

# SERV guidelines for reviewing environmental and social issues

V2.1, as of 23 April 2008

Schweizerische Exportrisikoversicherung  
Assurance suisse contre les risques à l'exportation  
Assicurazione svizzera contro i rischi delle esportazioni  
Swiss Export Risk Insurance



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## Introduction

Decisions on the granting of export credit insurance policies should carefully consider not only underlying economic considerations, but other important aspects as well, including the aim of sustainable global development. SERV therefore also takes foreign policy aims in the areas of development, human rights, democracy, the peaceful coexistence of peoples and the environment into account.

To identify environmentally sensitive projects, SERV carries out an environmental review of the transactions it supports. The guidelines for this review are based on the revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits (OECD 2007), [«Common Approaches»](#).

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## Approach

### Pre-Screening

To identify and assess environmentally relevant aspects, including the social consequences of a project such as involuntary resettlement, SERV subjects all applications to a screening process.

In a first step, filter criteria are used to identify those projects that contain possible environmental risks, i.e. projects in environmentally sensitive sectors (e.g. power plants) or at environmentally sensitive locations (e.g. close to a nature reserve). The filter criteria are contained in the application for an insurance commitment in principle and in the application for an insurance policy.

On the basis of this preliminary screening, SERV makes a provisional assignment to the categories A, B and C as defined by the OECD (the next paragraph “project categories” gives an exact definition of these).

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### Project categories

A-Projects have the potential for significant negative environmental impacts on an area that extends beyond the immediate location of the plant facilities. Category A generally includes major projects in environmentally sensitive sectors, along with projects in or near environmentally sensitive regions. Projects in this category require an Environmental Impact Assessment Review (EIAR).

B-Projects show environmental impacts that are less significant than with Category A. Typically, these impacts are limited to the location of the plant facilities. They are mostly reversible, and it is easier to take steps to mitigate them. As a rule, projects in this category require additional information on environmental aspects. An EIAR may be needed under certain circumstances.

Category C-Projects are likely to have minimal or no adverse environmental impact. These projects require no further review.

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## Process for category A-Projects

- These are the most risky projects, and are therefore subjected to the most comprehensive reviews.
  - Typical A-Projects are, for example, thermal power plants with an electricity output of more than 140 MW and large hydroelectric power plants.
  - For medium- and long-term A-Projects, a full Environmental Impact Assessment Review is needed. The EIAR or a summary of it is made available to the public at least 30 calendar days before the final review and decision on the application for an insurance policy.
  - The project sponsor is primarily responsible for preparing the EIAR. The applicant should do everything in its power to ensure that SERV receives the information needed for an environmental review at an early stage.
  - If the World Bank or another international financial institution (IFI) is involved in the project, the EIAR will normally be examined by this institute. If different export credit agencies are involved in a project (multi-sourcing), the EIAR will normally be examined by the lead agency. SERV reserves the right in all cases to engage consultants for the assessment.
  - If no IFIs or other export credit agencies are involved, or if SERV has the lead function, the EIAR will be analysed by a suitable, independent consultant on SERV's behalf.
  - The examination of the EIAR is performed using the benchmarking principle. Criteria are measured on the basis of local or international standards, such as those of the World Bank, the EU or the regional Development Bank responsible. If local and international standards are compared, the more rigorous rules will apply. Divergences from these rules must be disclosed to the OECD, stating reasons (the latter only applies to transactions with a loan period of 24 months or over).
  - If considerable work is involved and/or the costs required to obtain expert opinions are high, SERV will charge a special review premium in accordance with the costs/effort. This may neither be offset against the insurance premium nor reimbursed.
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- Before SERV can review an application for an A Project, the following should be available:
  - EIAR in English, German, French or Spanish
  - In the event of resettlement, a Resettlement Action Plan (RAP)
  - Evaluation of the EIAR and other reports by a consultant or an IFI
  - In the case of controversial projects, comments from the interested stakeholders
  - Where significant conflicts exist between the view taken by the EIAR evaluation and that of the stakeholders, a further evaluation should be carried out by the consultant which will take these differences into account.
  - In the case of hydroelectric power plants, the extent to which the recommendations of the World Commission on Dams are fulfilled should also be shown. This can either be done by an independent panel of experts or be part of the evaluation of the EIAR by an independent consultant.
  - An application can be provisionally approved as before.

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## Process for category B-Projects

Depending on the project and industry, additional data are gathered, e.g. the relevant threshold values for waste water, exhaust air and noise pollution. Values are measured on the basis of local or international standards, such as those of the World Bank, the EU or the responsible regional Development Bank. If local and international standards are compared, the more rigorous rules will apply. Reasons must be given for divergences from these rules, since this data has to be disclosed to the OECD (this only applies to transactions with a loan period of 24 months or over).

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Typical B-Projects are, for example, large continuous casting plants (metalworking), polymerisation plants or switchgear.

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## Process for category C-Projects

These projects require no further review.

Typical C-Projects include, for example, the supply of rolling stock or food processing machinery.

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## Monitoring

SERV will, if necessary, use a monitoring mechanism to ensure that all requirements are actually complied with. This applies mainly to A-Projects. The implementation of environmental requirements with clear responsibilities will be defined in the Environmental Impact Assessment Report and/or the Resettlement Action Plan. For large projects, this type of control is generally carried out by an independent, international monitoring panel whose reports, in turn, are made available to the financial institutions and insurance bodies concerned. Provisos concerning the obligation to provide regular information may be included in the insurance policy. Furthermore, clauses may be added to the financing contract in cooperation with the bank, declaring serious infringements of social and environmental obligations to be an event of default.

In the event of infringements, SERV will in most cases demand that the fault be remedied. SERV may, in addition, initiate political intervention through its committees or SECO. It also has the option of taking any previous infringements of requirements into account in future transactions.

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## Ex ante publication of environmental data

SERV's conditions state that when an application (that is, a request for an insurance commitment in principle or an insurance policy) is submitted, A and B-Projects with a contract value of CHF 10 million or over will be listed in the Environment section of the SERV website.

At a minimum, the following details are published:  
country, sector, project name and/or exported goods, reference to additional information if available.

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## Ex ante publication of EIAR for A-Projects

For medium and long term projects with category A, the EIAR or a summary of it should be made available to the interested public at least 30 calendar days before the final review and decision on the application for an insurance policy. This is generally done through a reference by SERV to the publication of the information on the project sponsor's website.

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## Ex post publication

After an insurance policy for an sum of CHF 10 million or over is granted and the fees are received, the following data is published on the Internet:

country, exporter, designation of the exported goods and/or project name, contract value for Switzerland by category, duration, environmental category, reference to additional information.

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## Exporter's consent

To protect the legitimate interests of the exporter, its consent to publication is obtained on the application form. In legitimate cases, the exporter may refuse the right to publish the information.