



Export  
Services



 Federal Ministry  
Finance

# Environmental and Social Assessment

under the Austrian Export Promotion  
System

International Relations, Analyses & Relations  
Valid as of December 2018

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## 1. General

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This paper describes the Environmental and Social Assessment Procedure as carried out within OeKB's Export Services activities, mainly by the Department International Relations & Analyses.

OeKB's Environmental and Social Assessment procedure is based on two pillars:

- the 2016 Review of the '[Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence \(The Common Approaches\)](#)' (TAD/ECG(2016)3), as adopted by the OECD Council in April 2016("Common Approaches")
- the OeKB "Watchful Eye Process", which follows the "Sustainability Policy for Officially Supported Export Credits" as issued by the [Austrian Ministry of Finance \(BMF\)](#).

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## 2. Objective

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The procedure should be a simple, clear and efficient process for reviewing the best available environmental and social information on a timely basis. The concise information given in this paper should enable exporters, sponsors and banks to better predict the type and amount of documentation and timeframe required for the assessment.

To facilitate the information exchange at an international level both with OECD and all other parties involved in the project (e.g. other ECAs, international consultants, host countries, civil society organisations) documentation will be in English as appropriate.

In order to avoid duplicate work with other parties, OeKB is ready to work together with other ECAs as well as IFIs (International Financial Institutions) and commercial banks (e.g. Equator Principles Financial Institutions [EPFIs]) and use common documentation and standards in the assessment as far as possible.

Positive environmental and social impacts will also be taken into account in the overall evaluation of the project.

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## 3. Scope

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### Type I procedure: Projects within the scope of the Common Approaches

In accordance with the OECD Common Approaches 2016, OeKB assesses environmental and social impacts for export credits for projects and project related capital goods and/or services, except exports of military equipment or agricultural commodities, with a repayment term of two years or more.

### Type II procedure: Projects outside the scope of the Common Approaches

In accordance with the Sustainability Policy for Officially Supported Export Credits of the Austrian Ministry of Finance, OeKB assesses aspects such as sustainable development, human rights, environmental and social issues for export insurance short term transactions (below 2 years), small transactions (below 10 million EUR) and investment insurance transactions in sensitive sectors and areas. This assessment procedure is referred to as 'Watchful Eye Process'.

For both, Type I and Type II assessment procedures, principally the same questionnaires on environmental and social project impacts apply and are to be used. Differences occur in the detail of information required by OeKB from the applicant:

- For projects falling under the OECD Common Approaches (Type I), applicants must provide information in accordance with the standards referred to in the OECD Common Approaches.
- For projects falling under the Watchful Eye Procedure (Type II), the extent and level of detail of required information can be more flexible and less comprehensive.

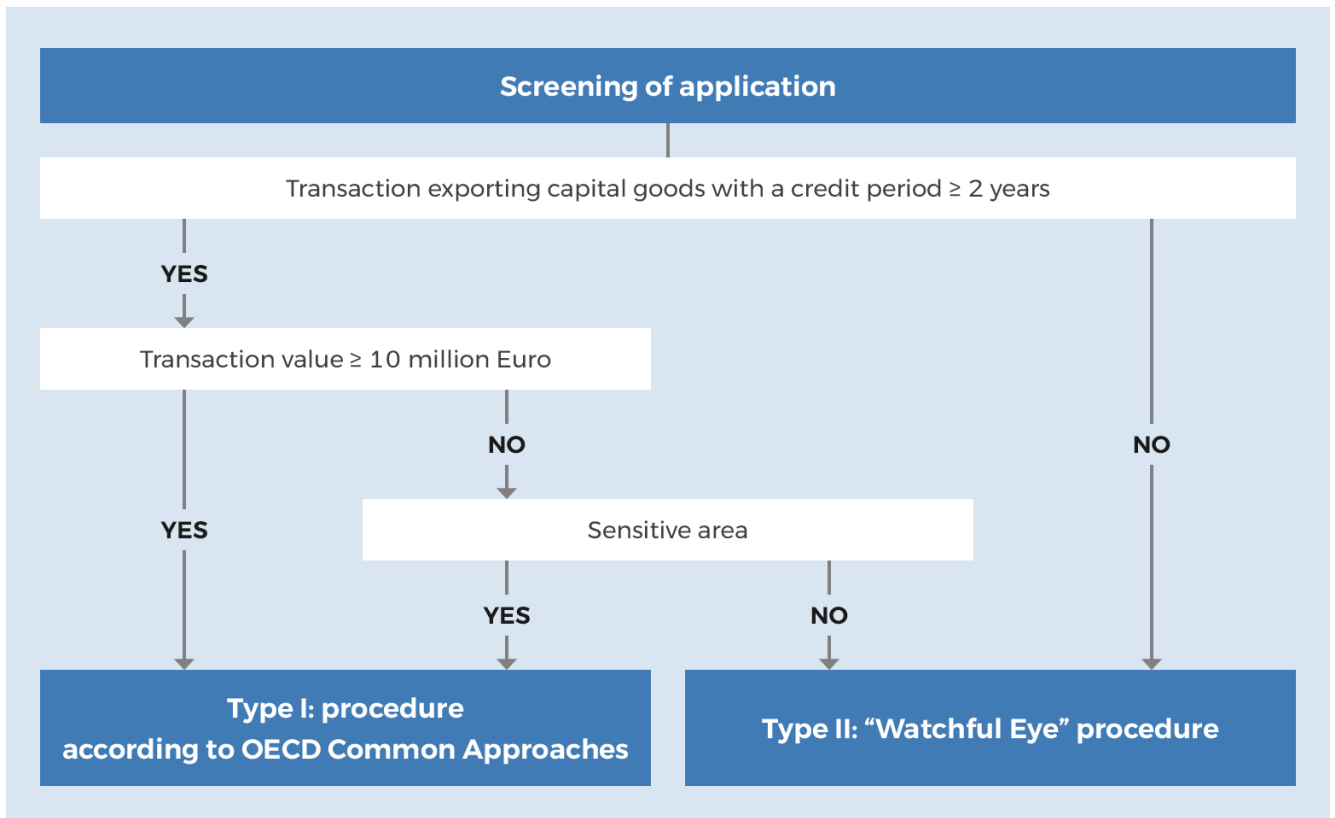
In addition to specific questionnaires for the sectors Thermal Power, Dams and Hydro Power, Pulp and Paper, and Iron and Steel Manufacturing, one questionnaire for all other sectors is available.

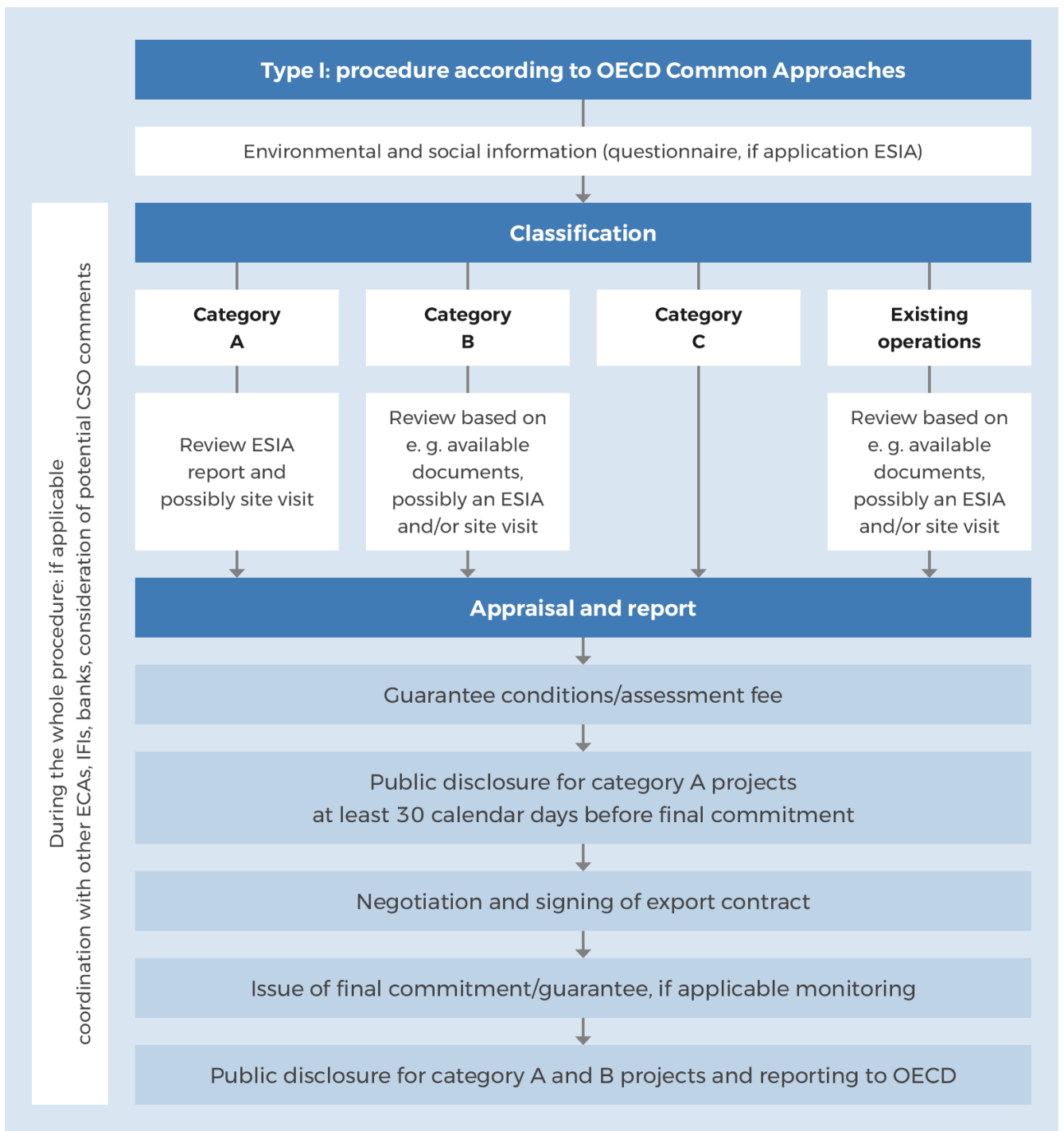
Projects involving tied-aid credits will be assessed separately and only to the extent necessary, as environmental and social issues are taken into account in line with the Helsinki-procedure by assessing the aid quality according to the [OECD Development Assistance Committee \(DAC\)'s Guidelines](#). These issues are dealt within the Sustainability Part of the Soft Loan Questionnaire.

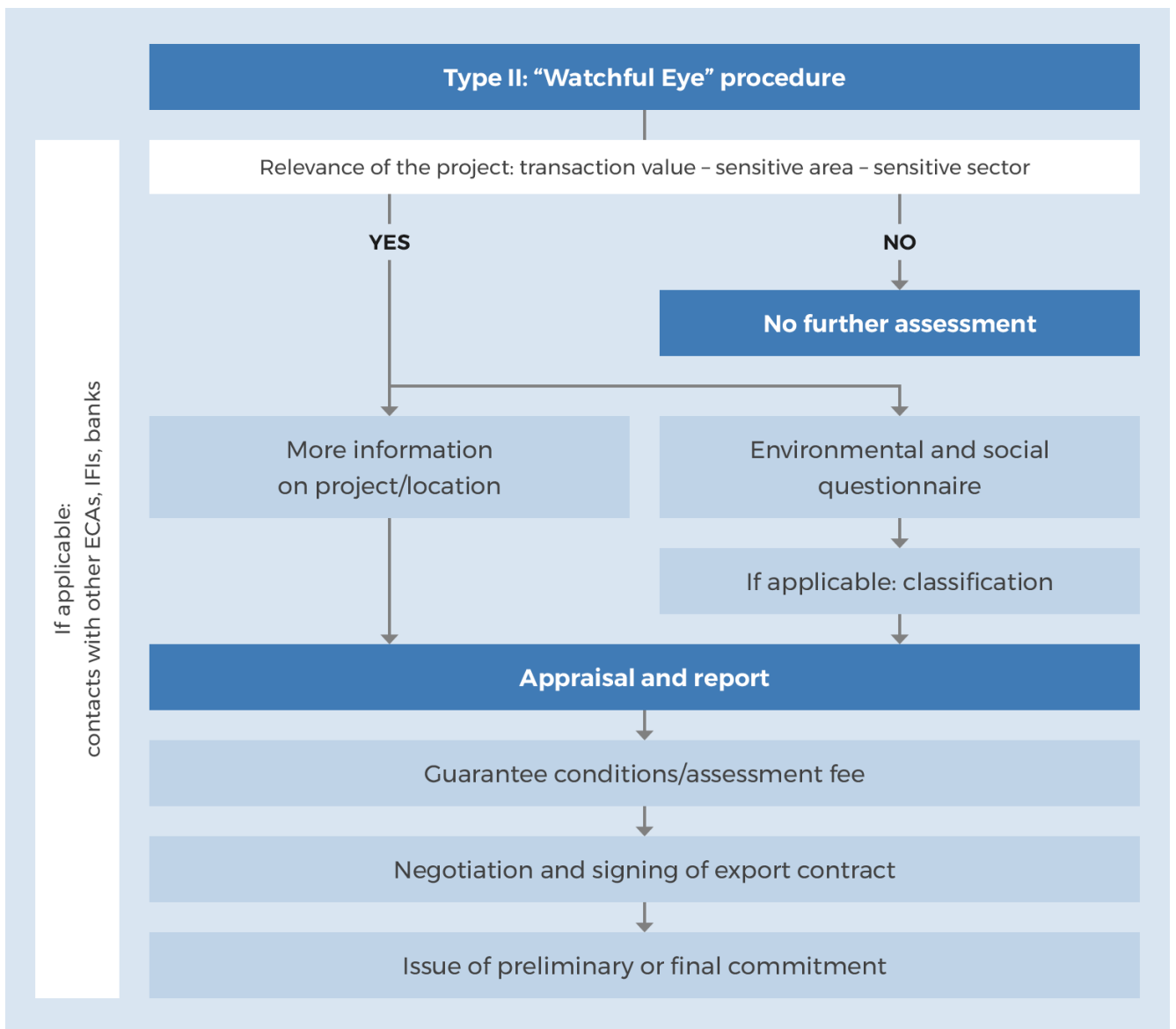


As a matter of principle OeKB scrutinises all applications for capital goods transactions with respect to obvious significant negative environmental and social impacts.

## 4. Environmental and Social Assessment Procedure







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## 5. Screening

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The purpose of screening is to identify environmentally and socially sensitive projects or projects located in or near sensitive areas which would require further review.

The decision on the kind of further review is based on the applicant's statement in the Guarantee-Application Form and other information received from the applicant.

On the application form for insuring and financing export activities applicants are required to state the exact location and type of sector to which the transaction belongs. The following guidance helps to facilitate answers:

1. Location – Is the project located in or near a sensitive area?  
Please describe the site: geography, topography, type of land (virgin, agricultural, industrial), give the exact coordinates according to international practice (degrees, minutes, seconds). Sensitive areas are typically national parks and other conservation areas of national or regional importance, such as wetlands and areas of archaeological significance, areas prone to erosion and/or desertification and areas of importance to ethnic groups. It is recommended to seek further, more detailed information on this subject. The following exemplary links might be consulted: [UN List of Protected Areas](#), [World Biosphere Reserves](#), [World Heritage Cultural Sites](#), [Ramsar Convention](#).
2. Sector - Does the project belong to a sensitive sector?  
Examples of sensitive sectors are provided in the Annex 1 - Illustrative List of Category A Projects and also in Annex I of the [Common Approaches](#).
3. Human Rights – Have there been any human rights abuses (e.g. child labor, forced labor, etc.) by the contractual partner according to the knowledge of the exporter or are any abuses to be expected within the frame of the applied project?

While the applicants' information given in the Guarantee Application Form gives a preliminary first indication on the classification of the transaction, OeKB finally classifies the project on the basis of the questionnaire..

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## 6. Environmental and Social Review

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The screening of projects (Chapter 5) is followed by the classification and assessment as described in this Chapter 6. It is applicable for the full Type I Procedure. While many aspects of it are also valid for the Type II Procedure, they are usually dealt with in a simplified, less detailed and shorter way depending on the sensitivity of the relevant project.



## 6.1 Classification

The purpose of classifying is to determine the appropriate type of review and the extent of the assessment.

OeKB checks the submitted questionnaire as well as any other submitted documents for completeness and contacts the exporter in case of incomplete data or if further information is necessary.

In general OeKB distinguishes between applications for new projects (e.g. greenfield) and applications for the modification or extension of existing operations, taking into account the expected changes in the latter.

All applications for exports of capital goods and services to

- projects in or near sensitive areas regardless of the transaction volume
- all projects with a transaction volume above 10 million EUR

are classified (definition of project see Annex 3 - Definitions). In the review process OeKB may consider operational links with associated operations.

These applications will be classified by OeKB as one of the three following categories:

<b>Category A)</b>	Projects with the potential to have significant adverse environmental and/or social impacts, which are diverse, irreversible and/or unprecedented (see Annex 1 - Illustrative List of Category A Projects)
<b>Category B)</b>	Projects with potential environmental and/or social negative impacts less adverse than those of Cat. A projects
<b>Category C)</b>	Projects with minimal or no adverse environmental and/or social impacts

The established category determines how to proceed further. In general, the more sensitive a project is the more detailed the assessment will be.

If the screening procedure determines that a project has no or minimal adverse environmental and/or social impacts (Cat. C), no further assessment is necessary.

Applications for exports of capital goods and services to identifiable existing operations that are undergoing no material change in output or function need not be classified as defined above. They may not be subject to the regular assessment requirements as defined in 6.2, but shall be reviewed for environmental and social risks before any final commitment to provide Official Support. OeKB will take into account the industry sector, location and other information available relating to environmental and social impacts.

Potential environmental impacts may include, but are not limited to, generation of significant air emissions, including greenhouse gas emissions, effluents, wastewater, waste, hazardous waste, noise and vibrations, significant use of natural resources and impacts on endangered species.

Potential social impacts may refer to, but are not limited to, labour and working conditions, occupational health and safety situations, community health, safety and security, land acquisition and cultural heritage.

Potential project-related human rights impacts may include, but are not limited to involuntary resettlement, forced labour, child labour and life-threatening, health and safety situation, right of property, indigenous groups, adequate living standard, labour and working conditions, discrimination, privacy, access to services such as drinking water, sanitation or electricity.



Complete and detailed data will significantly reduce processing time with OeKB. Please contact OeKB early in case of any questions in the context with the environmental and social procedure OeKB encourages exporters to carry out the screening and a preliminary classification of their projects as much as possible on their own. By so doing, much of the documentation required for the environmental and social assessments can already be anticipated and can be addressed as early as possible in the project development process (e.g. communication to the respective sponsor or buyer).

The final classification is made by OeKB.

In the interest of a level playing field among ECAs, OeKB will actively exchange information with other ECAs on project classification and position on the review process at an early stage, predominately in Type I assessments in the case of sensitive sectors and locations.

## 6.2 Assessment

### 6.2.1 General

OeKB will undertake an environmental and social review of projects, in accordance with the international standards applied to the project, 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 early as possible, OeKB will inform the applicant in writing that an environmental and social assessment has to be carried out by OeKB and permission from the applicant is requested to forward such information to OECD as required. The exporter's permission to contact other ECAs or International Financial Institutions (IFIs) involved in the project and to exchange information on environmental, social incl. human rights issues will also be obtained.

OeKB will indicate to the applicant the type of information required in relation to the potential impacts of the project, including, where appropriate, the need for an Environmental and Social Impact Assessment (ESIA). The applicant is responsible for providing the appropriate information to satisfy OeKB's 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 relevant host country 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. It is the responsibility of the buyer/project sponsor to undertake any such public consultations and/or engagements with interested parties.

The information to be supplied shall further include:

- The potential environmental and/or social impacts of any associated facilities, taking into account the timing and location of their construction.
- Statements or reports made publicly available by National Contact Points (NCPs) at the conclusion of a specific instance procedure under the OECD Guidelines for Multinational Enterprises.

Information from third parties such as the Austrian Trade Commissions, NGOs, the press and other sources might be obtained and considered as appropriate. Special meetings to discuss environmental and social issues might be called by participants of the projects

In some cases a site visit to the proposed project might be necessary.

In special cases (if OeKB's portion comprises only a minor part of the overall project, or in re-insurance situations, etc.) OeKB may take into account environmental and social reviews carried out by other ECAs and International Financial Institutions.

In locations of the European Community where EU standards apply no detailed assessment is required. For recent accession countries the exporter has to submit information about the ratification and implementation of environmental and social standards.

### **6.2.2 Costs**

The applicant will be informed that he will have to pay OeKB's assessment fees for the environmental and social assessment. The project sponsors are deemed responsible for the preparation of an ESIA. The applicant or exporter has to bear the costs for any other independent report necessary for risk assessment purposes along with travel expenses for OeKB personnel and/or consultants for possible site visits.

### **6.2.3 Appraisal**

This is the actual evaluation of potential environmental and social impacts. The extent of the assessment depends on the classification, with Category A projects demanding usually the most in-depth appraisal followed by Category B and C projects in descending order.

#### **6.2.3.1 Category A**

An ESIA-Report is required for these projects under the Type I procedure. 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.

With Type II procedure, at least a diligently completed questionnaire has to be submitted.

The ESIA should address the issues as set out in the international standards applied to the project in accordance with the “Common Approaches” (see Annex 2 - Environmental and Social Impact Assessment Report).

In certain cases, external consultants may be contacted for specific advice. The ESIA should not be carried out and reviewed by the same party.

A site visit will usually be undertaken after an extensive desk study of all available documentation on the project. Contacts to the sponsor, local authorities and stakeholders as appropriate will typically be sought.

#### 6.2.3.2 Category B

For transactions falling into this category, potentially sensitive environmental and/or social issues have been identified and thus more detailed information may be required. The scope of the required environmental and social review will vary from project to project, depending on the environmental and social impacts of the project. Such information may be available in an ESIA or similar studies.

#### 6.2.3.3 Category C

These projects require no further analysis.

#### 6.2.3.4 Transactions not categorised

These include supply of goods and services to existing operations not undergoing material change in output or function.

The general actual environmental situation of the existing operation should be known as well as any plans for future actions to improve the environmental situation. Depending on the size of the transaction and the exporter’s position in the overall project, an Environmental and Social Audit and an Environmental and Social Action Plan would be requested. In any case, the goods and services of the transaction applied have to meet environmental standards as of 6.2.4.

### 6.2.4 Environmental and Social Standards

All projects should comply with the standards of the host country.

The projects also have to be benchmarked against relevant international environmental and social standards.

Projects are also expected to meet the international standards against which they have been benchmarked where these are more stringent than host country standards.

The standard applied to the project shall be used throughout the assessment procedure. Other standards may be used in case of non-coverage of certain aspects by the primary standard.

OeKB will benchmark

- limited or non-recourse project finance projects against the relevant aspects of
  - all eight IFC Performance Standards
- non-project finance projects against the relevant aspects of
  - all ten World Bank Safeguard Policies, or
  - all eight IFC Performance Standards

In special cases - especially regarding social impacts - further guidelines may be used.

Where a Major Multilateral Financial Institution (MFI) is supporting a project, the relevant MFI's standards may be applied.

OeKB will 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.

In the absence of any relevant industry sector EHS guidelines, OeKB

- may also benchmark projects against the relevant aspects of any internationally recognised sector specific or issue specific standards; and/or
- may refer to relevant international sources of guidance, such as the Hydropower Sustainability Assessment Protocol of the IHA and the Core Values and Strategic Priorities of the World Commission on Dams (WCD).

Alternatively, OeKB may benchmark projects against the relevant aspects of any other internationally recognised standards, such as European Union standards, provided that they are not less stringent than those standards referenced above.

Gaps in the fulfilment of international standards shall be identified (gap analysis). Any application of standards below the international standards mentioned above should happen only in exceptional cases, taking into account the benefits (including positive effects on society, environment and economy) of the project. These cases will have to be reported to the OECD and the reasons given.

Following the OECD Common Approaches 2012, the OeKB Environmental and Social Assessment Procedure also refers to other relevant international guidelines, such as:

- The OECD Guidelines for Multinational Enterprises
- The UNHCR Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework.
- International labour standards set out in the 1998 International Labour Organization Declaration on Fundamental Principles and Rights at Work
- The commitments undertaken by the Parties to the United Nations Framework Convention on Climate Change
- Stockholm Convention on Persistent Organic Pollutants (POPs)

### **6.2.5 Mitigation and Monitoring**

Options for mitigation measures or alternative approaches to identified environmental and social shortcomings are investigated, discussed with the project's participants, especially with the parties who can

best address the problems. In evaluating the appropriateness and suitability of mitigation measures, third party advice may be used. Typically, action plans will be made.

If monitoring is required during the construction and operating period of a project, details of the monitoring will be established. They may include action plans, responsibilities, budgets, surveillance by third parties, parameters, methods, enforcement and consequences.

Sponsors should be held responsible for appropriate monitoring. For all Type I procedures of limited or non-recourse project finance Category A projects, OeKB will require regular ex post reports and related information to be provided for as long as OeKB is involved in the project. This shall ensure that relevant potential environmental and/or social impacts are addressed according to the information provided by applicants during the environmental and social review and defined in the action plans. The terms of the contract for Official Support shall enable OeKB to take appropriate actions in the case of non-compliance.

Generally OeKB/ECA's will encourage sponsors to make publicly available ex post monitoring reports and related information concerning how environmental and/or social impacts are being addressed. This should be accessible and be understood by the local communities directly affected by the project and other stakeholders.

In this context, OeKB will work closely together with other ECAs, participating financial institutions and the host government. The contributions of other stakeholders will be taken into account as well..

#### **6.2.6 Report**

The result of the environmental and social analysis of a project is a concise report which is primarily written for internal use. However, it may be shared with other financial institutions involved in the project and it will be used as a basis for disclosing environmental and social information to the public.

This report contains a description of the project and its environment, the basis of the assessment, classification of the project, a description of the prime environmental and social impacts of the project incl. a description of (potential) problems, if possible the standards used for benchmarking and the degree of compliance, if necessary mitigation/alternatives, monitoring requirements and recommendations on how to proceed. In addition, positive environmental and social impacts and similar benefits might be listed to balance the overall environmental and social impact of a project.

#### **6.2.7 Information Exchange/Public Disclosure**

Contacts with other parties involved (ECAs, sponsors, etc.) will be established in the course of the environmental and social review where necessary, and every effort will be taken to achieve common positions on classification, documentation requests and environmental and social conditions for cover.

OeKB encourages project sponsors to make environmental and social impact information publicly available as early as possible.

OeKB appreciates getting comments from third parties based on such information as early as possible in the review process. Therefore exporters/applicants are encouraged to consent to the disclosure of project data to the public as early as possible.

OeKB will make available to the public at least annually information on projects classified in Category A and Category B (Type I), for which the Minister of Finance has made a commitment with respect to providing Official Support. This project list can be found at OeKB's website ([Projects at a Glance](#)).

For Category A projects (Type I), OeKB has to disclose publicly project information, including project name, location, description of project and details of environmental and social impact information (e.g. ESIA report, summary thereof), or where this additional information may be obtained, as early as possible in the review process and at least 30 calendar days before a final commitment to grant official support.

In the case where such project or environmental and social impact information has not, for exceptional reasons, been made public, OeKB has to explain the circumstances and report these to the OECD.

A list of projects for which cover is envisaged or has been granted can be found at OeKB's website ([Projects at a Glance](#)).

OeKB together with other ECAs will continue to build a body of experience on the application of this Recommendation through regular reporting and exchanges of information with the aim to reach a "level playing field" amongst the ECAs.

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## Annex 1 – Illustrative List of Category A Projects

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The following is an illustrative list containing examples of the types of new projects and major expansion projects that may be classified as Category A; however, in practice, classification should be undertaken in accordance with the potential environmental and/or social impacts of each project.

1. Crude oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.
2. Thermal power stations and other combustion installations (including cogeneration) with a heat output of not less than 300 megawatts (equivalent to a gross electrical output of 140 MWe for steam and single cycle gas turbines power stations) and nuclear power stations and other nuclear reactors, including the dismantling or decommissioning of such power stations or reactors (except research installations for the production and conversion of fissionable and fertile materials, whose maximum power does not exceed 1 kilowatt continuous thermal load).
3. Installations designed for the production, or enrichment of nuclear fuels, the reprocessing, storage or final disposal of irradiated nuclear fuels, or for the storage, disposal or processing of radioactive waste.
4. Integrated works for the initial smelting of cast-iron and steel, e.g. installations for the production of primary steel by blast furnace route or direct reduction; installations for the production of non-ferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
5. Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos: for asbestos-cement products, with an annual production of more than 20,000 tonnes finished product; for friction material, with an annual production of more than 50 tonnes finished product; and for other asbestos utilisation, of more than 200 tonnes per year.
6. Installations for the manufacture and/or recovery of chemicals (including but not limited to petrochemicals, fertilisers, pesticides & herbicides, health care products, detergents, paints, adhesives, agro-chemicals, pharmaceuticals, explosives) on an industrial scale using physical, chemical and/or bio-chemical processes and for large scale distribution of such chemicals via pipelines/terminals and associated facilities.
7. Construction of airports with a basic runway length of 2,100 metres or more.
8. Construction of motorways and express roads.
9. Construction of a new road, or realignment and/or widening of an existing road, where such new road, or realigned and/or widened section of road, would be 10 km or more in a continuous length.
10. Construction of railway lines that go beyond urban areas and of long-distance railway lines.
11. Sea ports and also inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1,350 tonnes; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) which can take vessels of over 1,350 tonnes.



12. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
13. Large<sup>1</sup> dams and other impoundments designed for the holding back or permanent storage of water.
14. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic metres or more.
15. Industrial plants for the production of pulp, paper and board from timber or similar fibrous materials.
16. Operations that involve large scale extraction, via underground or open-pit mining, solution mining, or marine or riverine operations to obtain precious metals, base metals, energy and industrial minerals, or construction materials. It may also include the processing of the extracted material.
17. Greenfield cement plants where the project includes a greenfield quarry.
18. Large scale oil, gas, or liquefied natural gas development that may include any or all of:
  - exploration (seismic and drilling);
  - field development and production activities;
  - transport activities, including pipelines/terminals, pump stations, pigging stations, compressor stations and associated facilities; or
  - gas liquefaction facilities.
19. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more.
20. Large-scale logging.
21. Municipal waste water treatment plants with a capacity exceeding 150,000 population equivalent.
22. Municipal solid waste-processing and disposal facilities.
23. Large-scale tourism and retail development.
24. Construction of overhead electrical power transmission lines with a length of 15 km or above and a voltage of 110 kV or above.
25. Large-scale land reclamation.
26. Large-scale primary agriculture/sylviculture involving intensification or conversion of natural habitats.
27. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.
28. Installations for the intensive rearing of poultry or pigs with more than: (i) 85,000 places for broilers and 60,000 places for hens; (ii) 3,000 places for production pigs (over 30 kg); or (iii) 900 places for sows.
29. Projects which are planned to be carried out in sensitive areas or are likely to have a perceptible impact on such areas, even if the project category does not appear in the above list.
30. Projects which may result in significant adverse social impacts to local communities or other project affected parties, including those involved in the construction and/or operation of the project.
31. Projects involving land acquisition and involuntary resettlement of a significant number of affected people.

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<sup>1</sup> As per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15m or more from the foundation. Dams that are between 5 and 15m high and have a reservoir volume of more than 3 million m<sup>3</sup> are also classified as large dams.

## Notes

- In addition to the OECD list above, other types of projects, which are not considered in the list e.g. the ones involving genetically modified organisms (GMOs) might be considered as Category A by OeKB.
- Some items on the list above are contained there for completeness sake only, as they are not eligible for cover under the official Austrian Export Guarantee Program, such as military equipment or any items for nuclear technology..

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## Annex 2 – Environmental and Social Impact Assessment Report

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An Environmental and Social Impact Assessment (ESIA) report focuses on the significant issues of a project. The report's scope and level of detail should be commensurate with the project's potential impacts and risks and should address the issues set out in the international standards applied to the project in accordance with paragraphs 21-26 of this Recommendation.

The ESIA report typically includes the following items<sup>2</sup>:

1. **Non-technical executive summary:** concisely discusses significant findings and recommended actions in lay language.
2. **Policy, legal and administrative framework:** discusses the policy, legal and administrative framework within which the Assessment is carried out, including host country regulations, including obligations implementing relevant international social and environmental treaties, agreements and conventions, the international standards applied to the project, as well as any additional priorities and objectives for social or environmental performance identified by the buyer/project sponsor. Explains the environmental requirements of any co-financiers.
3. **Project description:** concisely describes the proposed project and its geographic, ecological, social, health and temporal context, including any additional project components that may be required (e.g. dedicated pipelines, access roads, power plants, water supply, housing and raw material and product storage facilities). Encompasses facilities and activities by third parties that are essential for the successful operation of the project. Normally includes maps showing the project site and the project's area of influence.
4. **Baseline data:** assesses the dimensions of the study area and describes relevant physical, biological, socioeconomic, health and labour conditions, including any changes anticipated before the project commences. Also takes into account current and proposed development activities within the project area but not directly connected to the project. Data should be relevant to decisions about project location, design, operation, or mitigation measures. The section indicates the accuracy, reliability and sources of the data.
5. **Environmental and Social impacts:** predicts and assesses the project's likely positive and negative impacts, in quantitative terms to the extent possible. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for enhancement. Identifies and estimates the extent and quality of available data, key data gaps and uncertainties associated with predictions and specifies topics that do not require further attention. Evaluates impacts and risks from associated facilities and other third party activities. Examines global, transboundary and cumulative impacts as appropriate.

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<sup>2</sup> This Annex is based on the IFC Guidance Notes: Performance Standards on Social and Environmental Sustainability of 31 July 2007. The text has been adapted by the OECD Export Credits Group (see Annex II of TAD/ECG(2016)3).

6. **Analysis of Alternatives:** compares reasonable alternatives to the proposed project site, technology, design and operation in terms of their potential environmental and social impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training and monitoring requirements. States the basis for selecting the particular project design proposed and justifies recommended emission levels, including where relevant for greenhouse gases and approaches to pollution prevention and abatement.
7. **Management Programme:** consists of the set of mitigation and management measures to be taken during implementation of the project to avoid, reduce, mitigate, or remedy for adverse social and environmental impacts, in the order of priority and their timelines. May include multiple policies, procedures, practices and management plans and actions. Describes the desired outcomes as measurable events to the extent possible, such as performance indicators, targets or acceptance criteria that can be tracked over defined time periods and indicates the resources, including budget and responsibilities required for implementation. Where the buyer/project sponsor identifies measures and actions necessary for the project to comply with applicable laws and regulations and to meet the international standards applied to the project, the management programme will include an Action Plan, which is subject to disclosure to the affected communities and on-going reporting and updating.
8. **Appendices:**
  - List of ESIA report preparers – individuals and organisations.
  - References – written materials, both published and unpublished, used in study preparation.
  - Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected communities and/or their legitimate representatives and other interested parties, such as civil society organisations. The record specifies any means other than consultations (e.g. surveys) that were used to obtain the views of affected groups.
  - Tables presenting the relevant data referred to, or summarised in, the main text.
  - Associated reports, audits and plans (e.g. Resettlement Action Plan or Indigenous Peoples/ Natural Resource Dependent Community plan, community health plan).
  - Action Plan that
    - describes the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken
    - prioritises these actions
    - includes the time-line for their implementation and
    - describes the schedule for communicating with affected communities when on-going disclosure or consultation is expected.

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## Annex 3 – Definitions

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The following terms shall have the meaning set out below<sup>3</sup>:

- **“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)
  - Cultural Heritage (PS8)

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<sup>3</sup> based on 2016 Common Approaches TAD/ECG(2016)3.

- **“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:
  - 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)
  - Disputed Areas (OP 7.60).

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## Annex 4 – Links

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[Convention on the Conservation of European Wildlife and Natural Habitats](#)

[Development Assistance Committee \(DAC\)'s Guidelines](#)

[EBRD Environmental Policy](#)

[Environmental Health and Safety Guidelines \(EHS\)](#)

[Equator Principles Financial Institutions](#)

[European Commission Standards/BREFs](#)

[IFC Performance Standards](#)

[International Hydropower Association](#)

[IUCN Red List of Threatened Species](#)

[OECD Guidelines for Multinational Enterprises](#)

[OeKB Projects at a Glance](#)

[Protected Planet](#)

[Ramsar Convention](#)

[Recommendation of the Council on Common Approaches for Officially Supported Export Credits an Environmental and Social Due Diligence \(The "Common Approaches" TAD/EGG\(2016\)3](#)

[UN List of Protected Areas](#)

[Worldbank Safeguard Policies](#)

[World Biosphere Reserves](#)

[World Commission on Dams](#)

[World Heritage Cultural Sites](#)

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