

COUNCIL**Council****REPORT ON THE IMPLEMENTATION OF THE OECD
RECOMMENDATION ON COMMON APPROACHES FOR OFFICIALLY
SUPPORTED EXPORT CREDITS AND ENVIRONMENTAL AND SOCIAL
DUE DILIGENCE AND PROPOSED AMENDMENTS****(Note by the Secretary-General)****JT03538390**

1. This document presents, in its Annex, a Report by the Working Party on Export Credits and Credit Guarantees (ECG) on the implementation of the OECD *Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence* [[OECD/LEGAL/0393](#)] (hereafter, the “Recommendation”), including on the implementation of its substantive provisions, its dissemination and its continued relevance. The Report also includes conclusions on whether and to what extent the Recommendation requires revision or whether further actions to support its dissemination and implementation are necessary.

2. Following from the conclusions of the Report, the document also proposes a limited set of draft amendments to the Recommendation in order to update the references to international standards. Broader substantive changes are being discussed by the ECG in parallel with the aim of presenting a comprehensive draft revised Recommendation to the Council for adoption before the end of 2024.

3. The ECG approved the Report and its transmission to Council to be noted and declassified by written procedure on 13 December 2023 [[TAD/ECG\(2022\)3/REV2](#)]. In line with the mandate of the ECG, the Report was sent to the Trade Committee for comments by 31 January 2024 [[TAD/TC\(2024\)1](#)]. Once declassified, it will be included on the [online Compendium of OECD Legal Instruments](#) and prepared for publication.

Background

4. Governments provide officially supported export credits through Export Credit Agencies (ECAs) in support of national exporters competing for overseas sales. Such support can take the form either of “official financing support”, such as direct credits to foreign buyers, refinancing or interest rate support, or of “pure cover support”, such as export credits insurance or guarantee cover for credits provided by private financial institutions. ECAs can be government institutions or private companies operating on behalf of governments.

5. The ECG was established in 1963 to carry forward the work of the OECD on export credits, including working out common guiding principles, such as on environmental and social issues. The ECG has 35 members: all OECD Members are members of the ECG, except Chile, Costa Rica and Iceland that do not currently participate in the work of the ECG, as they do not have official support programmes in place for medium- and long-term transactions, the prime focus of the work of the ECG.

6. In 2001, following discussions spanning a number of years¹, the Recommendation on Common Approaches on Environment and Officially Supported Export Credits (the “2003 Recommendation”) [[OECD/LEGAL/0318](#)], was adopted by the Council in December 2003. Since then, the ECG has, at the request of Council, regularly reviewed and proposed updates to its provisions in light of experience and relevant international developments, resulting in three subsequent iterations of the Recommendation:

- the 2003 Recommendation was abrogated and replaced by the Recommendation on Common Approaches on the Environment and Officially Supported Export Credits (the “2007 Recommendation”) [[OECD/LEGAL/0354](#)], adopted by the Council in June 2007;
- the 2007 Recommendation was abrogated and replaced by the Recommendation on Common Approaches for Officially Supported Export Credits and Environmental

¹ See documents [TD/ECG\(98\)14](#), [TD/ECG\(99\)3/FINAL](#), [C/MIN\(99\)3/REV1](#), [TD/ECG\(2000\)3](#), [TD/ECG\(2000\)11/REV6](#), and [TD/ECG/M\(2001\)6](#).

and Social Due Diligence [[OECD/LEGAL/0393](#)] [[C\(2012\)101](#) and its CORR1], adopted by the Council in June 2012 (the “2012 Recommendation”); and

- the 2012 Recommendation was revised by the current version of the Recommendation, which was adopted by the Council in April 2016 [[OECD/LEGAL/0393](#)]. This version of the Recommendation remains in force today and its implementation is the subject of this Report.

7. All OECD Members are Adherents to the Recommendation. No non-Members have yet adhered. However, as noted above, since the three OECD Members that do not participate as members of the ECG do not have official support programmes in place for medium- and long-term transactions, ECG efforts to review the implementation of the Recommendation are focused on ECG members. Adherents to the Recommendation and references to “Adherents” throughout this Report should be understood in this light.

8. In terms of reporting, in the Recommendation the Council instructed the ECG, in the light of experience, to report to it on the implementation of the Recommendation and on the need to amend or undertake a review of elements of the Recommendation, not later than three years from the revision of the Recommendation. The transmission of this Report has, however, been delayed with a view to ensuring that the Report is as informative for Council as possible and complements the ECG’s broader ongoing work relating to the Recommendation. With hindsight, three years was insufficient to gain practical experience concerning implementation of the Recommendation. Many large-scale projects supported by ECAs (*i.e.* the type of transactions likely to fall within scope of the Recommendation) take months or even years to develop, finance, construct and put into operation. As a result, obtaining feedback for informing the implementation Report from Adherents was delayed. However, this allowed the information gathered in the course of the Secretariat’s review of Adherents’ support for exports of goods and/or services to projects with high and medium potential environmental and social impacts (“Category A projects” and “Category B projects” respectively) for the entire period from 2017-21 to be incorporated into the Report, significantly improving the relevance and instructiveness of the information presented and the conclusions drawn.

9. Further, the ECG has been discussing a larger-scale update of the Recommendation since 2021 and thus took time to consider whether it made most sense to move straight to proposing substantive changes of the Recommendation without reporting on the implementation of the Recommendation in its current form, or whether a two-step process, with a Report containing only minor amendments followed by a more substantial proposed revision building on the Report’s conclusions, would better support the ECG’s work and the timely flow of information to Council. As the wider review of the Recommendation advanced and the timeline for a wider-scale revision grew longer, the benefits of reporting on implementation in the meantime, while proposing only limited amendments relating to references to international standards, was deemed to be the most effective forward.

10. Accordingly, this document presents a Report that provides an update on the implementation and dissemination of the Recommendation, as well as an assessment of its continued relevance, concluding with some reflections on possible areas where the Recommendation may require revision in future. The document also presents limited proposed draft amendments to update references to international standards that can be incorporated immediately.

Methodology

11. The Secretariat has been monitoring the implementation of the Recommendation *via* an Environmental and Social Survey of Adherents' policies and practices, and reviews of Adherents' support for Category A and Category B projects.

12. The Secretariat's review of Adherents' Category A and Category B project reports for 2017-2019 was finalised as [TAD/ECG\(2021\)8/FINAL](#) on 3 May 2022 and a version for public dissemination issued as [TAD/ECG\(2022\)2/FINAL](#) on 28 July 2022. The information therein fed into a preliminary draft Report [[TAD/ECG\(2022\)3/PROV](#)], which was issued for discussion at the 157th ECG Meeting in June 2022.

13. Subsequently, Adherents completed their reporting of support for Category A and Category B projects for 2017 to 2021. The Secretariat's review of Adherents' Category A and Category B project reports for 2017-21 was finalised as [TAD/ECG\(2023\)3/FINAL](#) on 22 May 2023 and a version for public dissemination issued as [TAD/ECG\(2023\)4/FINAL](#) on 6 July 2023. The finalisation of this review enabled the Secretariat to incorporate data relating to Adherents' support for Category A and Category B projects for five years, from 2017 to 2021, into this Report.

14. In addition, following the last revision of the Recommendation in 2016, the ECG agreed that further technical work needed to be undertaken in order to inform the Report. The ECG, therefore, tasked the Practitioners (an informal group that meets regularly comprised of environmental and social experts from ECAs) to undertake technical work, in relation to both implementation of the Recommendation from a transactional basis and how it might need to be amended in the future in light of external drivers. More recently, the Practitioners have undertaken intensive work on issues relating to biodiversity, climate change and human rights under the terms of reference provided in the Chair's programme of work [[TAD/ECG\(2022\)7](#)].

Process

15. The process for the development of this Report started with the presentation of an Issues Paper [[TAD/ECG\(2021\)2](#)] at the 153rd ECG Meeting in March 2021. This document set out a series of internal drivers for change, based on discussions concerning implementation of the Recommendation, and of external drivers for change, based on changes to international standards, initiatives and business practices.

16. At the 157th ECG Meeting in June 2022, the Secretariat provided a presentation of its preliminary draft Report, including potential updates [[TAD/ECG\(2022\)3/PROV](#)]. A **first draft** Report [[TAD/ECG\(2022\)3/REV](#)], along with a set of limited proposed draft amendments, was shared with members of the ECG for written comments by Friday 27 October 2023. A **second draft** Report [[TAD/ECG\(2022\)3/REV2](#)], incorporating the comments received, together with limited proposed draft amendments, was approved by the ECG by written procedure on 13 December 2023.

17. In line with the mandate of the ECG, the Report was then sent to the Trade Committee for comments by 31 January 2024 [[TAD/TC\(2024\)1](#)]. Comments were received from Canada, Denmark, Norway and the United Kingdom, all expressing support for the Report and welcoming the ongoing discussions to revise the Recommendation [[TAD/ECG\(2024\)2](#)].

Summary and conclusions

Implementation

18. The majority of Adherents have put in place policies and procedures for addressing environmental and social issues in export credit transactions. Where Adherents have not put in place relevant policies and procedures, it is because they do not have export credits systems (*i.e.* Chile, Costa Rica, Iceland and Ireland) or do not provide official export credits support for the types of transactions falling within the scope of the Recommendation (*i.e.* Colombia, Greece, Israel, Latvia and Lithuania).

19. The remaining Adherents have put in place policies and procedures in accordance with the provisions of the Recommendation; however, some Adherents have not provided support for any transactions falling within the scope of the Recommendation (*i.e.* Mexico and New Zealand) or that require classification under the Recommendation (*i.e.* Estonia, Luxembourg and Slovenia).

20. As a result, from an implementation perspective, only the ECAs of 24 Adherents have reported providing support for transactions classified as either Category A projects or Category B projects and have, therefore, any experience of applying the substantive provisions of the Recommendation.

21. Between 2017 and 2021, these 24 Adherents supported exports with a volume of SDR 76.91 billion destined to 150 Category A projects and 337 Category B projects that were subject to an environmental and social review in accordance with the provisions of the Recommendation. This equates to 67% (by volume) of export credits support provided in accordance with the core business provisions of the *Arrangement on Officially Supported Export Credits* (the “Arrangement”).

22. Implementation of the Recommendation is generally uniform and consistent across Adherents, albeit that variations remain in certain practices. These are generally related to the range of products provided, the types of exports supported and the extent of ECAs’ experiences of projects with potential adverse environmental and social impacts.

23. Adherents have reported that they have the necessary policies and practices in place to implement the Recommendation and have demonstrated their applicability through their reporting of transactions. The relevant provisions for screening, classification, environmental and social review, evaluation, decision and monitoring, exchange and disclosure of information, and reporting and monitoring of the Recommendation are all being followed.

24. Areas where practices differ and where further consideration might be merited relate to:

- Terminology and definitions used in the Recommendation on which there is not a clear common understanding: for example, the definitions of “project”, “existing operations”, “associated facilities” and “identified location”.
- Some Adherents apply the Recommendation to transactions falling outside its scope or have implemented a risk-based approach to address the potential environmental and/or social impacts of such transactions.
- Some Adherents have already started going beyond the provisions of the Recommendation: for example, the ECAs that have adopted the Equator Principles now require Climate Change Risk Assessments for certain transactions.
- Adherents have noted that the illustrative list of Category A projects, in Annex I of the Recommendation, might need to be amended in light of experience.

Dissemination

25. Since adoption of the Recommendation and in accordance with the rules of the Organisation, relevant non-Adherents (Brazil, Bulgaria, the People's Republic of China, India, Indonesia, Kazakhstan, Malaysia, Nigeria, Peru, Romania, Singapore, South Africa and Ukraine) have been invited to attend meetings of both the ECG and its Practitioners in an effort to increase awareness and understanding of the Recommendation.

26. Romania has provided a report of its support for an export to a Category A project in 2017, thereby demonstrating that its ECA, Exim Banca Romaneasca S.A., has acted in accordance with the provisions of the Recommendation despite not currently being an Adherent.

27. Other non-Adherents, such as Brazil and Ukraine, have expressed interest in the work of both the ECG and the Practitioners, albeit that they have not shown any interest in formally adhering to the Recommendation. Other non-Adherents appear less interested in the work, partly because they have few projects that fall within its scope (*i.e.* export credits transactions with a repayment term of two years or more).

28. The OECD continues to host annual workshops for practitioners from financial institutions, where practitioners from a wide range of financial institutions (ECAs, commercial banks, development institutions, etc.) are able to share experiences and discuss, with the aid of presentations, case studies and invited experts, a very diverse range of issues relating to environmental and social issues. This event helps maintain the OECD as the focus point for good governance discussions for financial institutions.

Continued relevance

29. Broadly speaking, the Recommendation has been adequately implemented by Adherents and remains relevant and useful for providers of officially supported export credits. The Report shows that Members are generally following the provisions of the Recommendation, albeit that some exceptions remain.

30. At the same, it has become clear that the Recommendation requires revision in a number of areas:

- First, the provisions relating to benchmarking projects against international standards require updating, given the changes to the World Bank standards and the increasing use of the IFC Performance Standards beyond limited or non-recourse project finance projects. These amendments may be implemented immediately, improving the relevance of the Recommendation directly.
- Second, it has become clear that various substantive elements of the Recommendation may require revision based on international developments and changes to industry practices, in particular with regard to biodiversity, climate change and human rights. The ECG has begun a substantive review of all elements of the Recommendation in light of these developments and it is proposed that it return to the Council with proposed revisions, based on this review and further informed by the contents of this Report, by 2024.

Proposed amendments regarding benchmarking against international standards

31. Currently, the Recommendation refers to the World Bank Safeguard Policies; in August 2016, however, the World Bank adopted a new Environmental and Social Framework (ESF), including ten new Environmental and Social Standards (ESS), as an

eventual replacement to the Safeguard Policies. It is therefore proposed that the references to the World Bank standards in the Recommendation be updated.

32. In addition, it is proposed that the IFC Performance Standards be made the default international standards for all transactions, except for projects involving sovereign obligors where the World Bank's Environmental and Social Standards might be applied or for projects involving a Major Multilateral Financial Institution (as defined in Section I, the definitions, of the Recommendation) where the standards of such institutions might be applied.

33. These proposed amendments were approved for transmission to the Council alongside the Report by the ECG on 13 December 2023 [[TAD/ECG\(2022\)3/REV2](#)].

34. In line with the above, the following amendments to the Recommendation are proposed:

Insertion of a new up-to-date definition in Section A.I.1.:

“World Bank Environmental and Social Standards” refers to the environmental and social standards relating to: Assessment and Management of Environmental and Social Risks and Impacts (ESS1); Labor and Working Conditions (ESS2); Resource Efficiency and Pollution Prevention and Management (ESS3); Community Health and Safety (ESS4); Land Acquisition, Restrictions on Land Use and Involuntary Resettlement (ESS5); Biodiversity Conservation and Sustainable Management of Living Natural Resources (ESS6); Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities (ESS7); Cultural Heritage (ESS8); Financial Intermediaries (ESS9); and Stakeholder Engagement and Information Disclosure (ESS10); as well as Performance Standards for Private Sector Projects Supported by IBRD/IDA (OP4.03).

Deletion of outdated definition in Section A.I.1.:

“World Bank Safeguard Policies” refers to the safeguard policies relating to: Environmental Assessment (OP 4.01); Natural Habitats (OP 4.04); Pest Management (OP 4.09); Indigenous Peoples (OP 4.10); Physical Cultural Resources (OP 4.11); Involuntary Resettlement (OP 4.12); Forests (OP 4.36); Safety of Dams (OP 4.37); International Waterways (OP 7.50); and Disputed Areas (OP 7.60).

Proposed amendments in Section A.V.

21. When undertaking a review, ~~Adherents should benchmark:~~

- ~~non-project finance projects, against the relevant aspects of~~
~~— all ten World Bank Safeguard Policies, or~~
~~— all eight IFC Performance Standards, in particular where justified and/or practicable due to the size and/or structure of the transaction such as, but not limited to, certain types of structured finance transactions that share characteristics with project finance, and/or where other financial institutions forming a significant part of the project are applying these same standards;~~

Adherents should benchmark limited or non-recourse project finance projects against the relevant aspects of all eight IFC Performance Standards. Where projects involve sovereign obligors, Adherents may instead benchmark projects against the relevant aspects of all ten World Bank Environmental and Social Standards.

22. Where such institutions are supporting the project, Adherents may instead benchmark projects against the relevant aspects of the standards of a Major Multilateral Financial Institution.

~~23. Where projects are benchmarked against the World Bank Safeguard Policies, Adherents may, where appropriate, also need to refer to the relevant aspects of supplementary standards and sources of guidance to ensure an adequate coverage of certain potential social impacts, such as community and gender impacts, labour and working conditions, and health, safety and security issues.~~

~~23. 24.~~ Adherents should also benchmark projects against the relevant aspects of the EHS Guidelines, which are referenced in Safeguard Policy OP 4.01 and IFC Performance Standard 3.

~~24. 25.~~ In the absence of any relevant industry sector EHS Guidelines, Adherents:

- should benchmark against the relevant aspects of any internationally recognised sector specific or issue specific standards such as, where appropriate, the Convention on Nuclear Safety, the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, and the relevant aspects of International Atomic Energy Agency (IAEA) standards for nuclear power plants and other nuclear facilities³; and/or
- may refer to relevant international sources of guidance such as, for example, where appropriate, the Hydropower Sustainability Assessment Protocol and the Core Values and Strategic Priorities of the World Commission on Dams (WCD) Report for hydro-power projects and the standards of the World Organisation for Animal Health (OIE) for animal welfare issues, as well as any relevant IFC publications, such as its Good Practice Notes.

~~25. 26.~~ Alternatively, where appropriate, Adherents may benchmark projects against the relevant aspects of any other internationally recognised standards, such as European Union standards, that are more stringent than those standards referenced above.

~~26. 27.~~ The World Bank **Environmental and Social Standards** ~~Safeguard Policies~~ and the IFC Performance Standards referred to in paragraph 21 of this Recommendation are those applicable at the time of the adoption of the Recommendation. In the event of a review of such standards by the relevant standard-setting body, the ECG may decide to adopt the updated standards without undertaking a complete review of this Recommendation. The other international standards and sources of guidance referred to in paragraphs 22-25~~6~~ of this Recommendation are those applicable at the time of the environmental and social review.

(the rest of the paragraphs in the Recommendation to be re-numbered accordingly)

Proposed amendments in Annex III

5. Environmental and social standards applied:

- i) Compliance with host country standards
- ii) International standards against which the project was benchmarked:
 - World Bank **Environmental and Social Standards** ~~Safeguard Policies~~ (please specify which ones)
 - IFC Performance Standards (please specify which ones)
 - Major Multilateral Financial Institution (please specify which one)
- iii) Please provide an explanation for the choice of the aforementioned international standards, including, if appropriate, for **projects involving sovereign obligors** ~~non-project finance transactions~~, the trigger criteria for applying World Bank **Environmental and Social Standards** ~~Safeguard Policies~~ or IFC Performance Standards.

Next steps

35. In light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document [C\(2024\)61](#), in particular the Report set out in its Annex, and agreed to its declassification;
- b) adopted the draft amendments to the Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence [[OECD/LEGAL/0393](#)] as set out in paragraph 34 of document [C\(2024\)61](#);
- c) encouraged Adherents to the Recommendation to continue disseminating and implementing the Recommendation;
- d) invited the Working Party on Export Credits and Credit Guarantees to:
 - (i) continue supporting Adherents in implementing the Recommendation;
 - (ii) develop a proposal for the Council to revise the Recommendation before the end of 2024.

Annex. Report on the implementation of the OECD Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence

1. Background

1. The Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (hereafter, the “Recommendation”) [[OECD/LEGAL/0393](#)] recommends that Adherents to the Recommendation, before taking decisions on providing officially supported export credits, apply a series of measures (the “Common Approaches”) for addressing environmental and social issues relating to the exports of capital goods and/or services and the locations to which these are destined. It is the result of many years of work in the Working Party on Export Credits and Export Guarantees (ECG) and has gone through many iterations and revisions in that time.

History

2. Governments provide officially supported export credits through Export Credit Agencies (ECAs) in support of national exporters competing for overseas sales. Such support can take the form either of “official financing support”, such as direct credits to foreign buyers, refinancing or interest rate support, or of “pure cover support”, such as export credits insurance or guarantee cover for credits provided by private financial institutions. ECAs can be government institutions or private companies operating on behalf of governments.

3. The ECG was established in 1963 to carry forward the work of the OECD on export credits, including working out common guiding principles, such as on environmental and social issues. The ECG has 35 members at the moment: out of the full OECD Membership, Chile, Costa Rica and Iceland do not currently participate in the work of the ECG, as they do not have official support programmes in place for medium- and long-term transactions, which are the prime focus of the work of the ECG.

4. Since the mid-1990s, some ECG members had been unilaterally implementing environmental guidelines for their ECAs, which led to discussions in the ECG on establishing common approaches for taking environmental factors into account when providing officially supported export credits. The result of these discussions was a Statement of Intent [[TD/ECG\(98\)14](#)], agreed in 1998, setting out principles for encouraging the consideration of the potential environmental impacts of projects to which ECA-supported exports were destined and, subsequently, an Agreement on Environmental Information Exchange for Larger Projects [[TD/ECG\(99\)3/FINAL](#)], agreed in 1999, providing for the exchange of environmental information between members for larger multi-sourced projects in environmentally sensitive sectors.

5. In reaction to a political call from the OECD Council Meeting at Ministerial Level in May 1999 [[C/MIN\(99\)3/REV1](#)] and the G8 1999 Cologne Summit Communiqué, ECG members agreed an Action Statement [[TD/ECG\(2000\)3](#)] in 2000 setting out the actions that they would take for export credits and the environment, including exploring ways to synthesise common elements and best practices related to environmental reviews and impact assessments. The result of this work was a set of Common Approaches [[TD/ECG\(2000\)11/REV6](#)], in 2001, for addressing the potential environmental impacts of projects for which support was requested; however, two ECG members could not agree to

these Common Approaches and, consequently, the majority of ECG members decided to implement these on a unilateral and voluntary basis from the beginning of 2002 [[TD/ECG/M\(2001\)6](#)].

6. The 2001 Common Approaches were re-negotiated in 2003 resulting in the development of a first Council Recommendation, the Recommendation on Common Approaches on Environment and Officially Supported Export Credits (the “2003 Recommendation”) [[OECD/LEGAL/0318](#)], which the Council adopted in December 2003. Since then, the ECG has, at the request of Council, regularly reviewed and proposed updates to the provisions of the Common Approaches in light of experience and relevant international developments, resulting in three subsequent iterations of the Recommendation:

- the revised Recommendation on Common Approaches on the Environment and Officially Supported Export Credits (the “2007 Recommendation”) [[OECD/LEGAL/0354](#)], which was adopted by the Council in June 2007 and replaced the 2003 Recommendation;
- the Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence [[OECD/LEGAL/0393](#)] [[C\(2012\)101](#) and its CORR1], which was adopted by the Council in June 2012 and replaced the 2007 Recommendation; and
- the current version of the Recommendation, which revised the 2012 version of the Recommendation and was adopted by the Council in April 2016 [[OECD/LEGAL/0393](#)]. This version of the Recommendation remains in force today and its implementation is the subject of this Report.

7. All OECD Members are Adherents to the Recommendation. No non-Members have yet adhered. However, as noted above, since the three OECD Members that do not participate as members of the ECG do not have official support programmes in place for medium- and long-term transactions, ECG efforts to review the implementation of the Recommendation are focused on ECG members. Adherents to the Recommendation and references to “Adherents” throughout this Report should be understood in this light.

Evolution of the Recommendation

8. Each successive version of the Recommendation has included enhanced provisions for addressing issues associated with projects to which ECA-supported exports are destined. For example, the 2001 Common Approaches and the 2003 Recommendation focussed only on pure environmental impacts; however, the 2007 Recommendation included a reference that environmental impacts included “*all relevant environmental and social impacts addressed by the international standards applied to projects*”. The 2012 version of the Recommendation included so many references to social impact that it was renamed to reflect that, for the first time, they should be addressed on an equal footing to environmental impacts. The revision in 2016 went further by, for example, providing for situations where there is a “*high likelihood of severe project-related human rights impacts occurring*”.

9. At the same time, Adherents have sought to learn from their experiences of implementing each successive version of the Recommendation and to reflect such practical experiences when considering revising the text. For example, the 2007 Recommendation introduced the concept that reviewing projects that were already in operation and undergoing no material change in output or function (*i.e.* “existing operations”, as defined in Section I of the Recommendation) would not be undertaken to the same extent as the review of a new undertaking or one undergoing a material expansion (*i.e.* a “project”, as defined in Section I of the Recommendation). The 2012 version of the Recommendation contained a list of

definitions for the first time, to provide clarity to both project sponsors and non-Adherents interested in applying its provisions. The current version of the Recommendation includes additional international sector-specific standards and sources of guidance for possible use when reviewing the environmental and social performance of relevant projects.

10. This evolutionary process is mirrored in the approaches taken by other financial institutions. Since the beginning, the ECG has chosen to apply the standards of the World Bank Group to projects, rather than to develop a separate set of standards that would be used by ECAs only. The 2003 Recommendation contained references to the World Bank Safeguard Policies, which had been in place since the end of the 1990s; subsequent iterations of the Recommendation have also contained references to the International Finance Corporation's (IFC) Performance Standards, which were developed in 2006 (revised in 2012) and which address a wider scope of environmental and social impacts than the Safeguard Policies.

11. In parallel, a number of commercial financial institutions and ECAs have adopted the Equator Principles (EP), which was developed in 2003 and which also references the IFC Performance Standards. The EP is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making. The Equator Principles have already been revised several times (the latest iteration, Equator Principles 4 (EP4), came into effect in October 2020) and are being applied to an increasing amount of private sector and ECA business, as both their scope of application and the number of signatory institutions increases.

12. Since the last revision of the Recommendation in 2016, the international landscape has not stood still. The following section outlines developments in international standards and practices outside the OECD, which may inform a revision of the Recommendation.

Developments in international standards and practices

13. Currently, the Recommendation contains provisions for Adherents to benchmark projects principally against the World Bank Safeguard Policies and the IFC Performance Standards. In August 2016, the World Bank adopted its new Environmental and Social Framework (ESF), including ten new Environmental and Social Standards (ESS), as an eventual replacement to the Safeguard Policies. As of 1 October 2018, the ESF has been applied to all new investment project financing; however, with existing projects continuing to apply the Safeguard Policies, the two systems will run in parallel for an estimated seven years, *i.e.* until approximately 2025. As a result, there is a need to consider updating the Recommendation to take into account the change in World Bank standards.

14. The Recommendation also contains provisions for Adherents to benchmark projects against the relevant aspects of the standards of a "Major Multilateral Financial Institution" where such institutions are supporting the project. In this context, the definition of "Major Multilateral Financial Institution" includes, *inter alia*, the European Bank for Reconstruction and Development (EBRD). In 2019, the EBRD Board of Directors approved a new Environmental and Social Policy and related Performance Requirements, which came into effect for new projects from 1 January 2020. This change does not imply any need to change to the text of the Recommendation; however, at the same time, the EBRD has also revised its illustrative list of Category A projects. As a result, there is a need to review the illustrative list of Category A projects contained in Annex I of the Recommendation, in order to ensure that it remains relevant. For information, the illustrative list of Category A projects was originally sourced for the 2003 Recommendation from the revised EBRD Environmental Policy applicable as of 29 April 2003; however, it has been adapted by the ECG for each

subsequent version of the Recommendation and may need to be adapted again in light of the recent changes by the EBRD and in light of Adherents' experience.

15. Since the last revision of the Recommendation in 2016, a number of international agreements have either been developed or become more important in the field of export finance; these may imply a need to review certain provisions of the Recommendation:

- The Paris Agreement;
- The Task-force on Climate-related Financial Disclosures (TCFD) recommendations;
- The 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs); and
- The UN Guiding Principles on Business and Human Rights (UNGPs).

16. Last, the latest iteration of the Equator Principles, EP4, which has been adopted by many of the private sector financial institutions working with ECAs, as well as by a number of ECAs, takes into account many of the international developments noted above, in particular in relation to addressing climate change issues. The provisions of EP4 may also inform a revision of the Recommendation.

17. In the Recommendation, the Council instructed the ECG to report to Council on the implementation of the Recommendation and on the need to amend or undertake a review of any of its elements not later than three years from its revision. The present Report addresses these issues and also includes information on technical work undertaken by the environmental and social specialists (the "Practitioners").

2. Methodology

18. The Recommendation instructs the ECG to report to Council on its implementation and on the need to amend or undertake a review of its elements not later than three years from its revision in 2016 (see the more detailed instructions in Section C of the Recommendation, reproduced in the box below).

19. The submission of this Report has been delayed, as, with hindsight, three years was insufficient to gain practical experience concerning implementation of the Recommendation. Many large-scale projects supported by ECAs (*i.e.* the type of transactions likely to fall within scope of the Recommendation) take months or even years to develop, finance, construct and put into operation. As a result, obtaining feedback for informing the implementation Report from Adherents was delayed. In addition, there have been different views among Adherents as to the extent of the possible revisions to the Recommendation, with some Adherents expressing support for an urgent comprehensive review and others requiring more time to examine the technical implications of some of the proposed amendments currently under discussion.

Section C of the Recommendation

“[...] Such a report will include, but may not be limited to:

- *An update on the international standards to be used for benchmarking purposes, in accordance with paragraphs 21-26 of this Recommendation, and any changes to these standards agreed by the ECG in accordance with paragraph 27 of this Recommendation.*
- *Information on the body of experience, in particular with regard to improving common practices, developing guidance, and promoting a level playing field, including with regard to greenhouse gas estimations, to sector-specific challenges and to addressing project-related human rights impacts in relation to the provision of officially supported export credits, as set out in paragraphs 45-48 of this Recommendation.*
- *A progress report on efforts undertaken by Adherents to increase awareness and understanding of this Recommendation by non-Adherents, on the application of this Recommendation including the international standards referenced herein by non-Adherents, and on what amendments to this Recommendation and/or its implementation might help to promote a global level playing field for officially supported export credits.”*

20. Following Council’s revision of the Recommendation in 2016, the ECG agreed an Environmental and Social Survey [TAD/ECG(2018)10/FINAL] (the Survey) as a means of monitoring and reviewing measures taken to address environmental and social issues in official export credits systems. Adherents were invited to complete the Survey in 2018 and, thereafter, to ensure that their responses remained up-to-date.

21. Responses to the Survey have been received from 29 Adherents. Apart from Chile, Costa Rica and Iceland, which do not currently participate in the work of the ECG, six other Adherents have not completed the Survey: Colombia, Greece, Ireland, Israel, Latvia and Lithuania: the ECAs of these Adherents have no experiences with transactions falling within the scope of the Recommendation that would need to be classified and subsequently subject to an environmental and social review. At the same time, separate responses have been received from both ECAs of Japan, Korea and Sweden. When referring below to Adherents’ policies and practices to implement the Recommendation, which is based on responses to the Survey, the information is based on 32 ECAs in 29 Adherents.

22. In addition, Paragraph 44 of the Recommendation contains a provision for *ex post* reporting, on an on-going basis or at a minimum semi-annually, of all projects classified in Category A and Category B for which a final commitment has been issued: the items of information to be reported are set out in Annex III of the Recommendation. The purpose of such reporting is to monitor whether the provisions of the Recommendation, such as those relating to environmental reviews, use of international standards and public disclosure, are being followed. Adherents also use this reporting to help ensure a coherent approach to the classification of projects, as stated in paragraph 12 of the Recommendation, and to build a body of experience on the application of the Recommendation, as stated in the first bullet of paragraph 45 therein.

23. The Secretariat has undertaken a review of the project reports provided for 2017-2021 by 24 Adherents. During this period, Adherents provided 195 Category A project reports, relating to support of exports with a total volume of SDR 54.05 billion, and 351 Category B project reports, relating to support of exports with a total volume of SDR 21.79 billion. These exports were destined to 150 Category A projects and to 337 Category B projects. The Secretariat’s review of Category A and Category B project reports for 2017-2021 is available in [TAD/ECG\(2023\)3/FINAL](#) and a version for public dissemination, *i.e.* without information

that is confidential for commercial reasons, is available in [TAD/ECG\(2023\)4/FINAL](#) on the OECD website.

24. Last, Adherents agreed that further technical work needed to be undertaken in order to inform the requested Report to the Council on its implementation. The ECG, therefore, tasked the environmental and social specialists in ECAs (an informal group that meets regularly known as the “Practitioners”) to undertake technical work, in relation to both implementation of the Recommendation from a transactional basis and how it might need to be amended in the future in light of external drivers, such as changes to international standards and due diligence frameworks, changes to international initiatives and agreements, and evolving market practices and trends.

25. The Practitioners have met on 15 occasions to discuss implementation of the Recommendation. At these meetings, the Practitioners have exchanged information on their own experiences of applying the Recommendation and the various international standards referred to therein, with the aim of improving common practices, developing guidance, and promoting a level playing field. These discussions have been informed by written submissions, case study presentations and information from invited experts.

3. Implementation

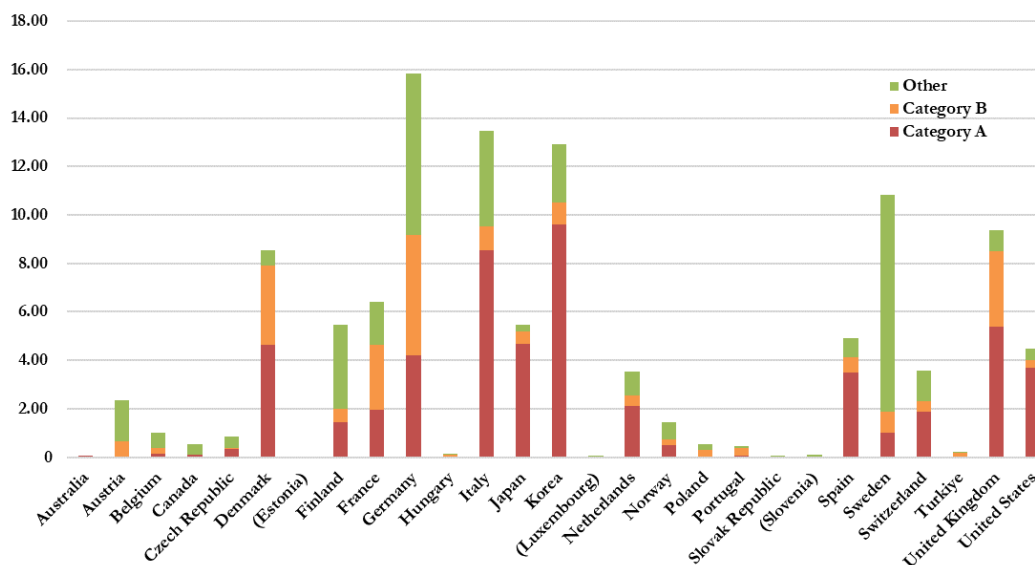
Overview

26. From the Survey responses and reviews of Adherents’ Category A and Category B project reports, the majority of Adherents have put in place policies and procedures for addressing environmental and social issues in export credit transactions. There remain variations in certain practices, but these are generally related to the range of products provided, the types of exports supported and the extent of ECAs’ experiences of projects with potential adverse environmental and social impacts. For example: between 2017 and 2021, Mexico and New Zealand have not provided support for any transactions falling within the scope of the Arrangement on Officially Supported Export Credits; and Estonia, Luxembourg and Slovenia have not provided any officially supported export credits to transactions that have required classification under the Recommendation. As a result, from an implementation perspective, only the ECAs from 24 Adherents have reported providing support for transactions classified as either Category A projects or Category B projects and have, therefore, any experience of applying the provisions of the Recommendation.

27. At the same time, some Adherents have put in place measures that go beyond the Recommendation, for example, by applying their policies and procedures to all applications, adopting additional measures for undertaking due diligence, and making additional information publicly available. Additional information concerning variations in approaches to implementing the Recommendation are outlined in subsequent sections.

28. For information, between 2017 and 2021, 24 Adherents supported exports with a volume of SDR 76.91 billion destined to 150 Category A projects and 337 Category B projects that were subject to an environmental and social review in accordance with the provisions of the Recommendation. This equates to 67% (by volume) of export credits support provided in accordance with the core business provisions of the *Arrangement on Officially Supported Export Credits* (i.e. excluding concessional credits and export credits for ships or aircraft) between 2017 and 2021. The following chart illustrates the volumes of exports classified as Category A, as Category B or not classified by Adherents for 2017-2021.

Volumes of business (in SDR billion), including Category A and Category B volumes, for 2017-2021



29. The majority of these projects were located in high-income countries, by volume, and, by number, in upper-middle-income countries (Category A projects) and lower-middle-income countries (Category B projects). The Category A projects were concentrated in the Industry sector and the Category B projects were concentrated in the Energy Generation & Supply sector.

Section I of the Recommendation: Definitions

30. Section I of the Recommendation contains the definitions the Adherents have agreed for certain key terms for the purposes of the Recommendation.

I. Definitions

1. For the purposes of this Recommendation, the following terms shall have the meaning set out below:

- “Associated facilities” are those facilities that are not a component of the project but that would not be constructed or expanded if the project did not exist and on whose existence the viability of the project depends; such facilities may be funded, owned, managed, constructed and operated by the buyer and/or project sponsor or separately from the project.
- “Due diligence” is the process through which Adherents identify, consider and address the potential environmental and social impacts and risks relating to applications for officially supported export credits as an integral part of their decision-making and risk management systems.
- “EHS Guidelines” refers to the World Bank Group Environmental, Health and Safety Guidelines: these are technical reference documents with general and industry sector performance levels and measures that are normally acceptable to the World Bank Group and that the World Bank Group generally considers to be achievable in new undertakings at reasonable costs by existing technology.
- “Environmental impacts” are the impacts on the environment as a result of the activities of an existing operation or of the construction and/or operation of a project.

“Environmental risk” is the probability of such impacts occurring and the consequence of such an occurrence.

- *“Existing operations” refer to applications relating to exports of capital goods and/or services to an identified location where there is an existing undertaking that is undergoing no material change in output or function.*
- *“Final Commitment” : for an export credit transaction (either in the form of a single transaction or a line of credit), a final commitment exists when the Adherent commits to precise and complete financial terms and conditions, either through a reciprocal agreement or by a unilateral act. For the sole purpose of the ex ante disclosure provisions in paragraph 39 of this Recommendation, the final commitment shall be either the last board decision or the issuance of a credit, insurance policy or guarantee, depending on an Adherent’s procedures.*
- *“IFC Performance Standards” refers to the following Performance Standards of the International Financial Corporation (IFC): Assessment and Management of Environmental and Social Risks and Impacts (PS1); Labor and Working Conditions (PS2); Resource Efficiency and Pollution Prevention (PS3); Community Health, Safety, and Security (PS4); Land Acquisition and Involuntary Resettlement (PS5); Biodiversity Conservation and Sustainable Management of Living Natural Resources (PS6); Indigenous Peoples (PS7); and Cultural Heritage (PS8).*
- *“Major Multilateral Financial Institutions” are the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, and the Multilateral Investment Guarantee Agency.*
- *“Projects” refer to applications relating to exports of capital goods and/or services to an identified location of:*
 - *any new commercial, industrial or infrastructure undertaking, or*
 - *any existing undertaking that is undergoing material change in output or function, which may result in changes to the operation’s environmental and/or social impacts.*

For the purposes of screening, classification and review, a project includes those components that the buyer and/or project sponsor (including contractors) directly owns, operates or manages and that are physically and technically integrated with the undertaking.

- *“Sensitive areas” include National Parks and other protected areas identified by national or international law, and other sensitive locations of international, national or regional importance, such as wetlands, forests with high biodiversity value, areas of archaeological or cultural significance, and areas of importance for indigenous peoples or other vulnerable groups.*
- *“Social impacts” are the impacts on the local communities directly affected by, and on the people involved in, the activities of an existing operation or the construction and/or operation of a project; these social impacts encompass relevant adverse project-related human rights impacts. “Social risk” is the probability of such impacts occurring and the consequence of such an occurrence.*
- *“World Bank Safeguard Policies” refers to the safeguard policies relating to: Environmental Assessment (OP 4.01); Natural Habitats (OP 4.04); Pest Management (OP 4.09); Indigenous Peoples (OP 4.10); Physical Cultural Resources (OP 4.11); Involuntary*

Resettlement (OP 4.12); Forests (OP 4.36); Safety of Dams (OP 4.37); International Waterways (OP 7.50); and Disputed Areas (OP 7.60).

31. One of the priorities of the Practitioners during their exchanges of information concerning the implementation of the Recommendation has been to ensure that there is a common understanding of the terminology used. In this context, they have identified several issues relating to the current definitions.

32. First, the Practitioners have identified some issues relating to the current definition of a “project”.

- The Equator Principles Financial Institutions (EPFIs) have amended the definition of “project” within EP4 as follows: “*A Project is a development in any sector at an identified location (the location does not need to be contiguous – a Project may be located over one or more geographic areas).*” In light of Practitioners’ experience with projects similarly located over several geographic areas, the Practitioners consider that, in a future revision of the definitions, a similar reference to projects being located in non-contiguous areas might be included.
- At present, only an existing undertaking that is “*undergoing material change in output or function, which may result in changes to the operation’s environmental and/or social impacts*” would fall within the definition of a “project”. The Practitioners, however, consider that, in practice, an existing undertaking undergoing an extension, modernisation or indeed a restoration might be defined as a “project”, if the extension, modernisation or restoration might result in either “*material changes of function or output*” and/or “*potentially material environmental or social impacts*”.
- Some Practitioners consider that the definition of “project” might need to recognise the entire life cycle of a project, from design stage through to closure, given that different stages of a project might have different potential environmental and/or social impacts.

33. Second, some Practitioners have reported issues relating both to obtaining relevant information concerning “associated facilities” and, when necessary, to leveraging changes to their environmental and social performance, in particular when the facilities are funded, owned, managed, constructed or operated separately from the project. All Practitioners recognise the importance of reviewing the performance both of the “project” and of associated facilities that are not part of the actual project but that would not exist if the project were not to go ahead; however, it is possible that the definition of “associated facilities” might need to be amended to make it more practicable.

34. Third, the current definitions of “existing operations” and “project” both include references to “an identified location”; however, the term “identified location” is not itself defined. As a result, potential problems may arise concerning movable assets, *i.e.* projects involving either assets that might be used at a variety of locations or assets that might move between fixed locations.

35. The original aim of specifying that projects had to be at an “identified location” was to exclude transactions involving assets that could be used at any location, such as the sale of replacements drills or aircraft, in particular where such locations were not known at the time that due diligence was undertaken; the aim had not been to exclude due diligence of projects if the location was known, just because the related export concerned a movable asset.

36. In practice, Adherents have been taking different approaches to movable assets, leading to an un-level playing field in how they are treated. This is particularly the case for shipping projects.

37. Fourth, as a result of their considerations concerning the external drivers that might result in the potential need for revisions to the Recommendation, the Adherents have identified that the list of definitions may also need to be amended or expanded to include additional terms. For example, a number of Adherents have questioned whether the current definition of “sensitive areas” is sufficiently broad to encompass all relevant biodiversity issues and to reflect emerging good practice by other financial institutions.

38. Last, given changes to the World Bank’s standards, there is a need to add a definition of the World Bank’s new Environmental and Social Standards, which were adopted in 2018 and which have already been applied for benchmarking purposes by some ECAs. In addition, a reference to the World Bank’s OP4.03, Performance Standards for Private Sector Projects supported by IBRD/IDA, should also be included within the definitions for completeness. A proposal for revisions to this effect will be submitted to the Council for adoption at the same time this Report is submitted to it to be noted and declassified.

Section II of the Recommendation: General Principles

39. Section II of the Recommendation sets out some General Principles setting out the scope and objectives of the Recommendation.

II. General Principles

i) Scope

2. This Recommendation applies to all types of officially supported export credits¹ for exports of capital goods and/or services, except exports of military equipment or agricultural commodities, with a repayment term of two years or more.

ii) Objectives

3. The objectives of this Recommendation are to:

i) Promote coherence between Adherents’ policies regarding officially supported export credits, their international environmental, climate change, social and human rights policies, and their commitments under relevant international agreements and conventions, thereby contributing towards sustainable development.

ii) Develop common procedures and processes relating to the environmental and social review of officially supported export credits, with a view to achieving equivalence among the measures taken by the Adherents and to reducing the potential for trade distortion.

iii) Promote good practice and consistent review and assessment processes for projects and existing operations benefiting from officially supported export credits, with a view to achieving a high level of environmental and social performance as measured against the relevant international standards.

iv) Enhance efficiency of official support procedures by ensuring that the administrative burden for applicants and ECAs is commensurate with the objectives of this Recommendation.

v) Promote a global level playing field for officially supported export credits and increase awareness and understanding, including among non-Adherents, of the benefits of applying this Recommendation.

4. *To achieve these objectives, Adherents should:*

i) *Encourage the prevention and the mitigation of adverse environmental and social impacts of projects and the consideration of environmental and social risks associated with existing operations and take into account the benefits of any projects and existing operations supported, thereby enhancing the overall financial risk assessment process.*

ii) *Undertake appropriate environmental and social reviews and assessments for projects and existing operations respectively, as part of their due diligence relating to applications for officially supported export credits.*

iii) *Promote awareness of the OECD Guidelines for Multinational Enterprises among appropriate parties involved in applications for officially supported export credits as a tool for responsible business conduct in a global context.*

iv) *Encourage protection and respect for human rights, particularly in situations where the potential impacts from projects or existing operations pose risks to human rights.*

v) *Foster transparency, predictability and responsibility in decision-making, by encouraging disclosure of relevant environmental and social impact information, with due regard to any legal stipulations, business confidentiality and other competitive concerns.*

vi) *Continue to build a body of experience on the practical application of this Recommendation.*

vii) *Continue to encourage the application of the international standards referenced in this Recommendation or their equivalent by non-Adherents, to promote the adherence to this Recommendation by non-Adherents including through an active dialogue to increase awareness and understanding of the benefits of its application, and to take other appropriate measures with the aim of promoting a global level playing field for officially supported export credits.*

¹ *It is recognised that not all ECA products fall within the scope of this Recommendation, for example, those where the risk is on the exporter (such as, but not limited to, support for bonds and working capital) and there is no application relating to the same project for a product where the risk of non-payment is on the buyer*

40. The Survey invited Adherents to report the scope of applications that their ECAs screen. The majority of Adherents screen all applications for support that fall within the scope of the Recommendation, *i.e.* all types of officially supported export credits for exports of capital goods and/or services, except exports of military equipment or agricultural commodities, with a repayment term of two years or more. The only exceptions are Denmark and Türkiye, which have introduced value thresholds of 25 million DKK (approximately SDR 2.7 million), and SDR 10 million respectively. A number of Adherents also reported specifically that their ECAs exclude certain products, such as short-term support, or, as per footnote 1, products where the risk is on the exporter.

41. In contrast, a number of Adherents reported that their ECAs screen all applications, including those falling outside the scope of the Recommendation, such as short-term transactions or applications for non-official export credits support, as these may also have potential environmental and social impacts. In this context, Adherents are encouraged to share information concerning the environmental and social reviews undertaken of such transactions: between 2017 and 2021, Canada, Germany, Hungary, the Netherlands and Norway provided 48 such reports for transactions with a combined volume of SDR 4.35 billion. In addition, some Practitioners have provided case studies of the assessments undertaken, with a view to improving understanding of how the potential environmental and/or social risks associated with these transactions might be addressed.

42. The issue of the potential environmental and social impacts of transactions falling outside the scope of the Recommendation has been discussed frequently by the Practitioners and some Adherents have called for the Recommendation to adopt a risk-based approach to cover all ECA transactions. These discussions are on-going and may result in the need to revise Section II of the Recommendation.

43. The Survey did not include specific questions relating to how Adherents are seeking to achieve the objectives of the Recommendation; however, subsequent sections of this Report consider in more detail Adherents' efforts relating to the objectives, such as environmental and social reviews, human rights, transparency, etc.

Section III of the Recommendation: Screening

44. Section III of the Recommendation sets out the screening that Adherents are expected to undertake.

III. Screening

5. *Adherents should screen all applications for officially supported export credits covered by this Recommendation with the aim of identifying which applications should be classified and, where appropriate, subsequently reviewed. The parties involved in an application, including applicants (exporters and lenders) and project sponsors, should provide all information necessary to carry out the screening. The screening should take place as early as possible in the risk assessment process.*

45. Adherents' ECAs screen applications based on information provided by relevant parties in standard application forms, stand-alone environmental and social questionnaires, and separate sector-specific or issue-specific questionnaires. In addition, a number of Adherents use additional resources to supplement the information provided, including from on-line commercial assessment tools, such as IBAT, Maplecroft and RepRisk.

III. Screening

6. *The screening should identify applications relating to exports of capital goods and/or services according to:*

- *whether they are related to projects or to existing operations as defined in Section I of this Recommendation;*
- *whether or not the exports are destined to identified locations that are in or near sensitive areas;*
- *whether or not there may be a high likelihood of severe project-related human rights impacts occurring; and*
- *whether or not the Adherent's share is equal to or above SDR 10 million.*

7. *Adherents shall classify, in accordance with Section IV of this Recommendation, applications relating to:*

- *All projects in or near sensitive areas irrespective of their share.*
- *All projects for which their share is equal to or above SDR 10 million.*

46. All Adherents have policies and procedures in place to identify whether the exports of capital goods and services are destined to projects or to existing operations, as defined in the Recommendation, and to identified locations that are in or near sensitive areas. All Adherents, except Portugal, have policies and procedures in place to identify whether there may be a high likelihood of severe project-related human rights impacts occurring.

47. The results of Adherents' screening of 546 applications for official export credits support between 2017 and 2021 were that:

- All applications, except one, were identified as relating to "projects", as defined by the Recommendation. The exception, which was subsequently classified as a Category B project, was identified as an "existing operation", as defined by the Recommendation. This transaction was also below the SDR 10 million threshold, but the Adherent concerned (Finland) had identified that there might be a high likelihood of severe project-related human rights impacts occurring and decided to classify the transaction and undertake a full environmental and social review, in accordance with the last sentence of paragraph 8 of the Recommendation.
- 89 applications were identified as involving exports to identified locations that were in or near sensitive areas; 65 of these were subsequently classified as Category A projects and 24 applications as Category B projects.
- 29 applications were identified as having a high likelihood of severe project-related human rights impacts occurring; 20 of these were subsequently classified as Category A projects and 9 applications as Category B projects.
- 32 applications were identified as below the SDR 10 million threshold; 4 of these were subsequently classified as Category A projects and 28 applications as Category B projects.

III. Screening

8. Adherents shall assess for potential environmental and/or social risks applications relating to:

- *All existing operations for which their share is equal to or above SDR 10 million.*
- *All existing operations and projects, irrespective of their share, where the screening has identified that there is a high likelihood of severe project-related human rights impacts occurring.*

In undertaking this assessment, Adherents should take into account the industry sector, location and other information available relating to potential environmental and/or social impacts, before making any final commitment to provide official support. Alternatively, Adherents may classify such applications in accordance with Section IV of this Recommendation.

48. In response to the relevant Survey question, the majority of Adherents (24) would classify applications falling within the scope of paragraph 8 of the Recommendation in accordance with Section IV of the Recommendation. The remaining Adherents would either not classify such applications or classify them internally as "existing operation" transactions.

49. Some Adherents provided reports of the assessments that they undertake on transactions falling within the scope of paragraph 8: between 2017 and 2021, Finland, France, Germany, Italy and Spain provided 47 such reports relating to the assessments they had undertaken for "existing operations" (with a combined volume of SDR 1.90 billion).

In addition, some Practitioners have provided case studies of the assessments undertaken, with a view to improving understanding of how the potential environmental and/or social risks associated with existing operations might be addressed.

III. Screening

9. *Beyond screening, no further action is required under the provisions of this Recommendation for applications relating either to projects for which an Adherent's share is below SDR 10 million and which are not in or near sensitive areas, or to existing operations for which an Adherent's share is below SDR 10 million, except where the screening has identified that there may be a high likelihood of severe project-related human rights impacts occurring.*

50. In response to the relevant Survey question, the majority of Adherents (21) classify applications falling within the scope of paragraph 9 of the Recommendation in accordance with Section IV; in many cases, such applications are classified as Category C. The remaining Adherents would either not classify such applications or classify them for internal purposes.

Section IV of the Recommendation: Classification

51. Section IV of the Recommendation sets out the potential impacts and categories for classifying applications that Adherents are expected to undertake. All Adherents with practical experience have policies and practices in place for classifying applications in accordance with the Recommendation.

IV. CLASSIFICATION

10. *Adherents should identify the potential positive and negative environmental and social impacts relating to the applications to be classified. In this context:*

- *Potential environmental impacts may include, but are not limited to, generation of significant air emissions, including greenhouse gas emissions, effluents, waste, hazardous waste, wastewater, noise and vibrations, significant use of natural resources, and impacts on endangered species.*
- *Potential social impacts may include, but are not limited to, labour and working conditions, community health, safety, and security, land acquisition and involuntary resettlement, indigenous peoples, cultural heritage, and project-related human rights impacts, including forced labour, child labour, and life-threatening occupational health and safety situations.*

11. *The three categories for classification are:*

- *Category A: a project is classified as Category A if it has the potential to have significant adverse environmental and/or social impacts, which are diverse, irreversible and/or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works. Category A, in principle, includes projects in sensitive sectors or located in or near sensitive areas. An illustrative list of Category A projects is set out in Annex I.*
- *Category B: a project is classified as Category B if its potential environmental and/or social impacts are less adverse than those of Category A projects. Typically, these*

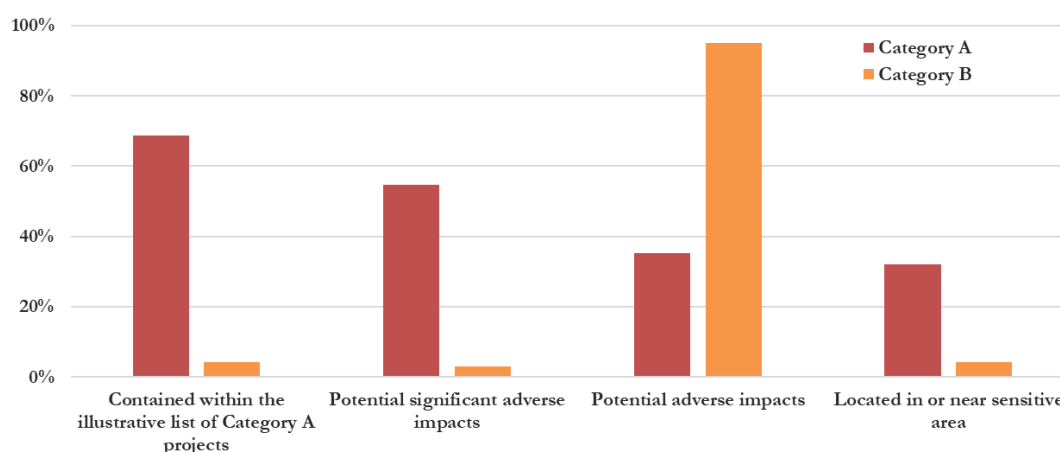
impacts are few in number, site-specific, few if any are irreversible, and mitigation measures are more readily available.

- *Category C: a project is classified as Category C if it has minimal or no potentially adverse environmental and/or social impacts.*

52. The 546 applications for official export credit support between 2017 and 2021 related to exports to 487 projects. The difference between the number of applications received by Adherents' ECAs (546) and the total number of projects (487) is because 25 Category A projects and 9 Category B projects were multi-sourced, involving ECAs from multiple Adherents.

53. Following an assessment of the potential positive and negative environmental and/or social impacts, 150 of these projects were classified as Category A projects and 337 were classified as Category B projects. The following chart provides information on the reasons for classification, as provided by Adherents (multiple responses were permitted):

Reasons for classification for 2017-2021



IV. CLASSIFICATION

12. *Adherents should seek to ensure a coherent approach to the classification of projects through reporting and review of such projects, pursuant to paragraph 44 of this Recommendation.*

54. With regard to paragraph 12 of the Recommendation, there were some differences in classification for four projects, which were supported by ECAs from multiple Adherents:

- Alba Line 6 Expansion, Power Station 5 (Bahrain; 2017) was classified as a Category A project by Canada, Denmark, Japan, Netherlands and Switzerland, and as a Category B project by France.
- Santo Domingo Metro Line 2 (Dominican Republic, 2017) was classified as a Category A project by Spain, and as a Category B project by France.
- Vysotsk LNG project (Russian Federation, 2017) was classified as a Category A project by Germany, and as a Category B project by France.

- JSW Steel Hot Strip Mill (India, 2019) was classified as a Category A project by Germany and Japan, and as a Category B project by Italy.

55. These differences in classification have been discussed by the Practitioners and can be explained by the type and size of support provided, as well as by the actual facility to which the export is destined within the overall project. To-date, these differences of classification have not resulted in any discussions to amend the classification definitions.

Section V of the Recommendation: Environmental and social review

56. Section V of the Recommendation sets out the recommended environmental and social review of projects, including benchmarking their environmental and/or social performance against relevant international standards. All Adherents with practical experience have the necessary policies and practices in place for undertaking environmental and social reviews of projects.

V. ENVIRONMENTAL AND SOCIAL REVIEW

13. Adherents should undertake an environmental and social review of projects, in accordance with the international standards applied to the project as set out in paragraphs 21-26 of this Recommendation, consisting of:

- benchmarking of the project's environmental and social performance against the relevant aspects of the international standards applied to the project; and
- consideration of measures that can be taken to prevent, minimise, mitigate or remedy adverse impacts and/or to improve environmental and social performance, as appropriate to the size of the relevant parties involved in the project, the context of their operations, the nature and extent of potential adverse impacts, the international standards applied to the project, and the significance of the Adherent's share in the overall project.

57. All 150 Category A projects and all 337 Category B projects reported by Adherents between 2017 and 2021 underwent an environmental and social review, in accordance with the international standards applied to the project as set out in paragraphs 21-26 of the 2016 Recommendation, with the exception of six Category B projects that were not benchmarked against international standards (additional information is provided in subsequent sections of this Report).

V. ENVIRONMENTAL AND SOCIAL REVIEW

14. Where there is a high likelihood of severe project-related human rights impacts occurring², the environmental and social review of a project may need to be complemented by specific human rights due diligence.

² For example, impacts that are particularly grave in nature (e.g. threats to life, child/forced labour and human trafficking), widespread in scope (e.g. large-scale resettlement and working conditions across a sector), cannot be remediated (e.g. torture, loss of health and destruction of indigenous peoples' lands) or are related to the project's operating context (e.g. conflict and post-conflict situations).

58. In accordance with paragraph 14 of the Recommendation, there are specific situations when project due diligence may need to be complemented by specific human rights due diligence, *i.e.* beyond any standard due diligence for potential human rights impacts undertaken in accordance with, for example, the IFC Performance Standards.

59. From the Survey responses, 22 Adherents have policies and procedures in place for deciding when to complement the environmental and social review with specific human rights due diligence. The remaining seven Adherents (Belgium, Finland, Japan (NEXI), the Netherlands, Poland, Portugal and the Slovak Republic) do not have specific policies and procedures but would generally consider projects on a case-by-case basis.

60. Between 2017 and 2021, Adherents reported that their project due diligence was complemented by specific human rights due diligence and/or that a Human Rights Impact Assessment (HRIA) was undertaken for 13 projects: six were Category A projects and seven were Category B projects (additional information is provided in subsequent sections of this Report).

V. ENVIRONMENTAL AND SOCIAL REVIEW

15. *Adherents supporting exports forming only a minor part of a project, or in re-insurance situations, may take into account the environmental and social review carried out by another Adherents, a Major Multilateral Financial Institution, or an Adherent's development agency in accordance with this Recommendation.*

61. Adherents have adopted different approaches to undertaking environmental and social reviews when supporting exports forming only a minor part of a project or in re-insurance situations. In response to the relevant Survey responses:

- Seven Adherents (Australia, Japan, Korea [KEXIM], Mexico, the Netherlands, Sweden and the United States) would always conduct their own review;
- Four Adherents (Belgium, Luxembourg, New Zealand and Slovenia) would always rely on the review carried out by another ECA, MFI or development agency; and
- The remaining Adherents may take into account a review undertaken by another financial institution, for example, another ECA applying the Recommendation. In practice, this means that they would consider any information provided by another financial institution when undertaking their own review, for example, when another party had easier access to information or was involved in a project at an earlier stage.

V. ENVIRONMENTAL AND SOCIAL REVIEW

16. *When undertaking a review, Adherents should, where appropriate:*

- *assess the potential environmental and/or social impacts of any associated facilities, taking into account the timing and location of their construction, including making reasonable efforts to benchmark against relevant international standards using the available information; and*
- *consider any statements or reports made publicly available by their National Contact Points (NCPs) at the conclusion of a specific instance procedure under the OECD Guidelines for Multinational Enterprises.*

62. The majority of Adherents have policies and procedures in place for assessing, where appropriate, the potential environmental and/or social impacts of any associated facilities. The only exceptions are Estonia, Mexico and the Slovak Republic, which would undertake an assessment on a case-by-case basis.

63. As noted above in relation to Section I of the Recommendation concerning definitions, some Adherents have reported issues relating to the assessment of associated

facilities, in particular when there are funded, owned, managed, constructed or operated separately from the project. As a result, this is one issue that might require further consideration during any future revision of the Recommendation.

64. With regard to relations with Adherents' NCPs:

- Seven Adherents (Austria, Denmark, Finland, Japan, the Netherlands, Sweden and the United States) have formal processes in place for considering, where appropriate, any statements or reports made publicly available by their National Contact Points;
- Five Adherents [Belgium, the Czech Republic (hereafter "Czechia"), Estonia, Mexico and Slovenia] do not have any such policies or procedures in place; and
- The remaining Adherents have established *ad hoc* processes in place, including regular meetings with NCPs in order to exchange information about on-going projects.

V. ENVIRONMENTAL AND SOCIAL REVIEW

17. *When undertaking a review, Adherents should indicate to the appropriate parties involved in the project the type of information they require, including, where appropriate, the need for an Environmental and Social Impact Assessment (ESIA). The applicant is responsible for providing the appropriate information to satisfy Adherents' requirements. The information to be supplied should include, but is not limited to:*

- *A description of the project and its geographic, ecological, social, and temporal context.*
- *Information relating to the potential environmental and/or social impacts of the project, together with any information on related mitigating and monitoring measures.*
- *The standards, practices and processes that the parties involved in the project intend to apply, including information that the project complies with local legislation and other host country relevant regulations.*
- *The results of any public consultations with local communities directly affected by the project and/or their legitimate representatives and of any engagement with other parties, such as civil society organisations, that have expressed an interest in the project. It is the responsibility of the buyer/project sponsor to undertake any such public consultations and/or engagements with interested parties. For the purposes of public consultations, environmental and social impact information should be made available to affected communities in a language accessible to them.*

18. *For a Category A project, Adherents should require an ESIA to be undertaken; the applicant is responsible for providing the resulting ESIA report, together with other studies, reports or action plans covering the relevant aspects of the project. An ESIA report and any supporting documents should address the issues set out in the international standards applied to the project in accordance with paragraphs 21-26 of this Recommendation: in this context, Annex II contains information on the typical items to be included in an ESIA report. An ESIA should not be carried out and reviewed by the same party.*

19. *The scope of a review for a Category B project may vary from project to project. Adherents should require appropriate information to be provided by the applicant that addresses the relevant environmental and social impacts of the project. Such information may be contained in an ESIA or in project-related assessment reports, planning and concept documents, environmental and social studies and plans, technical documentation of pollution control plans and criteria, applicable legal and regulatory frameworks, community*

engagement activities (information disclosure, dissemination, consultation and other participatory processes) and information collected during discussions with applicants.

20. *Beyond screening and classification, no further action is required under the provisions of this Recommendation for a Category C project.*

65. In general, Adherents require an ESIA to be undertaken and a comprehensive ESIA report to be made available for review for Category A projects. At the same time, Adherents understand that there are situations where, exceptionally, they are not provided with up-to-date and comprehensive ESIA reports. For example, in some project countries, ESIA reports are not a legal requirement and, in other countries, projects are only required to be benchmarked against local, rather than international, standards. In such circumstances, Adherents have reported that, depending on the situation, their ECAs might require the ESIA (and the corresponding report) to be updated, to be carried out again under international standards or for any identified gaps to be filled in a separate analysis (for example, with regard to the inclusion of associated facilities).

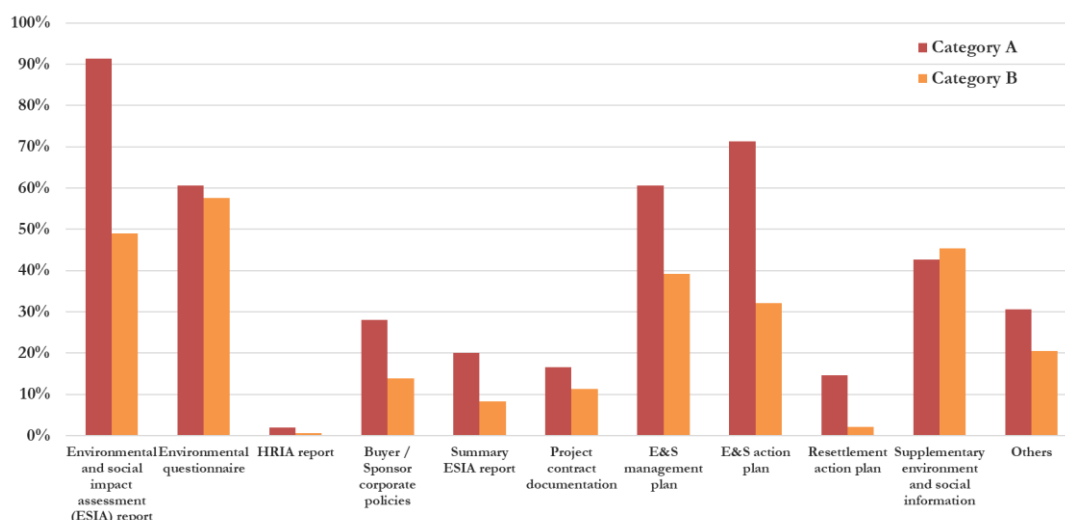
66. This approach is reflected in practice: between 2017 and 2021, Adherents reported reviewing ESIA reports for 145 Category A projects (97%). For the remaining five Category A projects, Adherents reported that their ECAs reviewed alternative documentation, such as Due Diligence Reports prepared by Lenders' Environmental and Social Consultants.

67. The aim of reviewing Category B projects is the same as for Category A projects: to assess the potential negative and positive environmental and social impacts of a project and to evaluate any measures taken to prevent, minimise, mitigate or remedy any adverse impacts. As a result, the issues considered are similar to those for Category A projects, *i.e.* environmental impacts, labour issues, health and safety, resettlement, affected communities, etc.; however, the scope of review for Category B projects is, by definition, generally less comprehensive than for Category A projects.

68. Even so, the majority of Adherents treat Category B projects in a similar way to Category A projects and would request or require an ESIA report or equivalent documentation, depending on the potential impacts of the project. In this context, between 2017 and 2021 almost 50% of Category B projects were also reviewed with ESIA reports.

69. Additional information, such as environmental and social audits, environmental and social management plans, corrective action plans, hazard or risk assessments, monitoring plans and procedures, permitting documentation from relevant host country authorities, and sector-specific questionnaires, might also be required for reviewing projects and Adherents may also make use of internet tools and public-available information. The following chart provides an overview of the documentation required by Adherents during their environmental and social reviews of projects between 2017 and 2021.

Environmental and social impact information reviewed for 2017-2021



V. ENVIRONMENTAL AND SOCIAL REVIEW

21. When undertaking a review, Adherents should benchmark:

- non-project finance projects, against the relevant aspects of
 - all ten World Bank Safeguard Policies, or
 - all eight IFC Performance Standards, in particular where justified and/or practicable due to the size and/or structure of the transaction such as, but not limited to, certain types of structured finance transactions that share characteristics with project finance, and/or where other financial institutions forming a significant part of the project are applying these same standards;
- limited or non-recourse project finance projects, against the relevant aspects of all eight IFC Performance Standards.

22. Where such institutions are supporting the project, Adherents may instead benchmark projects against the relevant aspects of the standards of a Major Multilateral Financial Institution.

[...]

26. Alternatively, where appropriate, Adherents may benchmark projects against the relevant aspects of any other internationally recognised standards, such as European Union standards, that are more stringent than those standards referenced above.

70. In accordance with paragraph 21 of the Recommendation, for non-project finance projects, Adherents may benchmark projects against all relevant aspects of the ten World Bank Safeguard Policies. In August 2016, the World Bank adopted its new Environmental and Social Framework (ESF), including ten new Environmental and Social Standards (ESS), as an eventual replacement to the Safeguard Policies. As of 1 October 2018, the ESF has been applied to all new investment project financing; however, with existing projects continuing to apply the Safeguard Policies, the two systems will run in parallel for an estimated seven years, *i.e.* until approximately 2025. The Practitioners have therefore recommended to the ECG that the references to the World Bank Safeguard Policies in the

Recommendation should be replaced by references to the World Bank Environmental and Social Standards: this would result in changes to the text of the Recommendation in paragraphs 21, 22, 24 and 27, as well as in paragraph 5 of Annex III. A proposal for revisions to this effect will be submitted to the Council for adoption at the same time this Report is submitted to it to be noted and declassified.

71. In accordance with paragraph 21 of the Recommendation, Adherents may benchmark limited or non-recourse project finance projects, as well as any non-project finance transactions where justified and/or practicable, against all relevant aspects of the eight IFC Performance Standards. The Performance Standards were originally developed in 2006 and subsequently reviewed in 2012.

72. For 2017-2021, all 150 Category A projects were reported as having been benchmarked against internationally-recognised standards, principally those of the World Bank Group.

73. In accordance with paragraph 21 of the Recommendation, the following international standards were applied for benchmarking purposes:

- 15 projects were benchmarked against the World Bank Safeguard Policies; all these projects were non-project finance transactions.
- Five projects were benchmarked against the World Bank Environmental and Social Standards; all these projects were non-project finance transactions.
- 124 projects were benchmarked against the IFC Performance Standards; these projects were a mix of project finance transactions and non-project finance transactions.
- One project was benchmarked against the European Bank for Reconstruction and Development (EBRD) standards.
- Four multi-sourced projects were benchmarked against either the World Bank Safeguard Policies or the IFC Performance Standards by the various Adherents involved.

74. For Category B projects, the majority of projects were reported as having been benchmarked against internationally-recognised standards, principally those of the World Bank Group:

- 94 projects were benchmarked against the World Bank Safeguard Policies; all these projects were non-project finance transactions.
- Ten projects were benchmarked against the World Bank Environmental and Social Standards; all these projects were non-project finance transactions.
- 220 projects were benchmarked against the IFC Performance Standards; these projects were a mix of project finance transactions and non-project finance transactions.
- One project was benchmarked against EBRD standards.
- Two projects were reported as having been benchmarked against European Union (EU) standards.
- Four multi-sourced projects were benchmarked against either the World Bank Safeguard Policies or the IFC Performance Standards by the various Adherents involved.

- One multi-sourced project was benchmarked against either the IFC Performance Standards or host country standards (the United Kingdom) by the two Adherents involved.

75. As a result, only six Category B projects were not benchmarked against international standards. Instead, a mix of exporting country standards and project country standards were applied:

- Biokraft Skogn (Norway, 2017), reported by Sweden;
- Borregaard Lignotech (United States, 2017), reported by Norway;
- Cambutas and Calulo Power Line and Modernization (Angola, 2018), reported by Portugal;
- PEMA Shipbuilding Automation (Germany, 2019), reported by Finland;
- Turkcell Mobile Network Rolling Investment Plan (Türkiye, 2020), reported by Sweden; and
- Arcadis Ost 1 Wind Farm (Germany, 2021), reported by Denmark.

76. Application of the World Bank Safeguard Policies concerned principally the Safeguard Policy for Environmental Assessment (OP 4.01): it was applied to 18 of the 19 Category A projects and to 96 of the 97 Category B projects benchmarked against the World Bank Safeguard Policies; and for 84 of the 116 projects that were benchmarked against the World Bank Safeguard Policies, OP 4.01 was the only standard applied for benchmarking.

77. Application of the IFC Performance Standards was wider than the World Bank Safeguard Policies: PS1 to PS4¹ were all applied for 119 of the 129 Category A projects and 166 of the 224 Category B projects that were benchmarked against the IFC Performance Standards. For information, the IFC has noted that PS1 to PS4 are likely to be relevant for all projects, whereas PS5 to PS8² are only likely to be triggered on project specific occasions. Even so, for 34 Category A and Category B projects, all eight of the Performance Standards were applied. The IFC Performance Standards were also applied as subsidiary standards for seven projects that were principally benchmarked against the World Bank Safeguard Policies.

78. For information:

- Australia, Canada, Denmark, Finland, France, Japan, Korea, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States reported that it was now their standard practice to benchmark all projects against the IFC Performance Standards, regardless of the financial structure of the transactions (project finance or non-project finance).
- Spain, Italy and Poland reported that they apply the IFC Performance Standards for benchmarking projects where possible according to the transaction characteristics.

¹ PS1 (Assessment and Management of Social and Environmental Risks and Impacts), PS2 (Labor and Working Conditions), PS3 (Resource Efficiency and Pollution Prevention) and PS4 (Community Health, Safety and Security).

² PS5 (Land Acquisition and Involuntary Resettlement), PS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), PS7 (Indigenous Peoples) and PS8 (Cultural Heritage).

- Germany noted that its default international standards remain the World Bank Safeguard Policies for non-project finance transactions, but that it might apply the IFC Performance Standards for transactions that shared characteristics with project finance transactions or where other financial institutions forming a significant part of the overall project applied such standards.

79. The remaining Adherents continue applying both the World Bank Safeguard Policies and the IFC Performance Standards for transaction specific reasons rather than for policy reasons.

80. Given the increasing use of the IFC Performance Standards for benchmarking projects by Adherents and by a growing number of other financial institutions, including those having signed the Equator Principles, the Practitioners have recommended to the ECG that the IFC Performance Standards should become the default benchmark standards in the Recommendation.

81. Last, in accordance with paragraph 22 of the Recommendation, Adherents may benchmark projects against the relevant aspects of the standards of a Major Multilateral Financial Institution where such institutions are supporting the project. In this context, the definition of “Major Multilateral Financial Institution” includes, *inter alia*, the EBRD.

82. As noted above, two projects were benchmarked against EBRD standards, and two projects were benchmarked against EU standards. In this context, the majority of Adherents have reported that they would be prepared to use the standards of another Multilateral Financial Institution (MFI) or of the EU; only Canada has reported that it would never use such standards.

83. In 2019, the EBRD Board of Directors approved a new Environmental and Social Policy and related Performance Requirements, which came into effect for new projects from 1 January 2020. In line with the provisions of paragraph 27 of the Recommendation, this change to the EBRD standards does not require a change to the text of the Recommendation, since apart from World Bank Safeguard Policies and the IFC Performance Standards, all other “*international standards and sources of guidance referred to in paragraphs 22-26 of this Recommendation are those applicable at the time of the environmental and social review*”.

84. At the same time, however, the EBRD has also revised its illustrative list of Category A projects. As a result, the Practitioners have started reviewing the illustrative list of Category A projects contained in Annex I of the Recommendation and are considering making recommendations to the ECG for amendments. As a result, there may be a need to revise and update some of the paragraphs of Annex I of the Recommendation.

V. ENVIRONMENTAL AND SOCIAL REVIEW

23. *Where projects are benchmarked against the World Bank Safeguard Policies, Adherents may, where appropriate, also need to refer to the relevant aspects of supplementary standards and sources of guidance to ensure an adequate coverage of certain potential social impacts, such as community and gender impacts, labour and working conditions, and health, safety and security issues.*

85. During negotiations of the revision of the Recommendation in 2016, some Adherents expressed concerns about the coverage of the World Bank Safeguard Policies for certain social and labour issues. As a result, a new provision (paragraph 23) for projects benchmarked against the World Bank Safeguard Policies was incorporated to ensure an adequate coverage of these potential impacts.

86. The majority of Adherents have reported that they do not have specific policies and practices for deciding when to refer to supplementary standards and sources of guidance in such circumstances; however, on a case-by-case basis, they might refer to, for example, relevant aspects of the IFC Performance Standards or the IFC/EBRD Guidance Note "Workers' Accommodation: Standards and Practices".

87. In this context, for 2017-2021, Adherents reported that additional standards or guidance were considered for two Category A projects and nine Category B projects where the World Bank Safeguard Policies had been applied. Such standards or guidance included reference to relevant aspects of the IFC Performance Standards, ILO Conventions and the project's Social Responsibility Management System.

88. The replacement World Bank Environmental and Social standards adequately cover potential social impacts, such as community and gender impacts, labour and working conditions, and health, safety and security issues. As a result, if the proposal to replace references to the World Bank Safeguard Policies in the Recommendation by references to the World Bank Environmental and Social Standards is accepted, this paragraph might be deleted.

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24. *Adherents should also benchmark projects against the relevant aspects of the EHS Guidelines, which are referenced in World Bank Safeguard Policy OP 4.01 and IFC Performance Standard 3.*

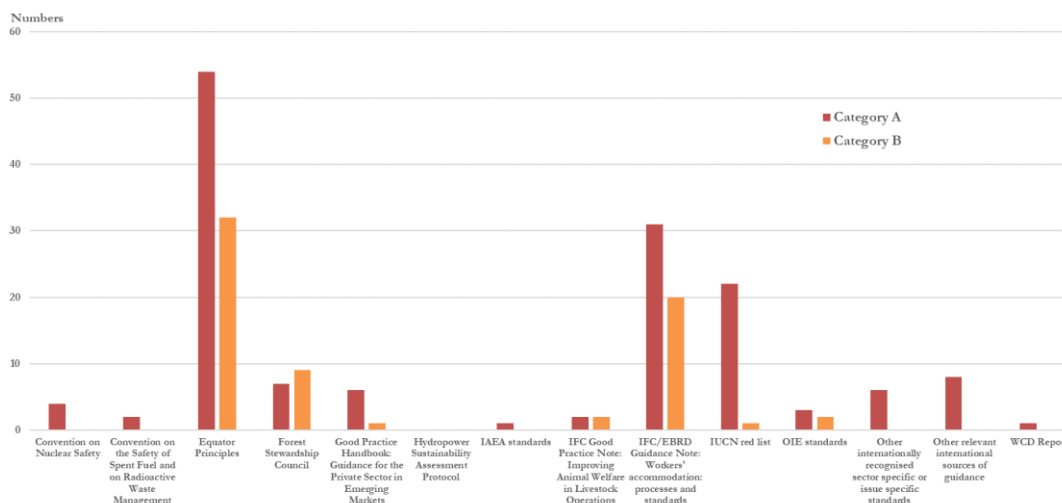
25. *In the absence of any relevant industry sector EHS Guidelines, Adherents:*

- *should benchmark against the relevant aspects of any internationally recognised sector specific or issue specific standards such as, where appropriate, the Convention on Nuclear Safety, the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, and the relevant aspects of International Atomic Energy Agency (IAEA) standards for nuclear power plants and other nuclear facilities³; and/or*
- *may refer to relevant international sources of guidance such as, for example, where appropriate, the Hydropower Sustainability Assessment Protocol and the Core Values and Strategic Priorities of the World Commission on Dams (WCD) Report for hydro-power projects and the standards of the World Organisation for Animal Health (OIE) for animal welfare issues, as well as any relevant IFC publications, such as its Good Practice Notes.*

³ *Examples of other nuclear facilities may include, but may not be limited to, those types of projects provided for illustration purposes in Article 3 of Annex I of this Recommendation in the context of projects that may be classified as Category A.*

89. In terms of technical standards, the World Bank Group Environmental, Health and Safety (EHS) Guidelines, either the General EHS Guidelines or one of the sector-specific Guidelines, were reported as applied for 147 Category A projects and 314 Category B projects. Other technical standards were also applied to various projects, as shown in the following chart.

Other technical standards applied for 2017-2021



90. Adherents reported that no technical standards were applied to 3 Category A projects and 23 Category B projects.

V. ENVIRONMENTAL AND SOCIAL REVIEW

27. *The World Bank Safeguard Policies and the IFC Performance Standards referred to in paragraph 21 of this Recommendation are those applicable at the time of the adoption of the Recommendation. In the event of a review of such standards by the relevant standard-setting body, the ECG may decide to adopt the updated standards without undertaking a complete review of this Recommendation. The other international standards and sources of guidance referred to in paragraphs 22-26 of this Recommendation are those applicable at the time of the environmental and social review.*

91. Since 2018, the World Bank Environmental and Social Standards are gradually replacing the Safeguard Policies and, already, for the period 2017-2021, they were applied by Adherents to 15 projects, as well as for four projects where they were used as supplementary standards. The World Bank Environmental and Social Standards are, however, not currently listed in paragraph 21 of the Recommendation. As a result, the Practitioners have recommended that the Recommendation should be revised to recognise the existence of the World Bank Environmental and Social Standards as a replacement for the Safeguard Policies for new transactions.

92. At the same time, one of the World Bank's operation policies, OP 4.03 "Performance Standards for Private Sector Projects Supported by IBRD/IDA", will need to be retained to cover the situation where ECAs work with the World Bank on private sector projects. The Performance Standards referred to in OP 4.03 are, in practice, those of the IFC, which the World Bank approved in 2012 to replace the Safeguard Policies for projects, or components thereof, that are owned, constructed, and/or operated by the private sector. A proposal for revisions to this effect will be submitted to the Council for adoption at the same time this Report is submitted to it to be noted and declassified.

V. ENVIRONMENTAL AND SOCIAL REVIEW

28. *Projects should, in all cases, comply with host country standards. Adherents should, therefore, seek assurance that the project complies with local legislation and other relevant host country regulations.*

93. Adherents always seek to ensure that projects comply with host countries standards. For this they require confirmation in the application form and documentary proof of compliance as part of their environmental and social review; for example, ESIA reports should address all host country compliance issues. Where an ESIA report is not available, Adherents require additional documentation to be provided, such as information on applicable national legislation, construction and operational permits, letters of approval from relevant host country authorities, information from host country government websites, etc.

94. Adherents may also visit relevant local authorities when undertaking site visits and/or communicate directly with them to obtain further confirmation of a project's compliance. Last, Adherents are able to make compliance with host country standards a condition of support *via* the loan or guarantee documentation.

95. In practice, between 2017 and 2021, all 150 Category A and 337 Category B projects complied with host country standards at the time of the environmental and social review.

V. ENVIRONMENTAL AND SOCIAL REVIEW

29. *Projects should also meet the international standards against which they have been benchmarked, in accordance with paragraphs 21-26 of this Recommendation, recognising that some of these standards contain margins of tolerance in how their overall objectives may be achieved.*

30. *In exceptional cases, however, an Adherent may decide to support a project that does not meet the relevant aspects of the international standards against which it has been benchmarked. In such cases, the reasons for the choice of international standards, the reasons for the failure to meet such international standards, the related justification for supporting the project, and any related monitoring procedures must be reported to the ECG in accordance with paragraph 44 of this Recommendation. With due regard to business confidentiality, aggregated information on such cases will be made publicly available by the ECG in accordance with paragraph 42 of this Recommendation.*

96. In accordance with paragraph 29 of the Recommendation, projects should meet the international standards against which they have been benchmarked. At the same time, it should be noted that many international standards contain margins of tolerance in how their overall objectives might be achieved and that many standard-setting bodies, such as the IFC, prefer to work with project sponsors to improve a project's environmental and/or social performance over time, *i.e.* projects might not meet international standards at the time of the environmental and social review but will within a reasonable period of time.

97. The majority of Adherents have specific policies and procedures in place for dealing with such projects that fall short of international standards. Such measures may include, for example:

- Identification of the gaps between project performance and international standards;
- Engagement with the applicant, project sponsor and/or host government to explore and implement improvements to bridge such gaps;

- Consideration of the potential positive effects of the project on society, the environment and the local economy;
- Development of Environmental and Social Action or Management Plans, which might be included in the cover documentation to ensure improvements to the environmental and/or social performance of a project; and
- Referral of any decision to approve or refuse cover to a senior level (for example, ECA Board or Guardian Authority), particularly for projects with broader political implications.

98. A number of Adherents, such as Australia, have reported specifically that it is not their policy to support projects that will not meet the relevant benchmarks, whatever the external factors or justifications, and many others have noted that, as outlined in the Recommendation, support for such projects should remain exceptional and the related justification should be reported to the OECD so that it might be made publicly available.

99. From a practical perspective, for the period 2017 to 2021:

- 75 Category A and 262 Category B projects met, or were designed to meet, international standards from the outset;
- 58 Category A projects and 63 Category B projects did not meet international standards, but were expected to within a reasonable period of time; and
- Two Category A projects and three Category B projects did not, and were not expected to, meet international standards at the time due diligence was undertaken.

100. The remaining 15 Category A projects and three Category B projects involved multiple ECAs, which had different views on whether and when the projects would meet international standards. For 17 projects, the issue concerned timing, *i.e.* whether the existence of an Environmental and Social Action or Management Plan meant that the project was designed to meet international standards from the outset or whether it meant that the project would meet international standards within a reasonable period of time. The exception was the Kuwait Clean Fuel Project (2017), for which:

- Japan considered that the project met, or was designed to meet, international standards from the outset;
- Korea and the United Kingdom considered that the project did not meet international standards, but was expected to within a reasonable period of time given the presence of an Environmental and Social Action Plan and Remedial Action Plan; and
- The Netherlands considered that the project did not, and was not expected to, meet international standards at the time due diligence was undertaken. The Netherlands explanation was: *“The project did meet all air quality demands except for SO_x due to the size of the existing refinery. The decrease on SO_x emissions due to closure of the old facility and the upgrade of existing facilities is large. The project takes all technical available measures to reduce the SO_x emissions. The project did not perform a consultation process on the EIA with the local population, because in that period that was not demanded by the local legislation. The company did however communicate on the project in several ways and did take into account the opinion of local stakeholders.”*

101. As noted above, two other Category A projects and three Category B projects were reported as not meeting international standards. In accordance with paragraph 30 of the Recommendation, the Adherents concerned provided explanations for why they decided to support the projects, together with information about their conditions of support and any monitoring requirements applied.

Explanation regarding the two Category A projects and three Category B projects reported as not meeting international standards for 2017-2021

Name of the project & country	Reporting Adherent	Explanation provided	
		Additional information	
Category A projects			
2017			
Rumailah Combined Cycle Gas Fired Power Plant (Iraq)	Switzerland	The project met national Iraqi standards. The 1.2% share of SERV did not allow for leverage to insist on an additional ESIA according to the IFC Performance Standards. For the most relevant aspects, SERV received additional documentation (noise, air emissions, labour and working conditions, project-affected people) which could show that the project could meet international standards.	
		Support provided without additional environmental and/or social conditions. SERV will not undertake <i>ex post</i> monitoring of the project. SERV's volume of support for the project: SDR 10-25 million.	
2020			
KPC Multi-tied Credit Line (Kuwait)	Italy	At the time of SACE's involvement, the projects were at an advanced stage of implementation (<i>e.g.</i> the Refinery was more than 90% completed); the related Environmental Impact Studies had been developed and implemented in compliance with Kuwaiti requirements but not with IFC international standards, presenting various gaps between project design/management and such standards. All of the four projects were expected to meet international standards within a reasonable period of time: outstanding actions are described in the agreed ESAPs and refer to milestones of the project (construction and operation phase). Nevertheless, the Al Azour refinery will not be able to reach continuous compliance with the IFC standards regarding the air emissions for SO _x , NO _x and PM ₁₀ . Emitting standards will be met when the refinery's units are fuelled with natural gas while they will be not met when the refinery is fuelled with crude oil (most of the time). Some mitigation and compensation measures have been agreed and need to be carefully monitored.	
		Support given with additional environmental and/or social conditions (Compliance with local and International standards, ESAPs, notification of incidents and claims, monitoring in construction and operation phase). The project involves margins of tolerance in the benchmarking process. SACE's will undertake <i>ex post</i> monitoring of the project. SACE's volume of support for the project: SDR 500-1 000 million.	
Category B projects			
2017			
APPM (Russia)	Finland	The use of water by the board making machine exceeds the IFC guideline of 0-20 m ³ /t being 24,2 m ³ /t. However, the replacement helps the company to reduce its prior use of water which was 27,5 m ³ /t.	
		Support provided without additional environmental and/or social conditions. Finnvera will undertake <i>ex post</i> monitoring of the project: Borrower shall report annually of its environmental performance (waste water, air emissions, wastes, incident statistics and FSC monitoring). Finnvera's volume of support for the project: SDR 50-100 million	
Central Termica Parque Pilar (Argentina)	Finland	The power plant has dual fuel engines which are able to use HFO and gas as fuel. When HFO is used, the particle emissions exceed the IFC limit value by 50%. Noise level at the nearest sensitive receptor is 61 dBA which clearly exceeds the IFC limit value 55 dBA (day) and 45 dBA (night). The deviations from IFC level meet the local legislation. Although the buyer made requested improvements to the sound proofing and promised to use as much gas fuel as possible, the buyer did not want to try to meet the IFC limits because those would have required significant additional investments. The buyer has promised to consider additional measures for soundproofing. Argentina has been 10 to 15 years outside of the international capital markets having had the only open capital channel in practice from China. The need for additional capacity in power sector has been substantial. This power plant was part of an emergency power bidding process.	

Name of the project & country	Reporting Adherent	Explanation provided
		Additional information
		Support provided with additional environmental and/or social conditions: the project should meet the requirements of IFC Performance Standards and IFC EHS Guideline for Thermal Power Plants except the points mentioned previously. Finnvera will not undertake <i>ex post</i> monitoring of the project. Finnvera's volume of support for the project: SDR 25-50 million.
Cranes to Jubail Harbour (Saudi Arabia)	Finland	The company did not have a grievance mechanism in place to which workers can address anonymous complaints. Complaints/grievances can be addressed to HR but not anonymously. The workers can address complaints about their employer to the Labour Disputes Department of Ministry of Labor. Due to small transaction and short lifetime of the loan, our leverage to have more profound information was very little. The transaction was small and we were not able to dig deeper in our review.
		Support provided without additional environmental and/or social conditions. Finnvera will not undertake <i>ex post</i> monitoring of the project. Finnvera's volume of support for the project: SDR <10 million

102. In accordance with paragraph 42 of the Recommendation, aggregated information on these projects has been made publicly available on the OECD website.

Section VI of the Recommendation: Evaluation, decision and monitoring

103. Section VI of the Recommendation contains the evaluation, decision and monitoring recommended for Adherents to undertake. All Adherents with practical experience have policies and practices in place for evaluating, making decisions and monitoring transactions in accordance with the Recommendation.

VI. EVALUATION, DECISION AND MONITORING

31. *Adherents should evaluate the information resulting from screening and review of a project, and decide whether to request further information, decline or provide official support.*

32. *In the event that support is to be provided, Adherents should decide whether this should involve conditions to fulfil prior to, or after, the final commitment for official support, for example, measures to prevent, minimise, mitigate or remedy potential adverse environmental and social impacts, covenants, and monitoring requirements. In this context, Adherents may require a project sponsor to devise further action plans to describe and prioritise the mitigation measures, corrective actions, monitoring activities and timetable necessary to manage the project's environmental and/or social impacts in a manner consistent with international standards and good international industry practice.*

104. Adherents have reported that, in general, decisions to decline or provide official support are taken within their ECAs by senior staff and/or committees in accordance with their internal delegated approvals policies and processes and with relevant input from a range of departments: underwriters, financial risk assessors, Practitioners, compliance officers, etc. For complex transactions or those with potential high risks, ECAs will also liaise with their guardian authorities. In this context, Germany and Portugal have reported that, in their systems, the guardian authorities are solely responsible for decisions on whether to decline or provide official support.

105. Adherents have reported that they would consider denying support for a variety of reasons, including, but not limited to:

- Insufficient environmental and social impact information to undertake a comprehensive due diligence process.
- A project does not comply with host country standards or meet relevant international standards and the Environmental and Social Action or Management Plans are insufficient to prevent, minimise, mitigate or remedy potential adverse impacts.
- Applicants or project sponsors are unwilling to accept the conditions to fulfil prior to or after a final commitment, including implementation of any Environmental and Social Action or Management Plans, as proposed by the ECA.
- The provisions of the Recommendation are not followed, for example, project sponsors are unwilling to allow an ESIA report to be made publicly available at least 30 calendar days before a final commitment.
- The support requested is only for a minor part of a project and the Adherent lacks leverage to influence the project performance: in such circumstances, an Adherent may decline to provide official support for reputational reasons.

106. Adherents may also decline support for non-environmental or non-social reasons. For example, the financial risks of a transaction or concerns that the transaction might involve bribery.

107. All Adherents have policies and procedure in place to be able to include environmental and/or social conditions for support in the guarantee documentation or loan agreement, depending on the type of cover provided. Such conditions are negotiated prior to a final commitment being given; however, they might be conditions precedent, *i.e.* measures to be undertaken prior to the final commitment, or on-going conditions to be met during the construction and/or operational phase of the project, *e.g.* measures to be undertaken prior to each drawdown from a loan. Failure to fulfil any of the documented conditions for support may lead to the suspension of loan disbursements, calling of an event of default, cancellation of cover, etc.

108. In most cases, the conditions applied to projects are decided on a case-by-case basis; however, they may include certain standard conditions, such as: compliance with host country standards and international standards, compliance with Environmental and Social Management and Action Plans (including any mitigation measures outlined therein), submission of relevant warranties, representations and monitoring reports, timely reporting of any incidents and accidents, future access to the project site, agreement to provide remedy plans in case of future non-compliance, etc. To assist ECAs' with conditions for support, the Practitioners have developed a Guidance Note on environmental and social conditions in finance documents; however, this document contains information that is confidential for commercial reasons and has not been made publicly available on the OECD website.

109. In terms of practice, in accordance with paragraph 32 of the Recommendation, between 2017 and 2021, Adherents reported that support was provided with environmental and/or social project-specific conditions to fulfil after a final commitment for official support for 128 of the 150 Category A projects and 160 of the 377 Category B projects.

VI. EVALUATION, DECISION AND MONITORING

33. *Where support for a project is provided subject to fulfilment of certain conditions whether during the construction and/or the operation phase of the project, Adherents should ensure that appropriate procedures are in place to monitor the project, regardless of its classification, in order to ensure compliance with the conditions of their official support.*

110. All Adherents have policies and procedures in place for monitoring, as appropriate, the implementation of a project to ensure compliance with the conditions of official support, with the exception of Slovenia, which would address compliance issues on a case-by-case basis. In this context, it is recalled that Slovenia has not provided any support between 2017 and 2021 for exports destined to Category A or Category B projects.

111. The frequency of monitoring is decided on a case-by-case basis, as set out in the transaction documentation (for example linked to specific milestones or events, such as a loan drawdown), and would depend on the complexity and the potential impacts of the project. In practice, monitoring is more likely to be undertaken during the construction period (*i.e.* quarterly) than during the operational period (*i.e.* semi-annually) and monitoring tends to be undertaken more frequently during the first few years of operation rather than later on (*i.e.* semi annually for the first two years and annually thereafter). Adherents may, however, also undertake *ad hoc* monitoring if they have reason to believe that potential impacts are not being addressed as agreed in the conditions of support and will usually have included as a condition of support a requirement to be informed of any unforeseen incidents, such as leakages or site accidents.

112. In practice, in accordance with paragraph 33 of the Recommendation, between 2017 and 2021, of the 128 Category A projects and 160 Category B projects where support was provided subject to project-specific conditions to fulfil 120 Category A projects and 119 Category B projects would be subject to *ex post* monitoring.

VI. EVALUATION, DECISION AND MONITORING

34. *In addition, for all limited or non-recourse project finance Category A projects, Adherents should require regular ex post reports and related information to be provided during their involvement in the project to ensure that relevant potential environmental and/or social impacts are addressed according to the information provided by applicants during the environmental and social review.*

113. In accordance with paragraph 34 of the Recommendation, only two Category A projects reported as being limited or non-recourse project finance transactions (out of a total of 43) were not subject to *ex post* monitoring. Although paragraph 34 of the Recommendation does not refer to Category B projects, for information, 12 Category B projects reported as being limited or non-recourse project finance transactions (out of a total of 39) were not subject to *ex post* monitoring.

VI. EVALUATION, DECISION AND MONITORING

35. *In the case of non-compliance with the conditions of official support, Adherents should take actions that they deem appropriate in order to restore compliance, in accordance with the terms of the contract for official support.*

114. In the case of non-compliance with the conditions of official support, Adherents have a number of actions that they might take depending on the situation:

- In the first instance, Adherents may request additional information from the applicant and/or project sponsor to gain a comprehensive picture of the project non-compliance; this may involve visiting the project site, talking to stakeholders and liaising with other ECAs or financial institutions involved in a project.
- Second, Adherents may try to work with the relevant parties, providing technical knowhow and support, to develop corrective actions, including, where appropriate, a formal Remedial Action Plan, to bring the project back into compliance within an agreed timeframe; alternatively, the transaction documentation may allow Adherents to grant a waiver for non-material compliance issues.
- If it is not possible to re-establish compliance, Adherents may temporarily suspend cover or financing, or, in cases of serious and protracted non-compliance, call an event of default and end the official support (*e.g.* suspend drawdowns, demand prepayment, cancel the guarantee, etc.) or deny claims, as appropriate.

115. As an example, Italy has reported that for one project certain technical conditions had not been met with the risk that the desired efficiency for removing air pollutants would not be met. In this case, Italy temporarily suspended drawdowns until a remedial action plan had been agreed among the relevant parties with milestones for future drawdowns linked to the fulfilment of the actions in the remedial plan.

VI. EVALUATION, DECISION AND MONITORING

36. *Adherents should, where appropriate, encourage project sponsors to make ex post monitoring reports and related information including concerning how environmental and/or social impacts are being addressed publicly available at regular intervals, including in forms accessible to local communities directly affected by the project and other relevant stakeholders.*

116. All Adherents encourage project sponsors to make *ex post* monitoring reports and related information publicly available, in particular for Category A projects, but also more generally for projects located in or near sensitive areas or projects that might attract significant stakeholder interest.

117. Many Adherents are not able to disclose *ex post* monitoring reports and related information for commercial reasons; however, the United States, has a law, backed up by an ECA policy, that requires public disclosure of monitoring reports and other supplemental environmental reports/plans submitted by the borrower.

118. In practice, Adherents do not always know if project sponsors do make *ex post* monitoring reports and related information available: between 2017 and 2021, Adherents reported that, to their knowledge, project sponsors would be making such information available for 32 Category A projects and 15 Category B projects.

Section VII of the Recommendation: Exchange and disclosure of information

119. Section VII of the Recommendation contains provision relating to the exchange and disclosure of information by Adherents. All Adherents with practical experience have policies and practices in place for exchanging and disclosing information in accordance with the provisions of the Recommendation.

VII. *EXCHANGE AND DISCLOSURE OF INFORMATION*

37. *Adherents should publish national ECA environmental and other related policy statements or principles and procedural guidance relevant to the implementation of this Recommendation.*

38. *Taking into account the competitive context in which they operate and constraints of business confidentiality, Adherents should:*

- *share information with other Adherents and, if appropriate, with other financial institutions involved in the project, with a view to seeking, where appropriate, common positions on the review of projects, including project classification, and*
- *reply in a timely manner to requests from other Adherents in a co-financing or a competitive situation on the environmental and social standards accepted by the Adherent.*

120. All Adherents active in providing support to transactions falling within the scope of the Recommendation have published national ECA environmental and other related policy statements or principles and procedural guidance relevant to its implementation, in accordance with paragraph 37.

121. Adherents have also adopted policies, in line with the competitive context in which ECAs operate and constraints of business confidentiality, to share information with other Adherents and, if appropriate, with other financial institutions involved in a project and to reply to requests from other Adherents in either co-financing or competitive situations on the environmental and social standards accepted. Such exchanges may take place informally (telephone calls, emails, side conversations at Practitioners' events, etc.) or more formally via bilateral meetings.

VII. *EXCHANGE AND DISCLOSURE OF INFORMATION*

39. *Also taking into account the competitive context in which they operate and constraints of business confidentiality, for Category A projects, Adherents should⁴:*

- *disclose publicly project information, including project name, location, description of project and details of where additional information (e.g. ESIA report, summary thereof) may be obtained, such as a buyer and/or project sponsor contact point and/or website link, as early as possible in the review process and at least 30 calendar days before a final commitment to grant official support; and*
- *require that environmental and social impact information (e.g. ESIA report, summary thereof) be made publicly available as early as possible in the review process and at least 30 calendar days before a final commitment to grant official support. Such information may be made publicly available by the Adherent or by an appropriate party involved in the project, such as the buyer and/or project sponsor.*

40. *The purpose of the ex ante disclosure provisions of paragraph 39 of this Recommendation are to allow for consideration (including possible denial of support) by the appropriate decision-making body of any comments received during the 30 calendar day disclosure period preceding final commitment. As a result where such project or environmental and social impact information has not, for exceptional reasons, been made public, Adherents should explain the circumstances and report these in accordance with paragraph 44 of this Recommendation.*

⁴ *Except in re-insurance situations, where Adherents may rely on the lead Adherent to undertake the disclosure provisions of this Recommendation.*

122. All Adherents have policies and procedures in place for both disclosing publicly project information relating to Category A projects and for requiring that environmental and social impact information be made available either by the Adherent or by an appropriate party involved in the project. When disclosure is undertaken by an Adherent, this is frequently achieved through postings on their ECA websites.

123. Some Adherents are, however, constrained in what information they may publicly disclose due to business confidentiality. For example, Canada requires consent prior to disclosure in order to meet its legal obligation to protect confidential information entrusted to its ECA by customers in the normal course of conducting business and Sweden's SEK is by law subject to banking secrecy and therefore not always able to disclose publicly certain information.

124. On the other hand, some Adherents provide more information than listed in the first bullet of paragraph 39 of the Recommendation. For example, Australia also discloses the industry sector, facility type, an outline of reasons for categorisation and links to the project ESIA report, and Japan discloses the project sector, the reasons for a project's classification, and information on the environmental permits issued by the host government or other relevant authority. Several other Adherents also provide links to the project ESIA report, or to the project sponsor's website, when it is known to them.

125. In practice, in accordance with the provisions of paragraph 39 of the Recommendation, *ex ante* disclosure both of project information and of environmental & social impact information took place at least 30 calendar days before final commitment for 148 of the 150 Category A projects.

126. In accordance with the provisions of paragraph 40 of the Recommendation, the Adherents concerned provided explanations in accordance with paragraph 44 of the Recommendation. These explanations have subsequently been publicly disclosed in accordance with paragraph 42 of the Recommendation:

**Category A project not subject to *ex ante* disclosure of either
project information or environmental & social impact information for 2017-2021**

Project name & country	Reporting Adherent	Comments
2018		
Hornsea Project One Offshore Wind Farm (United Kingdom)	Denmark	With regard to paragraph 40, there was, exceptionally, the right to dispense with the publication of the project as special competitive or business-sensitive information was at stake. EKF has not published the project due to sensitive information.
2020		
Massawa Gold Mine (Senegal)	Belgium	The transaction was originally classified as a Category A project but "out of the scope" of the Recommendation. It has been subsequently revised to a transaction that falls within the scope of the Recommendation after the final commitment.

VII. EXCHANGE AND DISCLOSURE OF INFORMATION

41. Subject to the legal provisions on public disclosure in Adherent countries, Adherents should make available to the public at least annually environmental and social information on projects classified in Category A and Category B for which an Adherent has made a final commitment with respect to providing official support, including the type of information reviewed and the international standards applied, together with an ECA contact point for obtaining additional information.

127. All Adherents have policies and procedures in place for making available to the public at least annually environmental and social information on projects classified in Category A and Category B. In some cases, Adherents provide the required information on an on-going, transaction-by-transaction basis on their ECA websites; alternatively, Adherents include the information in their annual reports, which are also posted onto their ECA websites.

128. As with *ex ante* disclosures, some Adherents are constrained in what information they may publicly disclose *ex post* due to business confidentiality and require permission from the exporter and/or financial institution prior to disclosure; however, granting permission is frequently a requirement for obtaining support.

129. Other Adherents go beyond the Recommendation and provide additional information to the public concerning the projects for which they have made a final commitment. For example, Japan discloses basic information about the project, natural environmental considerations, social environmental considerations, and items to be monitored.

130. Last, some Adherents also use conditions for support to encourage project sponsors to make environmental and social information publicly available after support has been provided. For example, Canada's ECA, Export Development Canada (EDC) has signed up to the Equator Principles, and therefore requires sponsors of projects with anticipated annual emissions above 100kt CO₂ equivalent (Scope 1 and 2) to report publicly on an annual basis during the operational phase of the projects.

VII. EXCHANGE AND DISCLOSURE OF INFORMATION

42. The ECG shall:

- Exchange views on a regular basis with appropriate civil society organisations, including business, industry, banking and trade union associations, and other non-governmental organisations, on the operation of this Recommendation.
- Share experiences with, and exchange information on, the operation of this Recommendation with non-Adherents to increase awareness and understanding of the benefits of applying this Recommendation and with the aim of promoting a global level playing field on environmental and social due diligence for officially supported export credits and encouraging formal adherence.
- With due regard to business confidentiality, make aggregated information publicly available annually based on Adherents' reporting in accordance with paragraph 44 of this Recommendation.

131. In accordance with paragraph 42 of the Recommendation, the ECG has:

- Exchanged views on a regular basis with appropriate civil society organisations, including business, industry, banking and trade union associations, and other non-governmental organisations, on the operation of the Recommendation, *via* discussions at the annual Export Credits Forum. Attendees at the Forum include representatives of Business at OECD’s Export Credits Expert Group, of the European Banking Federation and various NGOs under the umbrella of ECA Watch.
- Shared experiences with, and exchange information on, the operation of the Recommendation with non-Adherents to increase awareness and understanding of the benefits of applying the Recommendation and with the aim of promoting a global level playing field on environmental and social due diligence for officially supported export credits and encouraging formal adherence *via* its outreach activities, for instance inviting accession candidate countries and Invitees listed in the ECG’s Participation Plan to the ECG’s and the Practitioners’ meetings.
- Made aggregated information publicly available annually based on Adherents’ reporting in accordance with paragraph 44 of the Recommendation *via* public versions, *i.e.* without information that is confidential for commercial reasons, of the Secretariat’s review of their support of transactions to Category A and Category B projects: the latest version covering transactions from 2017 to 2021 is available on the OECD website [[TAD/ECG\(2023\)4/FINAL](#)].

Section VIII of the Recommendation: Reporting and monitoring of the Recommendation

132. Section VIII of the Recommendation contains provisions relating to reporting and monitoring by Adherents, including the building of a body of experience on its application. All Adherents with practical experience have policies and practices in place for reporting and monitoring of the Recommendation in accordance with its provisions.

VIII. REPORTING AND MONITORING OF THE RECOMMENDATION

43. *Adherents shall:*

- *Ensure, through appropriate measures and mechanisms, compliance with their policies and procedures pursuant to this Recommendation.*
- *Monitor and evaluate, over time, the experience with this Recommendation at a national level, and share experiences with the other Adherents, including about the standards applied to those projects that were subject to a review as referred to in paragraphs 21-26 of this Recommendation.*
- *Continue to enhance and improve procedures at a national level to address the environmental and social impacts of projects, and to encourage their ECAs to allocate appropriate resources for this purpose.*

133. All Adherents have appropriate measures and mechanisms in place to ensure compliance with their policies and procedures pursuant to the Recommendation. These measures and mechanisms are also used to monitor and evaluate their experiences with the Recommendation.

134. Some of these measures and mechanisms relate to the way that transactions are reviewed and subsequently approved or declined by Adherents’ ECAs; for example, *via* committee or board approval processes or *via* the involvement of guardian authorities in

decision-making processes. Other measures and mechanisms relate to inspections of the policies and procedures; for example, by Internal Audit Departments, Compliance Officers or external auditors. Last, Adherents have reported that these measures and mechanisms may also be triggered by outside sources, such as negative reports of projects in the press, stakeholder complaints and whistleblowing activities.

135. In terms of practical examples:

- Finland's ECA, Finnvera, has ISO 9001 certification and that its policies and procedures are audited during the re-certification process.
- The United Kingdom's ECA, UK Export Finance (UKEF) has an Export Guarantees Advisory Council (EGAC), which is a statutory body to advise the Secretary of State on UKEF's operations, including in relation to environmental and social risk management; UKEF can also be subject to Parliamentary Questions and Judicial Review.
- The United States's ECA, US-EXIM has an independent Office of Inspector General, which provides regular reports to Congress.

136. Adherents share their experiences on the application of the Recommendation by a variety of means:

- Informal information exchanges by email, telephone, etc.
- Formal Practitioners' meetings, which usually take place twice a year.
- *Ad hoc* bilateral and multilateral meetings of Practitioners or other ECA staff, including site visits to projects.
- In the side-lines of other meetings involving Practitioners, such as those hosted by the IFC and the Equator Principles Association.

137. This sharing of experiences feeds into Adherents' considerations of ways to enhance and improve their procedures for addressing the potential environmental and social impacts of projects. In addition, Adherents regularly consult with exporters, financial institutions and other domestic stakeholders concerning the implementation of the Recommendation.

138. In terms of resources, of the 24 Adherents that have provided support for exports destined to projects classified as Category A or Category B, only Portugal does not have a dedicated Practitioner. The other Adherents' ECAs have teams ranging from one Practitioners to ten Practitioners. In this context, Adherents are increasingly looking to engage Practitioners with specialised knowledge, for example with regard to social issues, human rights or biodiversity issues.

VIII. REPORTING AND MONITORING OF THE RECOMMENDATION

44. *Adherents shall report to the ECG ex post on an on-going basis or at a minimum semi-annually, in accordance with Annex III of this Recommendation, all projects classified in Category A and Category B for which a final commitment has been issued. Where more than one Adherent is involved in a project, Adherents should, where possible, seek to exchange information with a view to providing consistent reports to the ECG.*

139. All Adherents report to the ECG, *via* the Secretariat, projects classified in Category A and Category B for which a final commitment has been issued. Some Adherents report on an on-going basis after each commitment; other Adherents provide collated reports on a

quarterly or semi-annual basis. Those Adherents which do not support any exports to projects classified in Category A or Category B usually provide confirmation on an annual basis.

140. Where more than one Adherent is involved in a project, differences have occurred in the reporting to the ECG. Between 2017 and 2021, the following differences have been identified:

- Classification: four projects were classified as both Category A and as Category B by the various Adherents involved:
 - ALBA Line 6 Expansion, Power Station 5 in Bahrain (Category A: Canada, Denmark, Japan, Netherlands, Switzerland; Category B: France);
 - JSW Steel Hot Strip Mill Dolvi Complex in India (Category A: Germany, Japan; Category B: Italy);
 - the Santo Domingo Metro line 2B in Dominican Republic (Category A: Spain; Category B: France); and
 - the Vysotsk LNG in the Russian Federation (Category A: Germany; Category B: France).
- Project type: eight Category A projects were reported both as “*new commercial, industrial or infrastructure undertakings*” and as “*existing undertakings undergoing material change in output or function that might result in changes to impacts*” by the various Adherents involved.
- Meeting international standards: 14 Category A projects and three Category B projects were reported as both “*meeting or designed to meet international standards from the outset*” and “*not meeting international standard but was expected to within a reasonable period of time*”; and one Category A project was reported as “*meeting or designed to meet international standards from the outset*”, “*not meeting international standard but was expected to within a reasonable period of time*” and “*not expected to meet international standards*”.

141. Some of these differences have been discussed at Practitioners’ events during exchanges of experiences with a view to promoting a level playing field in the application of the Recommendation.

VIII. REPORTING AND MONITORING OF THE RECOMMENDATION

45. *Adherents shall continue to build a body of experience on the application of this Recommendation through regular reporting and exchanges of information, with the aim of improving common practices, developing guidance, and promoting a level playing field. To facilitate this work, Adherents shall:*

- *Examine and discuss the projects classified in Category A and Category B, and reported in accordance with paragraph 44 of this Recommendation.*
- *Report on and share experiences of using international standards for benchmarking purposes, in particular the use of margins of tolerance contained within such standards and the application of the IFC Performance Standards beyond project finance transactions.*
- *Share approaches to and experience of, inter alia, undertaking due diligence with regard to supply chains, assessing risks associated with existing operations, applying conditions for support and monitoring project implementation, and addressing environmental and/or social issues related to small transactions and those involving small- and medium-sized enterprises (SMEs).*

- *Engage with Equator Principles Financial Institutions, Major Multilateral Financial Institutions, ECAs from non-OECD countries and other relevant financial institutions with a view to sharing experiences and promoting common procedures and processes for undertaking due diligence and applying international standards.*
- *Exchange information on any additional measures that Adherents may have adopted for undertaking due diligence, consistent with the overall objectives of this Recommendation, and on any other issues or developments within the field of environmental and social reviews or assessments of projects or existing operations.*

142. Since the revision of the Recommendation in 2016, Adherents have continued to build a body of experience on its application. This work has been undertaken principally by their Practitioners, who have met on 15 occasions since 2016. At these meetings, the Practitioners have exchanged information on their own experiences of applying the Recommendation and the various international standards referred to therein, with the aim of improving common practices, developing guidance, and promoting a level playing field. These discussions have been informed by written submissions, case study presentations and information from invited experts.

143. As a result of their discussions, in order to improve common practices and to promote a level playing field, the Practitioners have been considering various issues that might result in the need for a revision and update to some elements of the Recommendation, including:

- Amendments to the definitions of “project”, “existing operations” and “associated facilities”.
- Addition of a definition for the term “identified location”.
- Expansion of the definition of “sensitive areas”.
- Amendments to the illustrative list of Category A projects, at Annex I of the Recommendation.

144. In addition, the Practitioners have developed a series of Guidance Notes to assist implementation of the Recommendation and help assure a level-playing field between ECAs. The following documents are publicly-available on the OECD website:

- Guidance Note on Good Practice in the use of Consultants by Export Credit Agencies [[TAD/ECG\(2016\)9/FINAL](#)], which provides a compilation of good practices in the use of environmental and social consultancy services by ECAs; and
- Good Practice Note for Environmental and Social Agents [[TAD/ECG\(2021\)3](#)], which provides an overview of good practice for banks, ECAs or other entities acting in the role of Environmental and Social Agents on behalf of a Lenders’ Group involved in a transaction. On 28 May 2021, the Equator Principles Association (EPA) endorsed the ECG Practitioners’ Good Practice Note for Environmental and Social Agents.

145. The Practitioners have also developed a Guidance Note on environmental and social conditions in finance documents; however, this document contains information that is confidential for commercial reasons and has not been made publicly available on the OECD website.

146. One of the key resources for the Practitioners are case studies, which provide details of the environmental and social reviews undertaken for projects, and the Category A and Category B project reporting, provided in accordance with paragraph 44 of the Recommendation.

147. With regard to international standards, the Practitioners have identified that, over time, the IFC Performance Standards are increasingly being applied, even for projects that are not structured on a limited or non-recourse project finance basis. Between 2017 and 2021:

- 129 projects were benchmarked against the IFC Performance Standards; 39 of these projects were project finance transactions, *i.e.* the remaining 90 Category A projects (69%) benchmarked against the IFC Performance Standards were not limited or non-recourse project finance transactions
- 224 projects were benchmarked against the IFC Performance Standards; 38 of these projects were project finance transactions, *i.e.* the remaining 186 Category B projects (83%) benchmarked against the IFC Performance Standards were not limited or non-recourse project finance transactions

148. As a result, the Practitioners have recommended to the ECG that the IFC Performance Standards should become the default benchmark standards in the Recommendation.

149. The Practitioners have also considered the margins of tolerance within the international standards applied to projects, in particular where such margins are used to enable ECAs to support projects that would not otherwise meet international standards even with the implementation of an Environmental and Social Action or Management Plan. The following transactions are provided as examples:

Projects reported as applying margins of tolerance in the application of international standards for 2017-2021

Name of the project & country		Reporting Adherent	Explanation provided
<i>Category A projects</i>			
<i>2020</i>			
	KPC Multi-tied Credit Line (Kuwait)	Italy	At the time of SACE's involvement the projects were at an advanced stage of implementation (<i>e.g.</i> the Refinery was more than 90% completed); the related Environmental Impact Studies had been developed and implemented in compliance with Kuwaiti requirements but not with IFC international standards, presenting various gaps between project design/management and such standards. All of the four projects were expected to meet international standards within a reasonable period of time: outstanding actions are described in the agreed ESAPs and refer to milestones of the project (construction and operation phase). Nevertheless, the Al Azour refinery will not be able to reach continuous compliance with the IFC standards regarding the air emissions for SO _x , NO _x and PM ₁₀ . Emitting standards will be met when the refinery's units are fuelled with natural gas while will be not met when the refinery is fuelled with crude oil (most of the time). Some mitigation and compensation measures have been agreed and need to be carefully monitored.
<i>Category B projects</i>			
<i>2017</i>			
	APPM (Russia)	Finland	The use of water by the board making machine exceeds the IFC guideline of 0-20 m ³ /t being 24,2 m ³ /t. However, the replacement helps the company to reduce its prior use of water which was 27,5 m ³ /t.

Name of the project & country	Reporting Adherent	Explanation provided
Central Termica Parque Pilar (Argentina)	Finland	The power plant has dual fuel engines which are able to use HFO and gas as fuel. When HFO is used, the particle emissions exceed the IFC limit value by 50%. Noise level at the nearest sensitive receptor is 61 dBA which clearly exceeds the IFC limit value 55 dBA (day) and 45 dBA (night). The deviations from IFC level meet the local legislation. Although the buyer made requested improvements to the sound proofing and promised to use as much gas fuel as possible, the buyer did not want to try to meet the IFC limits because those would have required significant additional investments. The buyer has promised to consider additional measures for soundproofing. Argentina has been 10 to 15 years outside of the international capital markets having had the only open capital channel in practice from China. The need for additional capacity in power sector has been substantial. This power plant was part of an emergency power bidding process.

150. During their meetings, the Practitioners have extensively discussed, with the aid of case studies, issues including:

- supply chains, including in relation to critical minerals;
- assessing risks associated with existing operations, with the aid of presentations concerning the existing operation reports provided by certain Adherents;
- applying conditions for support and monitoring project implementation during both the construction and operation phases; and
- addressing environmental and/or social issues related to small transactions and those involving small- and medium-sized enterprises (SMEs)

151. With regard to small transactions, for the period 2017 to 2021, Adherents provided support to four Category A projects and 28 Category B projects for which their share was below SDR 10 million. Of these, the Netherlands and Switzerland provided information, which shows two approaches to addressing the potential impacts of small transactions:

- For the Mironivsky Vinnitsa Poultry Farm Hatchery Extension project in the Ukraine (2017), the Netherlands was able to obtain sufficient information for its due diligence, as it already had a good, established relationship with the buyer.
- In contrast, for the Rumailah Combined Cycle Gas Fired Power Plant in Iraq (2017), Switzerland reported that, as its supported export was only worth around 1-2% of the total project value, it had not been possible to leverage access to information in order to develop an ESIA to international standards and that, as a result, to the extent possible, gaps had had to be covered by special reports.

152. In addition, four Adherents provided additional information on their experiences with addressing potential E&S issues for transactions involving SMEs:

Experience addressing E&S issues involving SMEs for 2017-2021

Name of the project & country		Reporting Adherent	Information provided
Category B			
2018			
	Multicommerce Dairy Farm - A (Egypt) [FI report ³]	Netherlands	This transaction involves a smaller enterprise, which had only rudimentary systems in place but which was willing to learn and improve. Technical Assistance is a means to build the capacity of the buyer on E&S matters, to increase its environmental and social management systems and to raise awareness on the importance of animal welfare in dairy operations.
2019			
	Bohuslav Energy (Ukraine)	Norway	The company is not a large company, but well experienced with lender requirements and operating in emerging markets.
	Multicommerce Dairy Farm – B (Egypt) [FI report]	Netherlands	This transaction involves a smaller business family, which had only rudimentary systems in place and had to learn-on-the-job. This learning was facilitated and systems improved, by sending an external dairy consultant (two visits and coaching in between), who was paid by the Dutch Good Growth Fund. Main focus was to create good animal husbandry systems, thereby ensuring animal welfare and a healthy business
	Rural Bridges Project Phase III (Sri Lanka)	Netherlands	Initially, this medium-sized enterprise had no coherent ESMS for their operations but had several policies, not all of consistent quality, and no coherence to safeguard international quality of implementation of all works on 230 bridges throughout the country. A consultant was hired to prepare an overall ESMS, incorporating the existing policies and procedures, and sensitising the enterprise regarding the value of a good management system in order to implement works compliant with international standards.
2020			
	Merit Functional Foods' Flex Production Plant (Canada)	Canada	Raised awareness with project sponsor on the need for grievance mechanism
2021			
	Aziza Poultry Hatchery (Libya)	Netherlands	Independent consultant will support buyer in setting up the right management plans, which resulted in more awareness by the buyer in the environmental and social risks that are related to the project and how to manage them.

153. As previously noted, the Equator Principles is a risk management framework for addressing environmental and social risks, which was developed in 2003 and which also reference the IFC Performance Standards. The Equator Principles has been revised several times; the latest iteration, EP4 came into effect on 1 October 2020.

154. The ECAs of several Adherents are also members of the Equator Principles Association: Export Finance Australia (Australia), EDC (Canada), EIFO (Denmark), Eksfin (Norway), SEK (Sweden), UK Export Finance (United Kingdom) and EXIM Bank (United States). Other members of the Equator Principles Association include commercial banks and development institutions from many Adherent countries.

155. As a result, there are regular exchanges and meetings between practitioners, experts from Equator Principles Financial Institutions (EPFIs) and specialists from the IFC, including at events hosted by both the Equator Principles Association (annual meetings) and the IFC (annual Community of Learning events).

156. In addition, since 2015, the Secretariat has organised an annual two-day workshop for practitioners from financial institutions at the OECD. This event is open to practitioners

³ An “FI report” concerns a transactions falling outside the scope of the Recommendation that was reviewed by the Adherent concerned in accordance with the Recommendation and reported “For Information” to assist in the building of a body of experience.

from any type of financial institution: ECA, EPFI, other commercial banks, DFIs, and Multilateral Financial Institutions. Recently, specialists from pension funds and investment firms have also started attending. As such, it has become a key forum for exchanges between practitioners: in 2023, the workshop attracted over 160 practitioners attendees.

157. These workshops are an opportunity for practitioners from a variety of financial institutions to meet, share experiences and explore EHS issues with a view to improving due diligence and monitoring techniques, promoting globally-consistent approaches to address EHS impacts, and developing opportunities for enhancing co-operation. The event is built around a series of plenary and break-out sessions for discussions on current and emerging issues, informed by experts from relevant institutions (such as the IFC and World Bank), academics and consultants.

158. To inform work on the body of experience, the Practitioners have been considering how some international developments and emerging industry practice might need to be taken into account in any future revision of the Recommendation. In this context, they have been examining the current international standards and emerging best practices by other financial institutions associated with: biodiversity and natural capital; climate change; human rights; and a risk-based approach.

159. The outcomes of this work were presented to the ECG at its 159th Meeting in March 2023 and 160th Meeting in May 2023. These findings are now being discussed by Adherents and will help inform discussions concerning a future revision of the Recommendation.

160. Last, the Practitioners have exchanged information, with presentations at their meetings, on additional measures that have been adopted for undertaking due diligence, consistent with the overall objectives of this Recommendation. One of the themes the Practitioners have focussed on has been the assessment of transactions falling outside the scope of the Recommendation; for example, short-term transactions, investment insurance and working capital support. In this context, a number of Adherents have adopted a risk-based approach covering all their applications for support, with the aim of keeping a watchful eye on possible potential impacts of the transactions that are not subject to a full due diligence in accordance with the Common Approaches. This issue is currently being discussed by the ECG and may result in a need to revise and update some elements of the Recommendation.

VIII. REPORTING AND MONITORING OF THE RECOMMENDATION

46. *To facilitate the building of the body of experience and to give further consideration to climate change issues, Adherents shall:*

- *Report the estimated annual greenhouse gas emissions from all fossil-fuel power plant projects.*
- *Also report the estimated annual greenhouse gas emissions from other projects, where such emissions are projected to be in excess of 25 000 tonnes CO₂-equivalent annually and where the applicant or project sponsor has provided the Adherents with the necessary information, e.g. via an ESIA report.*

In this context, where relevant and feasible, Adherents shall try to obtain and to report the estimated annual direct and indirect greenhouse gas emissions (Scope I and Scope II respectively⁵) in CO₂-equivalent and/or the estimated annual direct greenhouse gas emissions (Scope I) by carbon intensity (e.g. in g/kWh) for the six greenhouse gases⁶ to be generated during the operations phase of the project⁷ as provided during the environmental and social review.

⁵ Direct emissions of GHGs from the project and arising from within the physical boundary of the project, including Associated Facilities, where present, are referred to as Scope I emissions, while those emissions associated with offsite production of energy used by the project are referred to as Scope II emissions.

⁶ Carbon dioxide (CO₂); methane (CH₄); nitrous oxide (N₂O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulfur hexafluoride (SF₆).

⁷ When supporting expansions to existing undertakings, Adherents should try to obtain and to report the estimated greenhouse gases attributable to the expansion rather than to the existing undertaking.

161. Between 2017 and 2021, Adherents reported 22 Category A projects and 20 Category B projects involved in energy generation *via* coal, gas or oil. Of these, information concerning the estimated GHG emissions was provided, in accordance with paragraph 46 of the Recommendation, for 19 Category A projects and 15 Category B, *i.e.* information was not provided for three Category A projects and five Category B projects in the Energy Generation & Supply sector (fossil-fuel power plant projects).

162. In addition, information concerning the estimated GHG emissions was provided for:

- Three Category A projects in the Agriculture sector;
- Five Category B projects in the Construction sector;
- Four Category A and three Category B projects in the Energy Generation & Supply sector (non-fossil fuel projects);
- One Category B project in the Fishing sector (Aquaculture);
- 23 Category A projects and 16 Category B projects in the Industry sector, which involved energy manufacturing (biogases, LNG and petroleum) or the installation/replacement of power plants for industrial processes;
- Nine Category A projects and three Category B projects in the Mineral Resources & Mining sector, which are related to coal, precious materials or oil & gas field developments;
- Five Category A projects in the Transport & Storage sector, which related to infrastructure; and
- One Category A project in the Water supply and Sanitation sector, which related to large systems powered by fossil fuels.

163. Details of the actual greenhouse gases may be found in the Secretariat's review of Category A and Category B project reports for 2017-2021, which is publicly available on the OECD website. The Secretariat found during its review of the GHG reports that the information provided for multi-sourced projects was not always identical in terms of the range of GHG included (CO₂ only or the six principal GHGs) or of the scope of emissions (Scope 1, Scopes 1&2 or Scopes 1-3). This is principally because the emissions data is provided by third parties, *i.e.* the project sponsors or their consultants *via* the project Environmental and Social Impact Assessment report.

164. In addition, Adherents and the Practitioners continue to review the potential practical impacts of other climate-related standards and initiatives, including:

- The Green House Gas (GHG) Protocol⁴, which is the most widely used standard for GHG emissions accounting;

⁴ <https://ghgprotocol.org/>.

- The Poseidon Principles⁵, which is a global framework for assessing and disclosing the alignment of financial institutions' shipping portfolios with the Paris Agreement;
- EBRD's newly-developed methodology⁶ for determining Paris Agreement alignment of directly financed EBRD investments;
- The climate change provisions of EP 4, which include requirements for Climate Change Risk Assessments, including, where appropriate, consideration of material Transition Risks and material Physical Risks;
- The technical criteria being developed to assess projects' positive contribution to climate change from the European Union (EU) Taxonomy; and
- The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)⁷.

165. In light of these international initiatives, a number of Adherents have already committed to aligning all their domestic policies and governmental activities with the concept and target of 'Net Zero' GHG emissions (by 2050). In addition, ten Adherents (Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Spain, Sweden and the United Kingdom) are involved in the Export Finance for Future (E3F) coalition to "harness public export finance as a key driver in the fight against climate change".

166. In this context, the ECG undertakes an annual survey of Adherents' climate-related and sustainability-related policies and practices. The latest review of Adherents' responses, which is publicly-available on the OECD website [[TAD/ECG\(2023\)2/FINAL](#)], shows that a majority of ECAs have been given mandates to consider climate change issues in their work. For example, a majority of ECAs either have developed (or are considering developing) specific climate change statements, some of which reference (or will reference) the Paris Agreement, and a third of ECAs have adopted (or are considering adopting) the TCFD recommendations.

167. In parallel, in September 2021, the Participants to the Arrangement on Officially Supported Export Credits agreed to end support for unabated coal-fired power plants and, in July 2023, a new Arrangement came into force, which provided longer repayment terms and greater financial structuring flexibility for a broad range of climate-friendly transactions.

168. In light of these developments, the Adherents are currently considering whether the climate change provisions of the Recommendation might need to be revised and updated in a future iteration.

VIII. REPORTING AND MONITORING OF THE RECOMMENDATION

47. Adherents shall give further consideration to issues relating to support for thermal power plants and nuclear power plants, particularly the use of international standards and relevant sources of international guidance. This work should be based on:

- Reporting of any specific actions taken to avoid, minimise and/or offset CO₂ emissions, pursuant to the recommendations outlined in the EHS Guidelines for Thermal Power Plants, for all high carbon intensity fossil fuel power projects exceeding 700g/kWh, taking into account, where appropriate, the context of the low carbon growth framework of

⁵ <https://www.poseidonprinciples.org/finance/about/>.

⁶ EBRD Guidance Note, June 2021. Available at: <https://www.ebrd.com/ebrd-activities-paris-alignment>.

⁷ <https://www.fsb-tcf.org/>.

the country where the project is located, the use of best appropriate technology to reduce carbon emissions, and other recommended actions.

- *Sharing of experience gained by exporting countries in respect of handling the specific challenges of addressing the potential impacts of nuclear power plants and other nuclear facilities, with a view to sharing practices on these issues. This work should also take into account relevant international conventions and guidelines, such as those adopted or recommended by the IAEA, and that are to be applied to all projects related to the production of nuclear power and to other nuclear facilities.*

169. As noted above, between 2017 and 2021, Adherents provided support for exports to 22 Category A projects and 20 Category B projects involved in energy generation *via* coal, gas or oil. Of these, only one project was not expected to meet international standards: the Rumailah Combined Cycle Gas Fired Power Plant in Iraq (2017), which was reported by Switzerland (the explanation is provided in a previous section of this Report).

170. In addition, Adherents provided additional information about the use of best appropriate technology and other actions to avoid, minimise and/or offset GHG emissions for 15 projects. For example, Italy provided details of the measures put in place to mitigate GHG emissions from the Sumbagut 2 Peaker Power Plant in Indonesia (2017), by implementing heat rate improvements, such as:

- Adopt training for O&M staff on heat rate improvements;
- Perform on-site appraisals to identify areas for improved heat rate performance;
- Install neural network software for combustion/optimization with monitoring system for heat rate optimisation;
- Repair steam and water leaks - replace leaking valves and steam traps;
- Replace/repair worn air heater seals;
- Manage feed water quality;
- Install and operate condenser tube cleaning system;
- Clean air preheater coils to restore performance;
- Reduce activation of attemperator which compensates for over-firing the unit; and
- Implement the energy efficiency procedure such as policy to reduce fuel used.

171. These reports and the information provided therein have been considered by the Practitioners and help inform work on improving common practices and promoting a level playing field.

172. In contrast, between 2017 and 2019, Adherents provided support for only one nuclear power plant: the Mochovce Nuclear Power Plant - 3rd and 4th Reactor Blocks in the Slovak Republic (2018), which was reported by Czechia. The project was reported as being benchmarked against the World Bank's Environmental and Social Standards, the Environmental, Health and Safety Guidelines EHS for Thermal Power, and relevant International Atomic Energy Agency (IAEA) standards; the project was designed to meet international standards from the outset. In the absence of comparable projects, the issue of support for nuclear power plants and other nuclear facilities has not been considered in detail by Adherents or their Practitioners.

VIII. REPORTING AND MONITORING OF THE RECOMMENDATION

48. Adherents shall give further consideration to the issue of human rights, with the aim of reviewing how project-related human rights impacts are being addressed and/or might be further addressed in relation to the provision of officially supported export credits. To facilitate this work, Adherents shall:

- Share approaches to and experience of, *inter alia*, screening and assessing applications for potential severe project-related human rights impacts, reviewing projects where there is a high likelihood of such impacts occurring, and applying relevant due diligence tools and international standards.
- Consider further issues relating to policy coherence with the OECD Guidelines for Multinational Enterprises and with the 'Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework'.

173. Between 2017 and 2019, Adherents reported that, out of 150 Category A projects and 337 Category B projects supported, they had identified 19 transactions where there might be a high likelihood of severe project-related human rights impacts occurring: 14 of these transactions were subsequently classified as Category A projects and five transactions as Category B projects.

174. In addition, a number of Adherents have also reported some experience in respect of screening applications for potential severe project-related human rights impacts:

Experience in respect of screening applications for potential severe project-related human rights impacts for 2017-2021

Name of the project & country	Reporting Adherent	Experience with HR screening
Category A projects		
2017		
ALBA Line 6 Expansion, Power Station 5 (Bahrain)	Canada	EDC requested additional assessment on potential and/or actual impacts to communities leaving nearby workers camp sites to determine the likelihood of the impacts.
2019		
Dangote Refinery (Nigeria)	Italy	The Lekki Free Zone is a new developed industrial area within a Master Plan that involves the development of - among others - new residential areas; host communities, governed by traditional rulers, are also in the project's area of influence. Since the screening phase, security was deemed a project-related HR issue; the sponsor had already, at the time of the screening, arrangements in place to avoid jeopardizing community's safety and security.
2020		
ChangFang and Xidao OffShore Wind Farm (Chinese Taipei)	Norway	The possible impact on the migrant workers and "non-owners" of fishing vessels had not been considered. It is important to look at the value chain of the impacted groups to evaluate if there are a wider circle of potentially impacted individuals.
Category B projects		
2017		
Borregaard – Lignotech (United States)	Norway	We had a meeting with the EPC contractor. The use of undocumented immigrants is common for construction projects in this area, and these workers had no insurance or contracts. We ensured that the EPC contractor had clauses in the contracts with the suppliers that all workers were to have contracts and insurance on site.

Name of the project & country		Reporting Adherent	Experience with HR screening
	Cranes to Jubail Harbour (Saudi Arabia)	Finland	Countries in which human rights violations are more frequent require more investigation.
2019			
	Early Power Ltd. Bridge Power (Ghana)	Hungary	Some of the project affected people had to be resettled due to the route of a pipeline. The conditions and technical details of the resettlement were set out in the resettlement action plan.
	Vobkent Tola Klaster Textile (Uzbekistan)	Germany	The textile sector in the country is still frequently criticised and associated with child labour in the cotton harvest. However, state control mechanisms have been significantly improved in recent years in cooperation with the ILO. A connection between the project and potential child labour could not be established.
2021			
	Summa - Cotonou Conference Center (Benin)	Denmark	Risks for breach of Human Rights related to operating a casino. Sofitel must include the risk of human trafficking and risks for breach of Human Right, related to operating a casino in their ESMP.

175. In accordance with paragraph 14 of the Recommendation, there are specific situations when project due diligence may need to be complemented by specific human rights due diligence, *i.e.* beyond any standard due diligence for potential human rights impacts undertaken in accordance with, for example, the IFC Performance Standards. As a result, Adherents are invited to report whether their project due diligence was complemented by specific human rights due diligence.

176. Between 2017 and 2021, 13 projects were reported as being subject to specific human rights due diligence or that a Human Rights Impact Assessment (HRIA) was reviewed during due diligence (Table 15 refers).

Projects subject to specific human rights due diligence for 2017-2021

Name of the project & country		Reporting Adherent	Explanation provided	HRIA reviewed
Category A				
2019				
	Alpaslan 2 Dam and Hydroelectric Power Plant (Türkiye)	Czechia	A Human Rights Impact Assessment (HRIA) was reviewed for the Alpaslan 2 Dam and Hydroelectric Power Plant.	Yes
	Shanying Huazhong Paper (China)	Finland	A group of people were resettled from near the project site. An IESC was assigned to conduct due diligence on this specific aspect.	
	Mozambique Offshore Area 1 Project (Mozambique)	Netherlands	Human rights due diligence was triggered by large scale physical and economical resettlement operation. No large differences in way of assessment of standard E&S review of other large projects. More in depth focus on HR.	Yes
		United Kingdom	Online sources suggested a lot of controversy surrounding the Project. Strikes by workers building the resettlement villages over pay cuts. There was a lawsuit over the resettlement associated with the Project; people claimed that public consultation had not been adequate, that communities were denied fair compensation for loss of land access, harassment of activists, etc. Human Rights Impact Assessment was undertaken in line with UNGPs with more detailed focus / analysis on human rights than a standard ESIA.	Yes

Name of the project & country		Reporting Adherent	Explanation provided	HRIA reviewed
2021				
	Greater Changhua 1 Offshore Wind Farm (Chinese Taipei)	Netherlands	Based on the identified human right risks during the E&S due diligence, the project has conducted a Human Rights Impact Assessment to further identify and mitigate these specific human rights risks.	Yes
	Kalyon Solar PV Plant (Türkiye)	United Kingdom	A stand-alone Human Rights Scoping Report was developed in line with requirements of EP4, <i>i.e.</i> to conduct a high-level scan of potential project-related human rights impacts. Furthermore, the due diligence considered risks of forced labour in the supply chain of polysilicon, given the high exposure to forced labour in this sector. The review of supply chain risks was more detailed than a typical due diligence and considered second-tier (and further) suppliers.	
	Sun Paper China (China)	Finland	The IESC was required especially to conduct due diligence on land acquisition and resettlement issues.	
Category B				
2018				
	Khantex Project (Uzbekistan)	Switzerland	Historically, the cotton production sector in Uzbekistan poses a high risk for child and forced labour. Since some years, child labour is no longer prevalent. Monitoring activities of ILO and NGOs however cannot exclude forced labour in the cotton production. Therefore for this project, a special assessment on IFC PS 2 (labour and working conditions) including monitoring activities for the first years of cotton production (mechanisation of the cotton harvest is already planned and the purchase of harvesting machines is part of the future project phases).	
2019				
	Jizzah Kenteks (Uzbekistan)	Switzerland	Historically, the cotton production sector in Uzbekistan poses a high risk for child and forced labour. Since some years, child labour is no longer prevalent. Monitoring activities of ILO and NGOs however cannot exclude forced labour in the cotton production, however ILO expect this problem to be solved in the nearer future. This was the main reason for categorisation of this rather small project and the completion with a review of HR-aspects.	
	Kokcha (Uzbekistan)	Switzerland	Historically, the cotton production sector in Uzbekistan poses a high risk for child and forced labour. Since some years, child labour is no longer prevalent. Monitoring activities of ILO and NGOs however cannot exclude forced labour in the cotton production, however ILO expect this problem to be solved in the nearer future. Therefore for this project, monitoring of labour and working conditions was one of the principal ESAP items.	
	Liansheng Paper industry (China)	Finland	A group of people were resettled from near the project site. An IESC was assigned to conduct due diligence on this specific aspect.	
2020				
	Timah Tin Smelter Upgrade (Indonesia)	Finland	Project's supply chain (<i>i.e.</i> Mines and seabed dredging) had severe human rights impacts related to OHS, contractors' control, vulnerable groups etc.	
2021				
	Guararapes Paineis MDF Plant (Brazil)	Belgium		Yes
	Summa - Cotonou Conference Center (Benin)	Denmark	The finance must comply with EP4. EKF did the Human Rights Due Diligence internally	Yes

177. In addition, Czechia reported that, as part of its due diligence, a Human Rights Impact Assessment (HRIA) was reviewed for the Alpaslan 2 Dam and Hydroelectric Power Plant in Türkiye.

178. All of these projects were reported as meeting international standards.

179. Last, Adherents and the Practitioners continue to review the potential practical implications of other human rights developments, in particular the continuing need for financial institutions to address various pillars of the UN Guiding Principles on Business and Human Rights (UNGPs).

180. ECAs are specifically mentioned in Pillar I of the UNGPs: “*States should take additional steps to protect against human rights abuses by business enterprises that are owned or controlled by the State, or that receive substantial support and services from State agencies such as export credit agencies and official investment insurance or guarantee agencies, including, where appropriate, by requiring human rights due diligence.*” In addition, Pillar II sets out some fundamental and operational principles for business enterprises to respect human rights. As a result, both the previous and current versions of the Recommendation have contained references to the UNGPs and, specifically, to Adherents’ commitments to protect human rights and fundamental freedoms and to business enterprises’ responsibility to respect human rights.

181. Two areas of the UNGPs that might need to be considered in a future revision of the Recommendation are: first, the role of ECAs when adverse human rights impacts occur; and, second, the extent to which ECAs should be involved in remediation and grievance mechanisms. Under the UNGPs:

- Enterprises that cause an adverse human rights impact should take the necessary steps to cease or prevent the impact;
- Enterprises that contribute to an adverse human rights impact should take the necessary steps to cease or prevent their contribution and use their leverage to mitigate any remaining impact to the greatest extent possible; and
- Enterprises that are involved with an adverse human rights impact because that impact is directly linked to their operations, products or services by a business relationship should look to use, or to increase, their leverage to prevent or mitigate the adverse impact.

182. In addition, the UNGPs require that: “*business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted*” and that “*Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.*”

183. Given the structure of export credit transactions and the resulting business relationships, ECAs are usually only linked to potential impacts due to the services they provide. As a result, the issues to be addressed are the extent of their role and, indeed, leverage, to prevent or mitigate any adverse impacts that occur and the role that they might subsequently play in grievance mechanisms and remediation efforts; however, increasingly, civil society organisations are looking to ECAs, as representatives of the state, to use their influence more aggressively to prevent or mitigate adverse impacts.

184. The other issue with regard to human rights, which has also arisen in discussions relating to the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (MNE Guidelines), is that of scope of application: unlike the Recommendation, neither the UNGPs nor the MNE Guidelines contain scopes of application. As a result,

Adherents and the Practitioners have been considering how some ECAs address the potential human rights impacts of applications not covered by the scope of the Recommendation, either through a watchful eye approach or *via* adoption of a wholistic risk-based approach, and whether such approaches might be appropriate for all Adherents to put in place.

185. In light of these developments, the Adherents are currently considering whether the human rights provisions of the Recommendation might need to be revised and updated in a future iteration.

VIII. REPORTING AND MONITORING OF THE RECOMMENDATION

49. *The OECD Secretariat shall monitor the implementation of this Recommendation through compilation of reporting by the Members and report annually to the ECG.*

186. The Secretariat reviews Adherents' reporting of Category A and Category B projects and provides reviews, which are examined by the ECG and the Practitioners prior to finalisation. Thereafter, versions for public dissemination are prepared, without information that is confidential for commercial reasons, such as the volumes of support for individual transactions. Once agreed by the ECG, these are made publicly available on the OECD website.

5. Dissemination

187. The instruction from Council asks that this Report include:

- *A progress report on efforts undertaken by Adherents to increase awareness and understanding of this Recommendation by non-Adherents, on the application of this Recommendation including the international standards referenced herein by non-Adherents, and on what amendments to this Recommendation and/or its implementation might help to promote a global level playing field for officially supported export credits."*

188. Since the revision of the Recommendation in 2016 and in accordance with the rules of the Organisation, relevant non-Adherents (Brazil, Bulgaria, the People's Republic of China, India, Indonesia, Kazakhstan, Malaysia, Nigeria, Peru, Romania, Singapore, South Africa and Ukraine) have been invited to attend meetings of both the ECG and its Practitioners in an effort to increase awareness and understanding of the Recommendation. Brazil, Bulgaria, Kazakhstan, Romania and, pre-2022, Ukraine have regularly participated in meetings, so they are aware of the Recommendation and have an understanding of how it is being implemented by Adherents.

189. In this context, Romania has provided a report of its support for an export to a Category A project: this report demonstrates that its ECA, Exim Banca Romaneasca S.A., acted in accordance with the provisions of the Recommendation despite not currently being an Adherent.

Romania's reported Category A project

Romania provided a full Category A report concerning an export to the Epsilon project in Greece, with a total volume of SDR 53.75 million. Its report contained information concerning its environmental and social review of the project and demonstrated that the Romania EXIM was addressing the potential impacts in a manner consistent with the Recommendation, including:

- *The project complied with host country standards and also met, or was designed to meet, international standards;*
- *During due diligence, an ESIA report was reviewed and the project's environmental and social performance was benchmarked against the standards for the European Bank for Reconstruction and Development (EBRD) standards (EBRD was involved in the transaction);*
- *Support was given without additional environmental and/or social conditions, but Exim Banca Romaneasca S.A. reported that it would undertake ex post monitoring of the project; and*
- *Project information and the environmental and social impact information was made publicly-available at least 30 days before the date of final commitment.*

190. Other non-Adherents, such as Brazil and Ukraine, have expressed interest in the work of both the ECG and the Practitioners, albeit that they have not shown any interest in formally adhering to the Recommendation. Other non-Adherents appear less interested in the work, partly because they have few projects that fall within its scope (*i.e.* export credits transactions with a repayment term of two years or more).

191. At the same time, the IFC Performance Standards, which are one of the international standards referenced in the Recommendation, are increasingly being viewed as the global standard for projects, with an increasing number of ECAs, EPFIs, development finance institutions (DFIs) and other financial institutions applying them. In this context, many Practitioners and the Secretariat regularly participate in external events, principally those of the IFC, to exchange information with Practitioners from other financial institutions and with representatives of non-OECD Members.

192. In addition, the OECD has now hosted the 9th annual workshop for practitioners from financial institutions. This event has grown since its inception in 2015 and this year's event, held in February 2023, was attended by over 160 practitioners. At this event, practitioners have been able to discuss, with the aid of presentations, case studies and invited experts, a very diverse range of issues relating to the environment (such as animal welfare, biodiversity, climate change, pollution abatement, sustainability issues and use of natural resources) and to social issues (such as gender-based violence and harassment, human rights, indigenous peoples, modern slavery, occupational health and safety, and resettlement and livelihood restoration). This event complements those run by the IFC by looking at issues beyond just the application of the IFC Performance Standards and helps maintain the OECD as the focus point for good governance discussions for financial institutions.

6. Summary and conclusions

Implementation

193. The majority of Adherents have put in place policies and procedures for addressing environmental and social issues in export credit transactions. Where Adherents have not put in place relevant policies and procedures, it is because they do not have export credits systems or do not provide official export credits support for the types of transactions falling within the scope of the Recommendation:

- Chile, Costa Rica and Iceland do not currently participate in the work of the ECG, as they do not have active export credits systems;
- Ireland, which is a member of the ECG, also does not have an active export credits system; and
- Colombia, Greece, Ireland, Israel, Latvia and Lithuania do not provide official export credits support for the types of transactions falling within the scope of the Recommendation.

194. The remaining Adherents have put in place policies and procedures in accordance with the provisions of the Recommendation; however:

- Mexico and New Zealand have not provided support for any transactions falling within the scope of the Recommendation; and
- Estonia, Luxembourg and Slovenia have not provided any officially supported export credits to transactions that have required classification under the Recommendation.

195. As a result, from an implementation perspective, only the ECAs from 24 Adherents have reported providing support for transactions classified as either Category A projects or Category B projects and have, therefore, any experience of applying the provisions of the Recommendation.

196. Between 2017 and 2021, these 24 Adherents supported exports with a volume of SDR 76.91 billion destined to 150 Category A projects and 337 Category B projects that were subject to an environmental and social review in accordance with the provisions of the Recommendation. This equates to 67% (by volume) of export credits support provided in accordance with the core business provisions of the *Arrangement on Officially Supported Export Credits* (i.e. excluding concessional credits and export credits for ships or aircraft) between 2017 and 2021. The Arrangement, which is maintained by the Participants to the Arrangement on Officially Supported Export Credits, provides a framework for the orderly use of officially supported export credits by fostering a level playing field in order to encourage competition among exporters based on quality and prices of goods and services exported rather than on the most favourable officially supported export credits. To this end, the Arrangement places limitations on the financing terms and conditions (repayment terms, minimum premium rate, minimum interest rates) to be applied when providing officially supported export credits. The Arrangement applies to all officially supported export credits with a repayment term of two years or more; it does not, however, apply to military equipment or to agricultural commodities. This is the same scope of application as the Recommendation.

197. Implementation of the Recommendation is generally uniform and consistent across Adherents, albeit that variations remain in certain practices. These are generally related to the range of products provided, the types of exports supported and the extent of ECAs' experiences of projects with potential adverse environmental and social impacts.

198. Adherents have reported that they have the necessary policies and practices in place to implement the Recommendation and have demonstrated their applicability through their reporting of transactions. The relevant provisions for screening, classification, environmental and social review, evaluation, decision and monitoring, exchange and disclosure of information, and reporting and monitoring of the Recommendation are all being followed.

199. Areas where practices differ and where further consideration might be merited relate to:

- Terminology and definitions used in the Recommendation on which there is not a clear common understanding. For example, the definitions of “project”, “existing operations” and “associated facilities” should be re-visited to ensure a level playing in the application of the Recommendation and to reflect changes in approaches to these terms by other financial institutions. The revision of some existing definitions and the development of some new definitions in light of practical experience may help in promoting a clearer common understanding in these areas. Further substantive revisions to the Recommendation might also be useful in this regard.
- Adherents’ approaches to applying the Recommendation to movable assets vary based on their interpretation of the term “identified location”: some Adherents systematically screen out all transactions involving movable assets, whereas other Adherents try to undertake an environmental and social due diligence when it is known that these assets will be located at or operating in a specific geographical area for a certain period of time. The development of new related definitions and the development of a guidance note for movable assets may help promote a better common understanding among Adherents.
- Some Adherents apply the Recommendation to transactions falling outside its scope or have implemented a risk-based approach to address the potential environmental and/or social impacts of such transactions. In this context, certain international initiatives, such as the United Nations Guiding Principles on Business and Human Rights, apply to all business activities. Adherents might therefore wish to consider whether the existing scope remains appropriate. At the same time, any expansion of the scope would have to be considered carefully, from a practical perspective and in light of the additional resources required.
- Some Adherents have already started going beyond the provisions of the Recommendation. For example, the ECAs that have adopted the Equator Principles now require Climate Change Risk Assessments for certain transactions. As a result, Adherents might wish to consider whether these international developments and emerging industry practices should be taken into account, with a view to strengthening certain provisions, for example in relation to biodiversity, climate change and human rights. These issues were highlighted in the Secretariat’s Issues Paper [[TAD/ECG\(2021\)2](#)] and have been the subject of intensive work by the Practitioners under the terms of reference provided in the Chair’s programme of work [[TAD/ECG\(2022\)7](#)]. The importance of adequately addressing biodiversity, climate change and human rights will be key to a substantive revision of the Recommendation.
- Adherents have noted that the illustrative list of Category A projects, at Annex I of the Recommendation, might need to be revised in light of experience and to reflect changes made by EBRD to its list. This illustrative list was originally sourced for the 2003 Recommendation from the revised EBRD Environmental Policy applicable as of 29 April 2003; however, it has been adapted by the ECG for each subsequent version of the Recommendation. In 2019, the EBRD Board of Directors approved a

new Environmental and Social Policy and related Performance Requirements, which came into effect for new projects from 1 January 2020 and which included a revised illustrative list of Category A projects. As a result, Annex I of the Recommendation might also need to be revised in light of changes made by the EBRD.

200. In addition, given the changes to the World Bank standards and the increasing use of the IFC Performance Standards beyond limited or non-recourse project finance projects, relevant proposals to revise the provisions relating to benchmarking projects against international standards will be submitted to the Council for adoption.

Dissemination

201. Since adoption of the Recommendation and in accordance with the rules of the Organisation, relevant non-Adherents (Brazil, Bulgaria, the People's Republic of China, India, Indonesia, Kazakhstan, Malaysia, Nigeria, Peru, Romania, Singapore, South Africa and Ukraine) have been invited to attend meetings of both the ECG and its Practitioners in an effort to increase awareness and understanding of the Recommendation.

202. Romania has provided a report of its support for an export to a Category A project in 2017, thereby demonstrating demonstrates that its ECA, Exim Banca Romaneasca S.A., has acted in accordance with the provisions of the Recommendation despite not currently being an Adherent.

203. Other non-Adherents, such as Brazil and Ukraine, have expressed interest in the work of both the ECG and the Practitioners, albeit that they have not shown any interest in formally adhering to the Recommendation. Other non-Adherents appear less interested in the work, partly because they have few projects that fall within its scope (*i.e.* export credits transactions with a repayment term of two years or more).

204. The IFC Performance Standards, which are one of the international standards referenced in the Recommendation, are increasingly being viewed as the global standard for projects, with an increasing number of ECAs, EPFIs, DFIs and other financial institutions applying them beyond limited or non-recourse project finance projects.

205. The OECD continues to host annual workshops for practitioners from financial institutions, where practitioners from a wide range of financial institutions are able to share experiences and discuss, with the aid of presentations, case studies and invited experts, a very diverse range of issues relating to environmental and social issues. This event complements those run by the IFC by looking at issues beyond just the application of the IFC Performance Standards, and helps maintain the OECD as the focus point for good governance discussions for financial institutions.

Continued relevance

206. Broadly speaking, the Recommendation has been adequately implemented by Adherents and remains relevant and useful for providers of officially supported export credits. The Secretariat's review of Adherents' Category A and Category B project reports for 2017-21 [[TAD/ECG\(2023\)3/FINAL](#)] shows that Members are generally following the provisions of the Recommendation, albeit that some exceptions remain, for example:

- Five out of 150 Category A projects were reviewed without an Environmental and Social Impact Assessment (ESIA) having been undertaken;
- All 150 Category A projects were benchmarked against international standards, principally those of the World Bank Group; however, six (out of 337) Category B projects were not benchmarked against internationally-recognised standards, with

Adherents instead applying a mix of exporting country standards and project country legislation;

- Two Category A projects and three Category B projects were reported as not meeting international standards at the time that due diligence was undertaken; and

207. Two Category A projects were reported as not having been subject to *ex ante* disclosure of project information and of environmental & social impact information at least 30 calendar days before final commitment.

208. At the same, it has become clear that the Recommendation requires revision in a number of areas.

209. First, the provisions relating to benchmarking projects against international standards require updating, given the changes to the World Bank standards and the increasing use of the IFC Performance Standards beyond limited or non-recourse project finance projects. These revisions may be implemented immediately, improving the relevance of the Recommendation directly.

210. Second, it has become clear that various substantive elements of the Recommendation may require revision based on international developments and changes to industry practices. The ECG has begun a substantive review of all elements of the Recommendation in light of these developments and it is proposed that it return to the Council with proposed revisions, based on this review and further informed by the contents of this Report, by 2024.

Next steps

211. With respect to revisions mentioned above to update references to international standards, a proposal will be submitted to the Council for adoption at the same time this Report is submitted to it to be noted and declassified. With respect to the remainder of the findings and conclusions in this Report, it is proposed that Adherents continue their efforts to implement and disseminate the Recommendation. It is further proposed that the ECG continue supporting the Adherents in their efforts to implement the Recommendation, and that the ECG return to the Council before the end of 2024 with a proposal to revise the Recommendation.