

EXPORT GUARANTEES ADVISORY COUNCIL

MINUTES OF MEETING HELD ON 27 FEBRUARY 2017

Present: Mr Andrew Wiseman (Chair)
Mr Alistair Clark
Ms Alexandra Elson
Mr Neil Holt
Mr John Newgas

Apologies: Ms Gillian Arthur
Ms Anna Soulsby

In attendance: Mr Louis Taylor
Mr Gordon Welsh
Dr Helen Meekings
Mr Elliott Brookes

Secretary: Mr David Underwood

1. APOLOGIES FOR ABSENCE

1.2 Apologies were received from Ms Gillian Arthur and Ms Anna Soulsby.

2. MINUTES OF PREVIOUS MEETINGS AND MATTERS ARISING

2.1 The draft minutes of the December 2016 meeting were approved and would be published on the UK Export Finance (UKEF) website.

2.2 The scheduled agenda item on Reliance was rescheduled to the June meeting in 2017.

3. CHIEF EXECUTIVE'S UPDATE

3.1 The year to date figures for issued and effective business and premium are at £2,552m and £112m respectively. The pipeline of potential business for consideration is much larger than seen in recent years, and considering the lack of aerospace business in the financial year, there had been a significant increase in the amount of

business issued. To date, UKEF has supported 199 exporters – 136 directly with UKEF products only, 61 supported via Private Market Assists (PMAs) only and 2 with both.

- 3.2 Mr Taylor highlighted successful projects which had recently been supported, including the landmark case in Ghana where UKEF was providing US\$400 million in support for a GE Oil & Gas contract with Ghana's Offshore Cape Three Points Project, supporting a GE contract worth US\$850 million. Mr Taylor also described how UKEF was supporting UK firms Carillion and Zaha Hadid Architects as they build the environmental management company Bee'ah's new headquarters in Sharjah, UAE.
- 3.3 Mr Taylor advised the Council that UKEF will not support the Long Phu power plant in Vietnam. Taking into account wider government policy on climate change, it was decided that the UK Government would not support this project. Mr Taylor also updated the Council on Airbus and Rolls Royce.
- 3.4 Mr Taylor updated the Council on the continued collaboration between the Department of International Trade, and the proposed deployment of twenty UKEF expert advisors in key global markets. Mr Taylor outlined how UKEF was building cross-government teams to work on large projects, and a good example of this was the upcoming GE Enka share fair, which would bring together UK exporters, overseas buyers and the UK government.
- 3.5 The Council was also updated on UKEF activity at the OECD ECA and other Financial Institutions Environmental and Social Practitioners' meetings in early February. The Council noted that UKEF had been actively involved in organising and presenting at a number of meetings with other Export Credit Agencies (ECAs) and at the joint meeting with other financial institutions, which included Equator Principles financial institutions, multilateral development banks, and others.

4. ENVIRONMENTAL ADVISORY UNIT (EAU) ANNUAL REPORT

- 4.1 Dr Meekings presented the annual report on the activities of the EAU in 2016. The Council discussed the report and noted the significant upturn in the amount of work carried out by the EAU.
- 4.2 The EAU is responsible for scoping, screening, and where necessary, classifying and reviewing the environmental, social and human rights (ESHR) risks and impacts of applications for support in respect of civil, non-aerospace cases in accordance with the OECD Recommendation on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (OECD Common Approaches) and the Equator Principles.
- 4.3 The 2016 report highlighted a number of projects where UKEF had been able to positively influence projects through its ESHR review and monitoring processes, by assisting with technical guidance and ensuring on-going alignment with international standards.
- 4.4 The EAU is also responsible for representing UKEF and, where appropriate, HMG on ESHR issues at external fora, including the OECD Export Credits Group, the Equator Principles financial institutions group, and the Multilateral Financial Institution's (MFI) Working Group on Environment and Social issues.
- 4.5 In 2016, UKEF took an active role facilitating thematic sessions, providing presentations and coordinating working groups at OECD ECA Environmental and Social Practitioners' meetings.
- 4.6 The Council noted that 2016 was a significant year for UKEF as it had adopted the Equator Principles (EP) on 31st March 2016. In doing so, UKEF joined over 80 other financial institutions in applying this global framework to promote sustainable environmental, social and human rights decision-making in financing project.
- 4.7 The Council recognised the increased workload, and particularly noted the quality of the work that was being carried out by the EAU. The Council commented that it was pleased to see EAU work was a mainstream UKEF activity, fully embedded into the underwriting process and that it was adding good value to the work of the Business

Group. UKEF was leading and influencing other ECAs in the ESHR field and was becoming a centre of excellence within government.

- 4.8 The Council discussed EAU resourcing and that a new member of staff would be joining the team, bringing experience as a social, human rights, and gender specialist who has previously held roles with EBRD, the World Bank, and the World Health Organisation. The EAU had also focussed on professional development in 2016, particularly in the area improving the teams understanding of the financial and underwriting processes in projects.

5. GENDER EQUALITY

- 5.1 The Council had previously requested that the EAU review its activities in respect of gender equality, and to consider widening its thinking in this area when considering support for projects.
- 5.2 Mr Brookes presented the EAU's initial findings from research into how the issue was considered by other ECAs and IFIs. There are several UN conventions and covenants within which gender is embedded, and a number of multi-lateral financing institutions have gender policies or strategies to promote gender equality within projects, investments, and internally, although it did not appear that any OECD ECAs had such a policy or strategy which was publically stated.
- 5.3 Mr Brookes advised that the EAU undertakes ESHR screening, review and monitoring of projects, and within that routinely takes gender issues into consideration. Projects are benchmarked against IFC Performance Standards, but gender equality opportunities may be impacted by the local cultural context in some countries.
- 5.4 The Council recognised UKEF's consideration of gender issues and discussed factors affecting where the EAU can apply a gender lens to its ESHR screening. The Council noted that UKEF has no development mandate, and the Council acknowledged that UKEF's influence would not be likely to change cultural prejudice at a national level, but could have positive impacts at a project level.
- 5.5 The Council advised that UKEF's strength could be through stakeholder engagement and that UKEF could specifically consider gender angles each time a project is brought to UKEF for consideration.

5.6 The Council recommended that UKEF take a leadership role in this area amongst ECAs and with project sponsors, by emphasising the positive benefits of gender equality at early stages of the projects. The Council advised that UKEF could increase influence on gender equality by ensuring that consultations carried out in respect of projects are inclusive of the right range of affected people.

5.7 The Council acknowledged that the Department for International Development would take the lead in discussions around the Sustainable Development Goals, but emphasised that UKEF should be participating into those discussions.

5.8 UKEF agreed it should now start conversations in respect of gender with project sponsors, other ECAs and DFID.

Action: UKEF will make a gender equality presentation at the next OECD Practitioners meeting and feedback comments from other ECAs to EGAC.

6. EGAC RECRUITMENT UPDATE

6.1 The Council noted the update. Three members will be extending their terms of Office.

Action: Secretary to arrange

6.2 The Chairman advised that as a number of members would be reaching the maximum terms of office in the next two to three years, UKEF would urgently need to manage the recruitment of replacement members before that time.

7. FREEDOM OF INFORMATION UPDATE

7.1 The Council discussed information requests made under the information legislation since the last meeting, and noted discussed the notable themes and the generally good scores for the timeliness of the FOI responses.

8. EGAC SCORECARD

8.1 The Council reviewed the advice it had provided and decisions it had taken, and noted that all actions arising from these were either complete or in hand.

Action: Secretary to amend the scorecard and update the colour coding.

9. BUSINESS SUPPORTED

9.1 The Council noted the business supported since December 2016.

10. ANY OTHER BUSINESS

10.1 The Advisory Council Chairman would attend a UKEF Board and meet with the UKEF Board Chair. The UKEF Board Chair would also attend an EGAC meeting.

Action: UKEF secretariats to arrange.

David Underwood

Secretary