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Press Release
Paris, Friday April 15, 2005

NGO Coalition Opposes Inclusion of Large Dams
Under Export Credit Incentives for Renewable Energy Projects

On Monday April 18, 2005, Participants to the Arrangement on Officially Supported Export Credits will meet at the OECD offices in Paris to decide, among other things, whether to grant preferential terms to renewable energy projects. An NGO coalition, Export Credit Agency Watch, has written to a number of national export credit agencies (ECAs) and to the OECD Export Credit Secretariat supporting the intent of a proposal for new financial incentives for renewable energy projects, but warning that there are serious flaws in the proposal which undermine and even negate the very purpose of the proposal.

The eligibility of large dams for these incentives, projects which generate massive and irreversible social and environmental damages, is seen as a trojan horse which detracts from genuine efforts to create a level playing field for renewable energy sources over existing subsidies to nuclear and fossil fuel-fired power generation.

The climate impact of methane emissions from large dam reservoirs, especially in the tropics, can actually exceed those of natural gas plants generating equivalent amounts of energy. Ducroire, the Belgian ECA has supported fossil fuel power projects which produce 20 times the greenhouse gases that Belgium has committed to reduce under the Kyoto Convention!

ECAs are public or semi-public agencies that provide government-backed loans, investment guarantees and insurance to national corporations that seek to do business overseas in developing countries and emerging markets. Most industrialized nations have at least one ECA and they are collectively now the world's largest class of public international finance institutions, supporting some US\$100 Billion in transactions annually, greatly exceeding the World Bank Group's annual lending of over US\$20 Billion. Yet, like the World Bank Group twenty years ago, ECAs have weak social and environmental standards, do not adequately monitor compliance with even these weak standards, are not fully transparent in their use of public monies and are susceptible to abuse of public funding because of lax anti-bribery standards and monitoring.

ECA Watch calls for the removal of large hydro dams from eligibility for these incentives and demands that, if OECD facilitated negotiations require that such projects be included, large dam projects must be obliged to comply fully with the guidelines of the World Commission on Dams (WCD) if they are to receive preferential terms and conditions.

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For further information, contact Bob Thomson, Facilitator, International NGO Campaign on Export Credit Agencies at the above telephone numbers and email address or visit our web site at <http://www.eca-watch.org>

The full text of the NGO letter to the OECD Export Credit Secretariat and a list of the signatories can be found at:

http://www.eca-watch.org/problems/fora/ECAWltrtoOECD_renews042005.pdf

Background materials on the impact of large dams, the World Commission on Dams and other issues covered in the NGO letter to the OECD can be found below.

- Support for unsustainable non-renewable energy sources by ECAs was highlighted in a recent Greenpeace report showing that Ducreire, the Belgian ECA, is financing or supporting 20 times the greenhouse gas production through fossil fuel energy projects as Belgium has committed to reducing under the Kyoto Convention between 2008 & 2012.
(http://www.greenpeace.org/belgium_fr/multimedia/download/1/722055/0/rapport_EN.pdf)
- Between 1994 and 1999, ECAs supported \$103 billion in fossil fuel power generation, oil and gas development, large transport infrastructure, sales of aircraft, and energy intensive manufacturing in developing countries. (World Resources Institute <http://www.wri.org>)
- ECA support for fossil fuel power projects from the United States alone between 1992 and 2002 amounted to some US\$32 billion, which will result in lifetime emissions from these projects of 32 billion tonnes of carbon dioxide. (Sustainable Energy and Economy Network, Institute for Policy Studies, Washington <http://www.seen.org>)
- For a comprehensive review of why hydropower should not be included in renewable energy initiatives, see the International Rivers Network and other NGO's report "Twelve reasons to exclude large hydro from renewables initiatives" at <http://www.irn.org/programs/greenhouse/12reasons.pdf>
- Background on the World Commission on Dams can be found at:
 - o NGO Guide to the WCD <http://www.irn.org/wcd/index.asp?id=guide.html>
 - o Citizens' Guide to the WCD <http://www.irn.org/wcd/index.asp?id=citizenguide.html>
 - o <http://www.irn.org/wcd/wcdguide.pdf>
 - o The International Rivers Network & the WCD <http://www.irn.org/wcd/>
- Further materials on the NGO Campaign on Export Credit Agencies can be found on our web site at <http://www.eca-watch.org>
- The OECD Export Credit Secretariat can be reached at:

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