

**EXIMBANK**

**ENVIRONMENTAL AND SOCIAL  
POLICY FOR OFFICIALLY SUPPORTED  
EXPORT CREDITS**

## I. Introduction

---

In its capacity of the official export credit agency of Romania, in compliance with the provisions of the *OECD Arrangement on Officially Supported Export Credits* and the *Recommendation of the OECD Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the „Common Approaches”)*<sup>1</sup>, EximBank adopts a set of measures meant to assess the environmental and social impact of officially supported export credits which have a repayment term of 2 years or more<sup>2</sup>, hereinafter referred to as export transactions.

The European legal framework (*EU Regulation no.1233/2011 with further amendments*<sup>3</sup>) requires Member States to apply the disciplines of the *OECD Arrangement on Officially Supported Export Credits* and the *OECD Common Approaches* for officially supported export credits.

The provisions of the Regulations apply to the financial support granted in the name of the state to exports of capital goods/services, except of military equipment and agricultural products with a payment term longer than 2 years.

Considering the regulations and the revised recommendations<sup>4</sup> OF THE Council form April 6, 2016 regarding the due diligence of the on environment and social impact, the present policy applies to financing, guarantees and insurance applications for export credits on medium and long term ( a reimbursement period longer than two years).

According to the Arrangement and the Recommendations the following definitions are in place:

*Export credit* – the financial facility that allows a foreign buyer to purchase goods/services from a Romanian exporter and to pay for them at a certain term since delivery (credit payment). Export credit comes as supplier credit or buyer credit.

*Projects* – export transactions related to:

- ✓ any new commercial, industrial or infrastructure activity or
- ✓ any on-going activity that is modified in terms of outcomes and implementation

---

<sup>1</sup> *Recommendation of the OECD Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence -TAD/ECG (2012)/5*

<sup>2</sup>“*Export credits*” and “*officially supported export credits*” are defined according to the definitions from *OECD Arrangement in EximBank Antibribery Policy in Officially Supported Export Credits* approved by C.I.F.G.A. decision no.127/28.07.2015.

<sup>3</sup> *EU regulation 155/2016 adopted by European Commission on September 29th 2016.*

<sup>4</sup> *Revised Recommendation of the OECD Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence adopted on April 6, 2016- TAD/ECG (2016)/3*

and that may induce effects on environment and social impact.

The project includes those components that the foreign buyer and / or project sponsor owns, operates or manages and that are physically integrated in the project.

*Sensitive Areas* – national parks or other protected areas as identified by national or international legislation as well as other areas of local, national or international importance such as forests with a high biodiversity level, areas of cultural or archaeological significance, areas of importance for indigene populations or other vulnerable groups.

*On-going Activities* – export transactions to identified target locations where some activities are deployed and that are not affected by any modifications of the outcomes or the implementation process.

*Connected Infrastructure* – facilities that are not part of a project but that would have not been built or extended in the absence of the project and that are critical to the project viability; such infrastructure may be financed, owned, managed, built by the foreign buyer and/or project sponsors.

*Environmental Impact* – effect on the environment incurred by the on-going activities or project implementation in the destination country of the export; *environmental risk* represents the probability of such effects to appear and the consequences of these effects.

*Social Impact* – effects on local communities directly impacted by on-going activities or implemented project from the human rights violation point of view; *social risk* represents the probability of such effects to appear and the consequences of these effects

## *II. Specific Actions and Measures*

---

The due diligence on the environment and social impact is part of the underwriting process of an application for financing/guarantees/insurance as a mean to assess the all risks categories that are associated to the respective transactions aiming at sustaining the proposal of approval of the respective instrument of official support for the export transaction.

The parties involved in the project are obliged to offer all necessary information so that EximBank may assess correctly the transaction.

During the evaluation of the project in terms of environmental and social impact the following stages are followed:

1. Selection – involves collecting information regarding the nature and location of the export transaction/ project aiming at identifying those projects that will be subject to classification as per the OECD recommendations.

Based on the *Questionnaire On Environmental and Social Impacts of Export Transactions (form F89/x-ORG-CS)* fulfilled by the applicant /its bank, EximBank identifies projects that will be further subjected to classification as per the OECD recommendations, namely

- ✓ projects or activities that have a value of 10 million DST or more or equivalent (according to the NBR exchange rate on the application date).
- ✓ on-going projects or activities, located in/next to sensitive areas (regardless of value).
- ✓ on-going projects or activities that may negatively impact human rights (regardless of value).

2. Classification – as per the data and information presented in the *Questionnaire On Environmental and Social Impacts of Export Transactions* EximBank classifies projects in three categories:

Category A: a project 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/export covers.

Category B: a project that has potential environmental and/or social impacts are less adverse than those of Category A projects. Typically, these impacts affect the sites or facilities subject to physical works/export covers, are few in number, site-specific, few effects if any are irreversible, and mitigation measures are more readily available.

Category C: a project that has minimal or no potentially adverse environmental and/or social impacts.

An illustrative list of Category A and B projects is set out in Annex I.

3. Evaluation – except for the projects classified as Category C, any project classified as Category A or B, will be subjected to an assessment of the environment and social impact considering the:

- ✓ Environmental standards of the export target country based on the respective local regulations.
- ✓ International standards applicable: World Bank policies (*World Bank Safeguard Policies*) or the Evaluation Standards of the IFC (*IFC Performance Standards*). A concise of IFC Standards is presented in Annex 2.

Evaluation process may take into consideration other stricter standards, internationally acknowledged, such as European Union standards.

Accordingly to the OECD Recommendations for every project classified in Category A, the exporter (supplier credit) or the financing bank (buyer credit) will present to EximBank a report on *Environmental and Social Impact Assessment (ESIA)* as well as other studies, reports or action plans referring to the relevant aspects of the project, as per the international applicable standards. In its content, ESIA report will describe in detail typical features of the project as per the OECD Recommendation, as shown in the sample in Annex 3.

For any project classified in Category B, EximBank will request an ESIA report or any other studies/reports drafted in order to assess the environment and social impacts of the project in the export target country, including information, elements/information that allow the assessment of the adverse effects and potential risks with regard to environment and social aspects. These reports/studies will contain at least the following information:

Description of the project, the geographical, ecological, social and temporal background

Potential environment and/or social impacts as well as measures of monitoring and mitigating them

Standards, practices and procedures that the involved parties intend to apply, including information related to the conformity of the project with the national legislation or relevant regulations of the host country

Results of any public consultation of local communities affected by the project and/or their legal representatives as well as any other engagement to third parties such as civil society organizations that have expressed their interest to the project; foreign buyer/ project sponsor is responsible for these consultations.

EximBank may require to the involved parties additional information or additional details regarding measures or actions described in the reports when the project and related information are highly complex.

Any application for officially supported export credit will be subject to the approval of the Inter-ministerial Committee for Financing, Guarantees, Insurance (ICFGI – CIFGA) from environment and social impact perspective if the reports/submitted documents in underwriting reveal that the project that makes the object of the application for official support falls under the international standards requirements and host country regulations.

Based on the assessment results, EximBank may set additional conditions ante/post approval regarding the environment and/or social impacts (risks mitigation measures, additional monitoring requests).

4. Monitoring – involves monitoring from EximBank regarding the approval conditions and reporting requirements that are the exporter/ financing bank’s responsibility or any other party involved in the project.

For project classified in the category A and B, the exporter/ financing bank will be bound to present a report twice a year regarding the project stage and its environmental and social impact in the host country.

In case of fault on the approved conditions, EximBank holds the right to establish along with the involved parties the adequate measures and their implementation as well as to suspend/discontinue the support for the project with prior notification of the exporter or financing bank.

### *III. Transparency and Reporting*

---

For project classified in Category A, EximBank will request to the exporter/ financing bank that the ESIA report or a summary of it to go public in a 10 calendar days term since the date of filling the application for public support.

EximBank discloses on its website [www.eximbank.ro](http://www.eximbank.ro) information regarding projects classified in Category A: project name, description of project and details of where additional information about the ESIA report (Environmental and Social Impacts Assessment) may be obtained, at least 30 days before the Inter-ministerial Committee for Financing, Guarantees and Insurance (ICFGI-CIFGA) approves any export credit insurance commitment.

Also, the bank will publish the list of projects classified in Category A and B, that are object to signed agreements with EximBank in the name of and on the account of the State, granting official support for export credits and the relevant information regarding the environment and social impact as well as the standards used for its evaluation, respecting the legal provisions and confidentiality policy.

EximBank makes available to the public aggregated information regarding projects classified in Category A and Category B that benefit of official support through EximBank instruments issued on behalf and for the account of the State. Such information is included in EximBank Annual Reports.

EximBank reports on a semi-annual basis to the Export Credit Working Groups of the Council of Europe and of OECD data related to the projects classified in Category A and Category B, that benefit form official support for export credit in conformity with reporting requirements provided in the *Recommendation of the OECD Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence*.

#### *IV. Final Provisions*

---

Provisions of the present policy are completed by the Recommendation provisions and any other documents issued by EU and OECD for its implementation. In order to apply the present provisions, EximBank through the Financing, Guarantees, Insurance – State Funds Division will develop procedures and will cooperate with other Export Credit Agencies (financial institutions that act on behalf of the government for supporting exports by granting financing, guarantees and insurance) in order to reach a common approach regarding environment and social issues and applicable standards for officially supported projects.

<b>Annex I</b>	<b>Illustrative List of Category A and Category B Projects</b>
<b>Annex II</b>	<b>IFC Standards</b>
<b>Annex III</b>	<b>ESIA Report content</b>
<b>F89/I-ORG-CS</b>	<b>Questionnaire on Environmental and Social Impacts of Export Transactions</b>

## ILLUSTRATIVE LIST OF CATEGORY A PROJECTS

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. For classification, EximBank takes into consideration 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 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: 40 000 places for poultry; 2 000 places for production pigs (over 30 kg); or 750 places for sows.
29. Projects which are planned to be carried out in sensitive locations or are likely to have a perceptible impact on such locations, even if the project category does not appear in the above list. Such sensitive locations 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.
30. Projects involving land acquisition and involuntary resettlement of a significant number of affected people.