Financing of Sustainable Development
Do we make a difference?

UNEP Finance Initiative
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Overview

• Who is EKF?

• EKF’s Environmental Policy and the International Framework
  ➡ OECD Recommendation
  ➡ Equator Principles

• EKF’s Environmental Review Process

• Do we make a difference?
Who is EKF?

EKF insures against the risk of financing of export projects in uncertain markets

EKF operates on commercial terms and conditions and is guaranteed by the Danish State.
EKF’s Environmental Policy

• Since 2000 - Integral part of EKF’s risk assessment

• 2001 - Implemented the OECD Recommendation

• 2004 - Adopted Equator Principles

• 2006 – Adopted Equator Principles II
International Framework

Environment

- OECD Recommendation
- Export Credits including Project Finance
- Equator Principles
- Project Finance
A framework for officially supported export credits for identifying and evaluating the environmental impacts of projects and export of capital goods and services.

- repayment period of two years or more
- based on international guidelines and standards
The Equator Principles

Ten principles adopted by 41 financial institutions
Covers 80% of the global project finance market

Based on IFC’s 8 Performance Standards:

1. Social and Environmental Assessment and Management Systems
2. Labor and Working Conditions
3. Pollution Prevention and Abatement
4. Community Health, Safety and Security
5. Land Acquisition and Involuntary Resettlement
7. Indigenous People
8. Cultural Heritage
Ten Principles

Principle 1: Review and Categorization
   All projects are reviewed and categorized by the EPFI

Principle 2: Social and Environmental Assessment
   Addressing relevant impacts and risks of the project

Principle 3: Applicable Social and Environmental Standards
   In low and medium-income countries: IFC Performance Standards and EHS Guidelines apply.
   In High-income OECD Countries: Local and national social and environmental laws, regulations and permits apply.
Ten Principles (cont.)

Principle 4: Action Plan and Management System
   Borrower’s Action Plan to implement corrective actions, mitigation and monitoring measures

Principle 5: Consultation and Disclosure
   Assessment Documents and Action Plan public for free, prior and informed consultation

Principle 6: Grievance Mechanism
   Addressing project-affected communities concerns
Ten Principles (cont.)

Principle 7: Independent Review
   Of Category A transactions; and as required for Category B

Principle 8: Covenants
   Requiring compliance with local and national social and environmental laws

Principle 9: Independent Monitoring and Reporting
   Mandatory requirement for independent monitoring for Category As; Category Bs as required

Principle 10: EPFI Reporting
   On implementation process and experience
Environmental screening and the three S: Size, Site, and Sector

Environmental review: EKF’s external consultant reviews all projects
  ►final categorization
  ►recommendation re. covenants, action plan and monitoring needs

EKF’s management approves environmental impacts and requirements
How do we make a difference?

Social and Environmental Performance:

• Covenants
  ➔ In loan documents

• Monitoring
  ➔ Regular reporting

• Measuring impact of the portfolio
  ➔ EKF Index for Sustainability
Index for Sustainability

Sustainable Development Index

CO₂ Jobs 3rd factor

Financing of Sustainable Development - 2005

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Eksport Kredit Fonden (EKF)

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Findings 2005

+ Significant reductions in CO$_2$, NO$_x$, SO$_2$, particulates and BOD$_5$

+ Local job creation app. 35,000 man-years

- Resettlements of 178 families

+ World Bank standards met

❖ Sustainable Index 2005: 1.5

❖❖ EKF makes a positive contribution to a sustainable development
THANK YOU!

For more information:

www.ekf.dk > Environment

www.equator-principles.com

www.oecd.org

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