

# CSO Views Concerning Revisions to the [Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence](#) (“Common Approaches”)

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**Executive Summary:** This document outlines the views of civil society organizations (CSOs) on revisions to the OECD Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (hereinafter the “Common Approaches”). CSO analysis finds that revisions to the Common Approaches are long overdue and that timely implementation of strengthened recommendations is urgently needed to prevent serious adverse environmental and human rights impacts from arising from ECA-supported projects. This calls for policy coherence across the OECD, underscoring the need for the Common Approaches to align its framework with other OECD instruments, including in particular the OECD Guidelines for Multinational Enterprises (MNE Guidelines) which are being revised and strengthened this year. The need for this policy alignment of international standards has already been declared within the OECD in 2023, such as under the *Declaration on Promoting and Enabling Responsible Business Conduct in the Global Economy*.<sup>1</sup> ECAs and the OECD Working Party on Export Credits and Credit Guarantees, often referred to as the Export Credit Group (ECG), stand to benefit from the expertise of the OECD Working Party on Responsible Business Conduct on best practice in these areas. The CSO views outlined below make reference to specific policy areas that must be updated in order to promote policy coherence across all OECD instruments, and it must be noted that this list is non-exhaustive.

## 1. Key topics and concepts to be included or strengthened in the revision of the Common Approaches:

### A. Just Transition

- a. Language outlining the need for ECAs to support a “just transition” should be referenced in the Common Approaches. A just transition approach to tackling climate change can be understood as one that ensures environmental sustainability and respect for workers rights, womens’ rights, the rights of Indigenous Peoples, and all human rights, while fostering social inclusion, equity, and poverty eradication.<sup>2</sup>
- b. ECA-supported companies and projects should not undermine or hinder a transition to renewables. Instead, utilizing just transition principles, they should prevent and mitigate adverse impacts both related to their transition away from environmentally harmful practices as well as towards greener industries or practices; respect labour

<sup>1</sup> OECD Legal Instruments (2023) “Declaration on Promoting and Enabling Responsible Business Conduct in the Global Economy” <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0489>

<sup>2</sup> Just Transition Center (2017) Just Transition: A Report to the OECD <https://www.oecd.org/environment/cc/g20-climate/collapsecontents/Just-Transition-Centre-report-just-transition.pdf>

and human rights, meaningfully engage relevant stakeholders, support sustainable development and energy access in project contexts, and where relevant practice responsible disengagement.

B. Climate Change

- a. All fossil fuel (most notably oil and fossil gas) projects and associated infrastructure must be classified as Category A projects. The IPCC and International Energy Agency (IEA) have clarified that no new fossil fuel projects are aligned with a safe and stable climate future, and therefore any ECA support for fossil fuel projects or associated infrastructure is highly risky and should be avoided.
- b. A 1.5°C alignment assessment, based on IEA analysis, should be mandated for all projects under consideration.

C. Human Rights

- a. The Common Approaches should call on ECAs to ensure that their due diligence efforts effectively result in respect for human rights.
- b. Language from the MNE Guidelines should be reiterated in the Common Approaches: ECAs ..*“should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved”*.

D. Stakeholder Engagement

- a. There is a need for more specific provisions on meaningful stakeholder engagement and consultation process, with relevant stakeholders who could be affected by adverse environmental impacts of a project.
  - i. This must include the provision of Free, Prior, and Informed Consent (FPIC) of impacts Indigenous Peoples or local communities near a project site. FPIC for Indigenous Peoples is a right enshrined in the UN Declaration on the Rights of Indigenous Peoples and should be reiterated in the Common Approaches.
  - ii. Note that early, effective and ongoing communication with potentially affected communities is also a key aspect of meaningful stakeholder engagement.

E. Due Diligence

- a. There is a need for a clearer expectation of human rights and environmental due diligence for all projects under consideration for ECA support (proportionate to the severity and likelihood of adverse impacts).

F. Transparency and disclosure

- a. Can be strengthened by introducing language that mandates that ECAs ensure their clients disclose information on:
  - i. All potential and actual social, environmental and human rights impacts, including climate impacts, to which the ECA is linked through business relationships.
- b. Requiring clients to make publicly available their Environmental Impact Assessments.
- c. Publicly available assessment on debt sustainability of countries where ECA support for projects is under consideration.

#### G. Biodiversity impacts

- a. Provisions need to be strengthened on minimizing adverse impacts on biodiversity near a project site, including: deforestation, pollution, improper waste disposal, etc.
- b. Special attention should be paid to any large-scale animal agriculture project that may risk animal rights abuses.

#### H. Anti-corruption measures

- a. Standards for anti-bribery, bribe solicitation and extortion, should be included within the Common Approaches.

## 2. Section-specific recommended revisions of the Common Approaches:

- **General Principles II. ii) Objectives -**
  - “Promote support for the clean energy transition through ending support for the fossil fuel energy sector” — this could also be under section II.4 “to achieve these objectives”
- **Screening III (Paragraph 6),**
  - Include “*whether they are aligned with a 1.5°C warming based on best available climate science*” -- this would effectively give grounds for precluding any fossil fuel projects for being considered
- **Screening III (Paragraph 8)**
  - Add “*adverse impacts on climate change, including climate change mitigation and adaptation*” to the list of what should be taken into account
- **IV.11**
  - Include all fossil fuel projects, associated infrastructure, or projects with high lifecycle greenhouse gas emissions threshold, under Category A projects
- **IV.11**
  - Include all projects causing significant greenhouse gas emissions and associated infrastructure under Category A projects
- **IV.14**
  - All projects should undertake risk-based due diligence to address potential and actual adverse environmental and social impacts, and not just an environmental and social review as per current text.
- **Annex II ESIA Report:**
  - Include “Proof of free, prior, and informed consent of Indigenous Peoples and respect for the legitimate tenure rights of all communities impacted by the project.”

## 3. General considerations:

- Align with language from the [Clean Energy Transition Partnership](#), in regards to aligning ECA support for energy with a clean and just energy transition away from fossil fuels.
- Explicitly refer to “**1.5°C alignment**” in all of the definitions of criteria for projects
- Assess project companies’ overall **human rights and environmental due diligence performance** and policies beyond project-specific assessment. Exclusion of

Companies that don't have company-wide due diligence procedures in place which are in line with the OECD Guidelines, or that have caused, contributed to, or been directly linked to adverse impacts that they have failed to mitigate and/or, where applicable, remediate, should be excluded from being considered for ECA support.

- Text should detail or refer to other detailed guidelines for **stakeholder consultation**. It should be clear that stakeholder consultation is not a one-off exercise but that it should be ongoing throughout the project.
- Larger projects should undergo an assessment with regard to their impact on the recipient country's level of **debt and debt sustainability**.
- **Enhance transparency**, so that approved loans/guarantees are published in a timely manner and unequivocally identifiable; stakeholders should have a right to know the human rights & environmental conditions tied to a loan/guarantee as well as monitoring reports etc.
- **Alignment with and policy coherence between the OECD Guidelines and the Common Approaches** on its due diligence framework and substantive impact areas including especially environment, human rights, disclosure, and corruption. OECD governments, as well as businesses, are themselves seeking policy coherence, and the ECA Working Group would be supporting that common drive by ensuring alignment of the Common Approaches. The ECA Working Group should work with the OECD Working Party on Responsible Business Conduct (WPRBC) and Responsible Business Conduct (RBC) unit (OECD secretariat) in updating the Common Approaches, to ensure alignment.

#### 4. Reference to **international standards** that should be considered in the revision of the Common Approaches:

- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (to be updated June 7-8 2023)
- Paris Agreement (2015), United Nations Framework Convention on Climate Change [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf)
  - References obligations to limit global heating to 1.5°C
- Convention on Biological Diversity (CBD) <https://www.cbd.int/>
- United Nations Convention to Combat Desertification (UNCCD) <https://www.unccd.int/>
  - Includes protection of forests beyond desertification in a strict sense)
- FAO Voluntary Guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security (VGGT) <https://www.fao.org/3/i2801e/i2801e.pdf>
- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP): [https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP\\_E\\_web.pdf](https://www.un.org/development/desa/indigenouspeoples/wp-content/uploads/sites/19/2018/11/UNDRIP_E_web.pdf)
  - Outlines the right to Free, Prior, and Informed Consent for all Indigenous Peoples worldwide
- United Nations Declaration on the Rights of Peasants and Other People Working in Rural Areas UNDROP: <https://digitallibrary.un.org/record/1650694>

- Initiative for Responsible Mining Assurance (IRMA) <https://responsiblemining.net/what-we-do/standard/>
  - Outlines a minimum environmental and social standards prerequisite for any mining operations