Environmental and Social Survey

REPORTING COUNTRY INFORMATION

ESS-PRT-COSEC (18-01-2016) version 2

Reporting Country	**Portugal**	Reporting Institution	**COSEC**
Submission Date	**18 January 2016**	Version number	**2**

I GENERAL PRINCIPLES

Objectives

1. Please describe the policies and procedures that you have established to support the objectives of the Recommendation. Please include details about your organisational structure, the operational process and supporting tools.

COSEC's latest Environmental and Social Approach was established to comply with the Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, and fully support its objectives. Our new enhanced environmental and social procedures were built to improve transparency and also to take into account, not only the environmental and social risks associated with new projects, existing operations and associated facilities, but also to update the way international standards are used and the need to keep building a body of experience on the practical application of the Recommendation. Among other measures, the full text of our Approach is now available in our website, we have strengthened our efforts to foster an educational dialogue with banks, exporters and CSOs for the awareness of the environmental and social issues, we have enhanced and updated our internal questionnaire for the environmental and social review of projects, we have reinforced our commitment to make publicly available project and environmental and social information in our website and we keep a track record of all transactions with environmental impacts, that could be subject of discussion in the Environmental Practitioners meetings.

2. Please provide a link to the environmental and social due diligence page of your institution's website.

Main Page in English: http://www.cosec.pt/index.php?id=251

Environmental and Social Approach (Portuguese only): http://www.cosec.pt/downloads/file94_pt.pdf

II SCREENING

Exemptions

3. Are all applications (apart from those related to military equipment and agricultural commodities) screened? **Yes**

If no, please provide details of any exemptions from screening, including:

(a) value of any threshold used: *(b)* currency:

(c) details of any products exempt from screening:

In principle, short term transactions, bonds and investment insurance are exempted from screening. However, on exceptional situations and given the likelihood of significant potential environmental and social risks due to the dimension, sector and location of the project, transactions covered by these products may also be subject to screening and due diligence.

(d) details of any other exemptions from screening:

No additional comments.

Information requirements

4. What information is required for the screening process?

Application form	X	Separate environmental/social questionnaire	
Sector / issue-specific questionnaires (please specify)		Other (please specify)	

Our application form includes questions related to the project's potential environmental and social impacts.

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Responsibility for screening

5. Who is responsible for screening applications?

Underwriter	X	Practitioner	
ECA Consultant		Other (please specify)	

No additional comments.

Screening policies

6. Do you have policies and procedures in place to identify exports of capital goods and services destined to:

(a) Projects or to existing operations as defined in the Recommendation? **Yes**

If yes, please provide details:

Our application form includes, among others, questions about the project destination, sector, sponsors, type of operation, location in or near sensitive areas, financial institutions involved and existence of an ESIA.

(b) Identified locations that are in or near sensitive areas? **Yes**

If yes, please provide details:

Our application form includes, among others, questions about the project destination, sector, sponsors, type of operation, location in or near sensitive areas, financial institutions involved and existence of an ESIA.

Classification system

7. Do you classify applications described in paragraph 8 of the Recommendation? **Yes**

If yes, how do you classify such applications? **Using "A, B, C" Categories**

COSEC classifies all existing operations, including those that are undergoing no material change.

8. Do you classify applications described in paragraph 9 of the Recommendation? **Yes**

If yes, how do you classify such applications? **Using "A, B, C" Categories**

We classify projects in respect of which our share is below SDR 10 million in the following circumstances:
- projects in or near sensitive areas;
- in exceptional cases and taking into account the industry sector, projects for which significant potential negative environmental and social impacts have been identified.

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III CLASSIFICATION

9. Do you have policies and procedures in place to identify the potential positive and negative environmental and social impacts relating to the applications to be classified? **Yes**

If yes, please provide details, including any specific tools employed:

Our Environmental and Social Approach has procedures that are in line with the Common Approaches to identify the potential environmental and social impacts.

Responsibility for classification

10. Who is responsible for the classification of applications?

Underwriter	X	Practitioner	
ECA Consultant		Other (please specify)	

In principle, the underwriter is responsible for the classification of applications. However, taking into account the complexity of the project, its industry sector and location, COSEC may request advice from external environmental and social practitioners or consultants.

IV ENVIRONMENTAL AND SOCIAL REVIEW

Scope and criteria

11. *(a)* Do you have policies and procedures in place for reviewing projects when supporting exports forming only a minor part of a project [*i.e.* co-insuring / financing with another Export Credit Agency (ECA), Multilateral Financial Institution (MFI) or development agency] or in re-insurance situations? **Yes**

If yes, please provide details, for example:

May take account of review carried out by other ECAs, MFIs or Development Agency

(b) Any other comments:

No additional comments.

12. Do you have policies and procedures in place for assessing, where appropriate, the potential environmental and/or social impacts of any associated facilities? **Yes**

If yes, please provide details:

Our Environmental and Social Approach takes into account the potential environmental and social impacts of associated facilities.

13. Do you have policies and procedures in place for considering, where appropriate, any statements or reports from your National Contact Point (NCP)? **Yes**

If yes, please provide details:

COSEC may consider statements or reports from our NCP, if appropriate.

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Category A projects

14. Under paragraph 17 of the Recommendation, Members should require an Environmental and Social Impact Assessment (ESIA) to be undertaken for Category A projects. Are there any circumstances in which you might accept to review a Category A project for which an ESIA has not been undertaken or for which either an ESIA report is not available for review or does not adequately address all the issues set out in Annex II of the Recommendation? **Yes**

    If yes, please provide details, including the type of information that you would require in the absence of a (complete) ESIA:

    In very exceptional cases, duly justified by the significance and urgency of the project for the economic, social and human development of the host country, we may accept that an ESIA is not undertaken. In these cases COSEC may accept other documentation, if considered suitable as a substitute of an ESIA.

Category B projects

15. The scope of a review for Category B projects may vary from project to project. Please provide details of your general approach to reviewing Category B projects, including the type of information required under your policies and procedures.

    Our Environmental and Social Approach has procedures for Category B projects that are in line with the Common Approaches. The depth of the review and the information required varies from project to project, taking into account the specific features identified, namely the scope, complexity, size and location of the project.

Responsibility for review

16. Who is responsible for undertaking the environmental and social review?

Underwriter	X	Practitioner	
ECA Consultant		Other (please specify)	

In principle, the underwriter is responsible for undertaking the environmental and social review. However, taking into account the complexity of the project, its industry sector and location, COSEC may request advice from external environmental and social practitioners or consultants.

Standards for benchmarking projects

17. How do you seek assurance that a project is compliant with host country standards?

    Our Environmental and Social Approach explicitly refers that projects should always comply with host country standards. Furthermore, our exporters comply with Portuguese standards that are equivalent to the EU standards, which in most cases are more stringent than those of the host country.

18. Paragraphs 20-21 of the Recommendation set out the general circumstances in which various international standards should be used for the purposes of evaluating the potential environmental and social impacts of projects. Please provide details of when, in practice, you would use the following international standards:

    (a) World Bank Safeguard Policies.

    All non-project finance projects

    (b) International Finance Corporation (IFC) Performance Standards.

    Other (please specify)

    (c) Multilateral Financial Institution (MFI) standards. **Where such institutions are supporting a project**

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(d) Any other comments:

We may apply more than one set of international standards or guidelines, on a case-by-case basis, taking into account the specific features of a project and the cover given. Such standards include the WB, IFC, MFI and EU standards, and the EHS Guidelines. When certain types of structured finance transactions share characteristics with project finance, we may use de IFC standards rather than the WB standards.

19. Do you have policies and procedures in place for dealing with cases where projects do not meet the international standards or guidelines against which they have been benchmarked? **Yes**

If yes, please provide details:

Projects should always comply with international standards. However, in exceptional cases, duly justified by the significance and urgency of the project for the economic, social and human development of the host country, a project may be supported without having met all the relevant international standards against which has been benchmarked. In these cases, COSEC shall report and justify the standards applied to the OECD, on an ex-post on-going basis.

Site visits

20. Please specify the circumstances in which you might carry out a site visit as part of the review process.

(a) All projects		*(f)* Project involves particularly complex/unusual potential impacts	
(b) Category A projects		*(g)* Project located in or near sensitive area	
(c) Category A project finance transactions only		*(h)* Project generating significant stakeholder interest	
(d) Category B projects		*(i)* To verify project impact information provided	
(e) Project finance transactions		*(j)* Other (please specify)	X

Site visits are decided on a case-by-case basis.

V EVALUATION, DECISION AND MONITORING

Providing official support

21. Who is responsible for deciding whether to decline or provide official support and, in the event that support is to be provided, whether this should involve conditions to fulfil?

Underwriter		Practitioner	
Senior ECA staff		ECA committee / board	
Guardian Authority(ies)	X	Other (please specify)	

Cover decisions regarding applications with potential environmental and social impacts are of the exclusive responsibility of our Guardian Authorities. Besides the evaluation of the commercial and political and extraordinary risks, COSEC provides the Portuguese State with the relevant information regarding the environmental and social evaluation and review of projects.

22. *(a)* Under what circumstances would you consider denying support on account of the environmental and social impacts of a project? Please provide details.

Cover decisions regarding applications with potential environmental and social impacts are of the exclusive responsibility of our Guardian Authorities. When a project has unacceptable adverse and irreversible environmental and social impacts which cannot be mitigated, COSEC should propose denying coverage.

(b) Please provide any examples of experience.

No experience so far.

Conditions to official support

23. *(a)* How are environmental and/or social conditions to be fulfilled prior to, or after, the final commitment for official support incorporated into documentation? Please provide details.

Taking into account the type of project and the extent of the potential adverse environmental and social impacts, mitigation measures should be implemented. In order to ensure compliance with these measures, contractual provisions or covenants could be established.

(b) Please provide examples of any environmental and/or social conditions used.

No experience so far.

Monitoring

24. Do you have policies and procedures in place for monitoring, as appropriate, the implementation of a project to ensure compliance with the conditions of your official support? **Yes**

If yes, please provide details:

(a) Types of projects:

(i) All projects		*(vi)* Project involves particularly complex/unusual potential impacts	
(ii) Category A projects		*(vii)* Project located in or near sensitive area	
(iii) Category A project finance transactions only		*(viii)* Project likely to generate significant stakeholder interest	
(iv) Category B projects		*(ix)* To verify how impacts are being addressed	
(v) Project finance transactions		*(x)* Where support is provided subject to certain conditions	X
(xi) Any other (please specify)			

No additional comments.

(b) Monitoring frequency/period:

(i) during construction: **other (please specify)** *(ii)* during operation: **other (please specify)**

(c) Content:

Frequency and content of monitoring reports will be decided on a case-by-case basis.

(d) Any other comments:

No additional comments.

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25. Who is responsible for undertaking monitoring of projects, including, if appropriate, making site visits, reviewing monitoring reports, deciding on compliance, etc?

Underwriter	X	Practitioner	
ECA Consultant		Other (please specify):	

In principle, the underwriter is responsible for undertaking the monitoring of projects. However, taking into account the complexity of the project, its industry sector and location, COSEC may request advice from external environmental and social practitioners or consultants.

Non-compliance measures

26. *(a)* What actions are available to you in cases where monitoring reveals that conditions are not being complied with?

In cases where monitoring reports allows us to detect that certain contractual provisions or covenants are not being fulfilled, COSEC should take any measures considered necessary to ensure compliance.

(b) Please provide any examples of experience.

No experience so far.

Disclosure of monitoring reports

27. *(a)* In what circumstances do you encourage project sponsors to make *ex post* monitoring reports and related information publicly available?

(i) All projects		*(vi)* Project involves particularly complex/unusual potential impacts	X
(ii) Category A projects		*(vii)* Project located in or near sensitive area	X
(iii) Category A project finance transactions only		*(viii)* Project likely to generate significant stakeholder interest	X
(iv) Category B projects		*(ix)* Where project not in compliance with support	
(v) Project finance transactions		*(x)* None	
(xi) Any other (please specify)			

No additional comments.

(b) In what circumstances, if any, does your ECA require project sponsors to make such information publicly available or itself seek to make such information publicly available?

(i) All projects		*(vi)* Project involves particularly complex/unusual potential impacts	
(ii) Category A projects		*(vii)* Project located in or near sensitive area	
(iii) Category A project finance transactions only		*(viii)* Project likely to generate significant stakeholder interest	
(iv) Category B projects		*(ix)* Where project not in compliance with support	
(v) Project finance transactions		*(x)* None	X
(xi) Any other (please specify)			

COSEC may encourage but do not require project sponsors to publish monitoring reports.

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VI EXCHANGE AND DISCLOSURE OF INFORMATION

Environmental and social procedural guidance

28. Have you published national ECA environmental and other related policy statements or principles and procedural guidance? **Yes**

Exchanging information

29. Do you have policies and procedures in place for exchanging information with other ECAs and MFIs? **Yes**
If yes, please provide details:

(a) co-insuring/co-financing situations:

Ad hoc informal exchanges (email, telephone, etc.)	X	*Ad hoc* bilateral / multilateral meetings	X
Practitioners' events	X	Other (please specify)	

Our Environmental and Social Approach has procedures in place for exchanging information with other ECAs. All projects may be subject to exchange of information, taking into account business confidentiality constraints.

(b) competitive situations:

Ad hoc informal exchanges (email, telephone, etc.)	X	*Ad hoc* bilateral / multilateral meetings	X
Practitioners' events	X	Other (please specify)	

Our Environmental and Social Approach has procedures in place for exchanging information with other ECAs. All projects may be subject to exchange of information, taking into account business confidentiality constraints.

Ex ante disclosure of project information

30. Please provide details of your policies and procedures for disclosing publicly information on Category A projects before a final commitment to grant official support, including:

(a) The scope and content of information released:

Project name	X	Project location	X
Description of exported goods/services and of the project	X	Details of where additional information may be obtained	X
Other (please specify)			

No additional comments.

(b) The language of the information released:

ECA language	X	English	X
Project language		Other (please specify)	

No additional comments.

(c) Method of disclosure:

ECA website (please provide link below)	X	Other (please specify)	

http://www.cosec.pt/index.php?id=251

(d) The minimum number of days the information should be made available prior to commitment: **30** days

(e) Details of any circumstances in which project information relating to Category A projects is not disclosed prior to commitment:

None. For Category A projects COSEC should at least disclose the project's name, its location and the scope of Portuguese exports.

Ex ante disclosure of environmental and social impact information

31. Please provide details of your policies and procedures for requiring that environmental and social impact information on Category A projects be made publicly available before a final commitment to grant official support, including

(a) Scope and content of information that should be released.

Depending on the information available, COSEC can make publicly available ESIAs and/or other relevant documentation such as EIAs, ESIAs, ESMPs and RAPs.

(b) Language of the information released:

ECA language	X	English	
Project language	X	Other (please specify)	

COSEC should make publicly available information in a language that can be understandable by the host country and Portuguese CSOs. Furthermore, all efforts will be made to have information in English.

(c) Method of disclosure:

Disclosure of documents by ECA	X	*Via* link on ECA website to additional information	X
Other (please specify)			

COSEC may provide all relevant information upon written request from stakeholders or, if available, via link to the exporter or project sponsor websites, where files of relevant additional information should be found.

(d) Minimum number of days the information should be made available prior to commitment: **30** days

(e) Details of any circumstances in which environmental and social impact information relating to Category A projects is not disclosed prior to commitment.

Only in very exceptional situations, and taking into account business constrains and/or confidentiality, COSEC may not make publicly available the relevant documentation on Category A projects. In these situations, COSEC should report its circumstances to the ECG.

Ex post disclosure

32. Please provide details of your policies and procedures for making available to the public information on projects classified in Category A and Category B for which you have made a final commitment to provide official support, including:

(a) Scope and content of information released:

(i) Project name	X	*(x)* Project location	X
(ii) Description of exported goods/services and of the project	X	*(xi)* Name of exporter	
(iii) Name of buyer / project sponsor		*(xii)* Type of support	

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(iv)	Repayment term		(xiii)	Project credit volume	X
(v)	Commitment date		(xiv)	Category (A or B)	X
(vi)	Reason for classification		(xv)	Standards applied to the project	
(vii)	Key environmental and social factors / potential impacts		(xvi)	Details of any conditions (including monitoring) applied	
(viii)	On-going monitoring reports		(xvii)	GHG emissions of projects	
(ix)	Details of where additional information may be obtained	X	(xviii)	Other (please specify)	

No additional comments.

(b) Language of the information released:

ECA language	X	English	X
Project language		Other (please specify)	

No additional comments.

(c) Method of disclosure:

ECA website (please provide link below)	X	Other (please specify)	

http://www.cosec.pt/downloads/file155_pt.pdf

(d) How often *ex post* information on projects classified in Category A and Category B is made publicly available: **on-going basis**

No additional comments.

(e) How long the information remains in the public domain: **indefinitely**

No additional comments.

(f) Details of any circumstances in which information on Category A and Category B projects is not disclosed after a final commitment is made:

All Category A and B projects should be published after a final commitment is made.

33. Do you report and/or disclose publicly information on supported projects that do not meet the relevant aspects of the international standards against which they have been benchmarked? **Yes**

If yes, please provide details:

Reported to the Working Group on Export Credits and Credit Guarantees (ECG)	X	Disclosed publicly on ECA website	X
Disclosed publicly on Guardian Authority's website		Other (please specify)	

No additional comments.

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VII REPORTING AND MONITORING OF THE RECOMMENDATION

Accountability of your guidelines

34. Do you have appropriate measures and mechanisms in place to ensure compliance with your policies and procedures? **Yes**

If yes, please provide details, including (multiple answers may apply):

(i) ECA committee / board approvals	X	*(v)* Guardian Authority(ies) approvals	X
(ii) Internal audits		*(vi)* Assurance provided by external parties	
(iii) Compliance Officer		*(vii)* Complaint procedures	X
(iv) Disclosure and reporting practices		*(viii)* Other (please specify)	

No additional comments.

Monitoring and evaluation

35. Do you have any policies and procedures in place for monitoring and evaluating your experience of the Recommendation at a national level? **No**

If yes, please provide details:

Although not having specific policies and procedures, we keep a track record of all applications with potential environmental and social impacts.

Sharing information

36. Do you have policies and procedures in place for sharing experiences with other Members? **Yes**

If yes, please provide details:

Ad hoc informal exchanges (email, telephone, etc.)	X	*Ad hoc* bilateral / multilateral meetings	X
Practitioners' events	X	Other (please specify)	

No additional comments.

Revisions of due diligence procedures

37. *(a)* When was the last review or update of your due diligence procedures conducted? (mm/yy) **12-2013**

(b) What was the motivation for the last review or update of your due diligence procedures?

The last update of our environmental procedures was due to the 2012 Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.

(c) Are any modifications foreseen in the near future? **No**

If yes, please provide details:

Although no changes were made in our Environment and Social Approach since 2013, a new enhanced internal questionnaire for the environmental and social review of projects was created in december 2015. The next revison of our Approach will be due with the approval of a new version of the Common Approaches.

When ? (mm/yy)

Resources

38. How many dedicated Practitioners work for your institution? **0**

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Reporting

39. How frequently do you report *ex post* to the ECG, in accordance with paragraph 41 of the Recommendation, all Category A and Category B projects for which a final commitment has been issued? **on-going basis**

No additional comments.

40. Do you produce any reports on environmental and social issues in addition to those required by the Recommendation? **No**

If yes, please provide details:

No additional comments.

Additional measures

41. Have you adopted any additional measures for undertaking due diligence, consistent with the overall objectives of the Recommendation? **No**

If yes, please provide details:

No additional comments.

Applications not classified

42. Do you have policies and procedures in place for assessing the environmental and social risks associated with existing operations, including reviewing potential impacts and benchmarking against international standards? **Yes**

If yes, please provide details:

COSEC classifies all existing operations, including those that are undergoing no material change.

43. Do you have policies and procedures in place for addressing environmental and social issues relating to exports of capital goods and/or services that are not destined to identified locations? **No**

If yes, please provide details:

No additional comments.

Applications not covered by the Recommendation

44. Do you have policies and procedures in place for addressing the environmental and social issues relating to exports of capital goods and/or services and the locations to which these are destined for officially supported export credits not covered by the scope of the Recommendation, *i.e.* with a repayment term of less than two years, for military equipment and agricultural commodities, for any applications exempt from screening as reported under Q3, etc.? **No**

If yes, please provide details:

No additional comments.

Additional comments

45. Please provide any additional comments.

No additional comments.