheless, due to the limited number of companies which are in the position to carry out large overseas projects, exporters usually attempt to avoid negative reputation and seek compliance themselves.

According to Ex-Im its environmental and social guidelines are generally well accepted. Criticism stems mostly from buyer countries, which have complained in the past about the effort and time that is required for the application process. According to Ex-Im the complaints stem partly from the fact, that large scale infrastructure projects, such as dams, are frequently used as "political tools". In other words that in certain cases buyers countries attempt to harmonise the timeframe of project approval with their political calendar.

5 Discussion and Analysis of Results

5.1 Overview of the Main Findings

Even given the diverse experiences and approaches of the ECAs, clear trends can be discerned. First and foremost, the harmonisation of the different ECAs' approaches towards incorporating environmental aspects has progressed remarkably following the adoption of the OECD Common Approaches by a large majority of OECD Member States. In all ECAs studied, the integration of environmental concerns has proceeded considerably over the last years. It is fair to say that environmental assessment procedures are by now firmly embedded in ECAs' practices.

Table 2 on the following page gives an overview of some main findings from the research and interviews conducted. While it is neither the goal nor the focus of this study to provide a ranking of different ECAs' environmental and social guidelines, the table offers an indication of the most interesting approaches and developments in the ECAs surveyed in this study.

5.2 The Impact of the WCD Recommendations

Almost three years after their publication, the recommendations by the World Commission on Dams have had little visible impact on ECA's environmental guidelines. The WCD recommendations are explicitly mentioned only in the German and Swiss environmental guidelines, and in COFACE's sectoral guidelines for hydropower projects. However, even in these cases they are mentioned as a general influence to be considered, as opposed to an explicit reference.

Concerning the actual implementation of ECAs' environmental guidelines, a somewhat greater impact can be identified. For example, the Swiss ERG claims that a project owner would be expected to address the WCD's seven strategic priorities in the EIA for a large dam project; however compliance is not mandatory, and the case has not arisen in practice. The French and German ECAs indicate that the WCD report has been consulted and has informed the development of sectoral guidelines (COFACE), or the internal checklist used for environmental reviews (EULER HERMES). Likewise, JBIC states that their sectoral checklist for hydropower projects has taken up some parts of the WCD recommendations.

At the same time, there is unanimous consent that the WCD recommendations provided welcome and useful input for the reform process of ECAs. Moreover, at this point it seems almost impossible for ECAs to ignore the WCD recommendations when considering support for large dam projects, whether they are explicitly mentioned in the ECAs guidelines or not.

Still, there is also a widespread perception that the WCD recommendations should not be misunderstood as a binding or comprehensive set of rules. This is justified by the fact that the recommendations were not primarily aimed at ECAs, and that some recommendations – e.g. the assessment of alternative options – are not directly applicable to ECAs' practices.

Table 2: Strengths and Challenges of the Surveyed ECAs

Country / ECA	Activities / Products	Strengths and challenges
Australia (EFIC)	Export credit insurance and guarantees, export and aid finance	<ul style="list-style-type: none"> - Early and full information disclosure advocated as a way to avoid later complications - Role of environmental standards to reduce reputational risk widely accepted by private sector - Cost of environmental assessment procedures “marginal” compared to the potential costs of neglecting environmental and social standards, and ensuing public resistance.
Canada (EDC)	Export credit insurance and guarantees, export finance	<ul style="list-style-type: none"> - Integrative process to include stakeholders in the development of environmental guidelines - Relatively large number of employees working directly on environmental and social issues - Stresses the fundamental role of adequate EIAs
France (COFACE)	Export credit insurance and guarantees	<ul style="list-style-type: none"> - Sectoral guidelines for large hydro project – informed by the results of the WCD - Integrative process to include stakeholders in the development of environmental guidelines - Social aspects of the WCD viewed with caution
Germany (EULER HERMES)	Export credit insurance and guarantees	<ul style="list-style-type: none"> - Large number of category A projects - Emphasis on unbureaucratic and workable procedures - Flexibility through case-to-case approaches
Japan (JBIC)	Export finance and aid finance	<ul style="list-style-type: none"> - Extensive pre-approval disclosure policy (full EIAs disclosed) - Participatory process for development of environmental guidelines (including academia and NGOs) - Environmental Impact Assessment also for cat. B projects
Norway (GIEK)	Export credit insurance and guarantees	<ul style="list-style-type: none"> - Stresses "learning by doing" - Small number of environmental staff
Switzerland (ERG)	Export credit insurance and guarantees	<ul style="list-style-type: none"> - Focus on development impacts and coherence with development policy objectives - Generally high level of awareness of the WCD process, e.g. explicitly checking EIARs against the WCD recommendations, as well as personal involvement in the WCD forum - Limited experience yet with the application of the standards: few category A projects
United Kingdom (ECGD)	Export credit insurance and guarantees	<ul style="list-style-type: none"> - Extensive pre-approval disclosure policy (full EIAs disclosed) - Takes human rights into consideration - Excludes defence exports and the aerospace sector from environmental review
United States (Ex-Im Bank)	Export credit guarantees and insurance	<ul style="list-style-type: none"> - Transparency policy: long and extensive disclosure period for both categories - Strategic importance of WCD underlined - Emphasis on the need for further harmonisation

The US Ex-Im Bank in particular underlined the relevance of the WCD report in re-opening the lines of discussion. Ex-Im staff pointed out that prior to the WCD, dam projects had come to be regarded as virtually impossible to implement because of the controversies they created. The WCD moved forward in this respect by pointing out a common ground and a set of conditions under which local community interests, nature conservationists and developers' commercial interests could be reconciled.

Speaking under the condition of anonymity, some ECAs voiced concerns that the WCD recommendations were clearly too ambitious to be implemented fully. The social requirements and the assessment of alternative options in particular were named as elements that would require disproportionate amounts of time and effort, or were regarded as inapplicable to ECAs, especially to those ECAs confined to insurance business. Such concerns were voiced by ECA representatives, but were also reported from exporters who feared that their competitiveness would be adversely affected.

5.3 Transparency and Disclosure Policy

One of the most contentious areas between ECAs and NGOs is the issue of transparency and disclosure policy. The heavily debated argument revolves around the tension between businesses' demand for confidentiality and the public right of access to information. In the case of dams, the conflict between confidentiality requirements and access to information takes a slightly different form. As some EULER HERMES staff noted, dams are obviously long-term projects that draw attention from many different stakeholders. As a consequence, accommodating public involvement and criticism becomes inevitable for these projects, whereas confidentiality of business information tends to be less of a concern.

5.4 Costs of Incorporating Environmental and Social Aspects

Most ECAs stated that they had experienced additional costs from the incorporation of environmental and social aspects, particularly through the additional manpower required.¹¹⁵ All the ECAs considered employ at least one environmental practitioner, with up to twenty in the case of JBIC. In addition, the majority of ECAs have conducted one or more environmental training sessions for the underwriting staff. Added to this are the costs for the Environmental Impact Assessment, which are borne by the project owner in most cases.

The only contradiction to this was made by the Australian EFIC. Although they face similar costs as other ECAs, they maintained that this additional expenditure appears negligible when compared to the costs of complications, delays and resistance that would otherwise arise. A somewhat similar point was raised by the US Ex-Im Bank, arguing that only transparency and environmental standards allow Ex-Im to overcome opposition and mistrust in order to effectively conduct its business, especially in the case of large dams. In regard to the private sector, most EIAs are financed by the project sponsor, resulting in additional costs. However, when ECAs introduced environmental and social standards, the business community voiced only minimal open criticism. It therefore seems that the private sector is starting to accept environmental and social standards as a normal practice.

¹¹⁵ Unfortunately, no assessments of the additional costs were publicly available.

5.5 Outlook and Perspectives

Although ECAs have progressed substantially with the introduction of environmental and social guidelines, there is still little practical experience with their implementation. Applications connected to highly contested dam projects, such as the Three Gorges Dam in China or the Bujagali Dam in Uganda, received approval from a number of ECAs before they had introduced environmental and social standards. The fact that experiences are still being accrued with the practical implementation also means that ECAs' environmental guidelines should be seen as work in progress, which is open to further refinement as new knowledge and experiences emerge.

There are several reasons why ECAs should further integrate environmental and social considerations into their operations. Three main motivations can be discerned:¹¹⁶

One reason is the ethical belief that both financing and insuring institutions should be responsible for the impacts of the projects they support. This reason derives its legitimacy from ethical goals laid out in ECAs' mission statements, and from concerns of staff members and board members.

A closely related motivation is the objective of policy coherence between ECAs and other government bodies. ECAs are normally affiliated with economic or finance ministries, and are at least partly working with taxpayers' money. Therefore it is reasonable that, within their sphere of influence, they should contribute to their government's overall policies in relation to environmental, social or sustainable development objectives. These motivations are strongly emphasised for example in Switzerland, the UK and Australia.

Finally, a third motivation is the financial bottom line, resting on the assumption that it makes good business sense to take account of environmental and social concerns.¹¹⁷ In recent years, a number of large dam projects were put on hold because of public resistance after years or even decades of planning, resulting in high costs for the project developers. Therefore some ECAs take the position that pro-active approaches, including extensive environmental and social safeguard policies and liberal

Box 9: The Equator Principles

In June 2003, ten banks with global operations, including Barclays, Citigroup, Crédit Lyonnais and Credit Suisse Group, announced their adoption of the Equator Principles, a voluntary set of guidelines for promoting social and environmental responsibility in financing development projects, especially in emerging markets. Based in large part on the policies and guidelines of the International Finance Corporation (IFC), the Equator Principles specifically address many of the negative repercussions known from large dam projects, such as involuntary resettlement of indigenous people. Applying to projects with a total cost of \$50 million or more, the Principles require signatory banks to categorise projects according to their environmental or social risk, while borrowers must conduct an environmental assessment (EA) and prepare an environmental management plan (EMP) for category A and B projects.

More information on the equator principles is available at: <http://equatorprinciples.ifc.org/ifcext/equatorprinciples.nsf>

¹¹⁶ Grieg-Gran (2002).

¹¹⁷ This idea has been at the centre of the UNEP Finance Initiative, see <http://unepfi.net/>

information disclosure policies, are in effect the most cost-effective solutions. Although such policies are more expensive initially, they pay off in the longer term: first, by avoiding costly corrections at a later stage, and secondly by reducing public resistance, which could otherwise delay or stop a project.

One part of this calculation is the reputational risk of being associated with an ill-reputed project. This is not only a concern for the project owners, but increasingly also for the ECA's themselves. Many ECAs do not only provide officially supported export credits on behalf of their governments, but they also offer private export credit insurance on their own account.¹¹⁸ Therefore, ECAs as well as their customers are increasingly concerned with the public image they convey, as the association with badly managed projects might impact future business opportunities.

5.6 Limitations and Caveats

The restricted scope of this study means that its explanatory power is limited. The research conducted primarily considered publicly available documents, i.e. information from the ECAs themselves as well as from international organisations, NGOs and academic sources. Due to the design of the study, the possibilities for verifying the information received from the ECAs were limited. Also, it was not within the scope of the study to critically assess single decisions on particular projects, and in how far the guidelines were adhered to in these cases.¹¹⁹

Moreover, as a general caveat, it has to be emphasised that the different ECAs surveyed in this study perform different tasks, and work under different conditions. ECAs engage in export credit insurance or guarantees, as well as in export and aid finance to varying degrees. ECAs differ in their institutional set-up, in their legal and financial status, and in their mandates and missions. They operate in different political and economic conditions, including the size of the home country's export industry and the composition of exports. Likewise, different institutional solutions are in place to incorporate environmental considerations. This means that the comparability of environmental guidelines is limited to a certain degree.

¹¹⁸ The German EULER HERMES or the French COFACE, acting as subdivisions of private insurance companies, are obviously associated with these.

¹¹⁹ This topic provides an occasion for further in-depth research: for some large dam projects (such as Ilisu and the Three Gorges Dam), several ECAs have been involved, or have considered support. Based on the available information, an interesting extension would be a comparison of how the environmental and social aspects have been reflected in the different ECAs.

6 Conclusions

Although the recommendations set forth by the World Commission on Dams are not explicitly referenced in ECAs' environmental guidelines, the significance of the WCD's findings and report should not be underestimated. The WCD recommendations have certainly influenced the actual implementation of ECAs' environmental guidelines, and have undoubtedly marked a change in the way in which ECAs and stakeholders approach large dam projects. Thus, the WCD has created a set of normative rules which can no longer be ignored.

At the same time, the WCD recommendations have received remarkably little explicit reference in ECAs' environmental and social guidelines. While most ECAs recognise the WCD as raising some important issues, some also view the WCD report as unrealistically ambitious or not fully appropriate for their operations. Occasionally, concerns were also voiced about the legitimacy of the WCD report, which was seen to be limited through the World Bank's feeble endorsement.

In order to incorporate further the WCD recommendations into ECAs' lending practices, and to advance ECAs' ongoing reform processes, three issues are of particular interest:

First, a non-binding checklist for dam projects based on the WCD recommendation could represent a useful tool to improve the decision making processes. A number of ECAs explicitly or informally take the WCD recommendations into consideration while assessing dam projects. Based on their experiences, a possible way forward is to formalise the incorporation of WCD recommendations by suggesting a common checklist. As the WCD recommendations are not fully applicable to ECAs, such a list would not take the form of binding conditions. Instead, it would rather serve to raise points for attention during the assessment procedure. A checklist could take the form of a non-binding exemplary annex of the OECD Common Approaches.

Second, disclosure policy represents an issue where room for improvement remains. While a several ECAs have introduced ex-ante disclosure policies, others only publish information about decisions that have been taken. However, effective stakeholder participation can only be achieved if the public has access to detailed information well ahead of the final decision.

Third, although the OECD Common Approaches represent a step forward, the need for further coordination among ECAs' standards and procedures ensues. In this process, one challenge is to reconcile the differences among ECAs in regard to function, mandate and legal backgrounds. However, this challenge must not serve as an excuse for inaction. Especially the argument that ECAs in countries with a strong export sector find it problematic to implement stricter guidelines appears problematic: at the same time, these are the ECAs where environmental standards can have the largest positive impact.

Most ECAs continue to improve their environmental policies through ongoing internal revisions. In addition, negotiations in the OECD Export Credit Group continue with aim to harmonise environmental and social guidelines among ECAs, with the next revision of the Common Approaches scheduled for the end of 2003. Progress has certainly been made in bringing environmental and social considerations to the attention of ECAs. Nevertheless, much persuasion still lies ahead in order to incorporate the WCD recommendations to a larger extent, and to push forward in the harmonisation of environmental guidelines.

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7.3 Links

Export Finance and Insurance Corporation (EFIC, Australia)
<http://www.efic.gov.au/>

Export Development Canada (EDC, Canada)
http://www.edc.ca/index_e.htm

Compagnie Française d' Assurance pour le Commerce Exterieur (COFACE, France)
<http://www.coface.com/>

Japan Bank for International Cooperation (JBIC, Japan)
<http://www.jbic.go.jp/english/>

Garanti-Instituttet for Eksportkreditt (GIEK, Norway)
<http://www.giek.no/>

Export Risk Guarantee Agency (ERG, Switzerland)
<http://www.swiss-erg.com/e/>

Euler-Hermes Kreditversicherungs-AG (EULER HERMES, Germany)
<http://www.exportkreditgarantien.de/eng/index.html>

Export Credits Guarantee Department (ECGD, United Kingdom)
<http://www.ecgd.gov.uk/>

Export-Import Bank of the United States (EX-IM BANK, United States)
<http://www.exim.gov/>

The World Commission on Dams
<http://www.dams.org>

UNEP – Dams and Development Project
<http://www.unep-dams.org/>

OECD Export Credit Division
http://www.oecd.org/department/0,2688,en_2649_34169_1_1_1_1_1,00.html

UNEP Division of Technology, Industry, and Economics (UNEP-DTIE)
<http://www.unep-tie.org/>

Deutsche Gesellschaft für Technische Zusammenarbeit – World Commission on Dams
www.gtz.de/wcd/

ECA-Watch – International NGO Campaign on Export Credit Agencies
<http://www.eca-watch.org/>