



Julian Paisey
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Brussels, 12 January 2010.

Dear Julian,

Further to your letter of December 2009, you will find below the elements that ECA-Watch and Amnesty International would like to see addressed and revised in the review of the 2007 Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits (Common Approaches). We believe that the 2010 Common Approaches Review must consider these issues in order to improve ECA standards and practices and to meet the objectives set out in the Recommendation.

1. The scope of the Common Approaches must be widened to ensure that all official support provided by ECAs is covered, not only transactions with a repayment term of two years or more. The Common Approaches should moreover require evaluation of supply chains;
2. The implementation of the Common Approaches in environmental, social and human rights screening policies of national ECAs should become mandatory. Additionally, before ECA support is approved, the required standards should have been met in all material respects, and no ECA support should be approved after the supported transaction has actually taken place (for example, where the exports supported have already been delivered). Cases of refinancing (supplementary financing) should be treated as new transactions requiring full screening under the Common Approaches;
3. The Common Approaches must be brought up to current international best standards and practices and further improved when international best practice develops, both overall and in relation to specific sectors. Among other standards and practices, the Common Approaches should require compliance of ECA beneficiaries

with the OECD Guidelines on Multinational Enterprises. Moreover, members should be required to ensure that projects comply with all relevant international law, agreements and conventions, thereby contributing towards sustainable development;

4. Para 13 of the Common Approaches must be amended to remove the element of discretion and replaced with wording that requires projects to comply in all material respects with the referenced international standards and with all relevant international agreements and conventions;

5. Transparency must be significantly improved to include, inter alia, public disclosure of all information on the environmental, social, labour, human rights and developmental impacts of ECA supported transactions. Such information also needs to be made available in relevant local languages for affected communities. In addition, ECAs should ensure that translations of environmental documents such as EIAs, which ECAs use for their environmental reviews, are available in their own national language(s) to ensure wider public review in their own countries. The Common Approaches should prescribe enhanced monitoring and evaluation procedures and the disclosure of all documents relating to this. Also financial information of transactions should be disclosed, such as investment contracts and revenues associated with ECA supported projects;

6. Improved decision-making processes must be developed which will ensure consultation with affected communities and ensure that all stakeholders are involved in decision-making with regard to project design, management and distribution of project benefits;

7. The applied standards and mitigation measures must be judiciable by those affected by the projects and exports which ECAs support. A complaints mechanism must also be established by ECAs in order to provide avenues for redress in the event of non-fulfilment on site;

8. ECAs must respond to the global climate change crisis by phasing out official support to fossil fuel financing and by adhering to the G-20 mandate to phase out fossil fuel subsidies;

9. Clear exclusions (prohibitions) are required for specific sensitive ecological zones, sectors and technologies;

10. ECAs should include in their due diligence process a specific requirement to assess and prevent adverse human rights impacts while screening and reviewing applications and ongoing projects in line with international human rights standards;

11. Strengthened monitoring, compliance mechanisms and evaluation requirements need to be included in the Common Approaches to ensure that standards are met on the ground;

12. Significant improvements in common implementation procedures are needed to help reduce the existing uneven application on projects;

13. An enhanced peer review process should be instituted whereby members undertake in participatory processes and on a regular basis forensic auditing of their peer's compliance with the Common Approaches;

14. Enhancing financial risk assessment: members should be required to publicly report on their procedures and methodology for achieving and complying with the Common Approaches' stated aim of "enhancing financial risk assessment of new projects and existing operations by taking into account environmental aspects";

We will be sharing more detailed recommendations with you and the members through the process of the review which you have outlined during the November Consultation.

Finally, and on a different note, we would like to request an update on the status of Sector Understanding negotiations by the Participants to the Arrangement on Officially Supported Export Credits in response to the challenge of climate change including, but not limited to any developments since the November consultation and any pending consultation on this topic.

Yours sincerely,

Deborah Lambert Perez for the ECA-Watch network

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