

## **SUMMARY report Masterclass Dutch Export Credit Facility.**

**Monday September 5, 2016**

**House of Representatives, The Hague, the Netherlands**

At the end of this year, the Dutch government will present a policy review of its export credit facility - as implemented by Atradius Dutch State Business (ADSB) - to the national Parliament. In conversations with multiple staff members of parliamentarians, it was concluded that it would be helpful to organise a kind of Masterclass to enable them to better understand the role of the Dutch ECA from different perspectives. Thus Both ENDS invited a range of stakeholders to attend and contribute to this meeting. The goal of the Masterclass was to inform Dutch parliamentarians and their staff on the functioning of the Dutch export credit facility, and the possibilities to effectively counter and mitigate negative economic, social, environmental and human rights impacts in developing countries linked to ADSB supported exports and investments.

At the meeting ADSB, Boskalis, Both ENDS, the Netherlands Commission for Environmental Assessment (NCEA), MVO (CSR) platform, the Dutch Banking Association, Rabobank, Transparency International and the employers' organisation VNO-NCW held short presentations and provided input to the discussions. The Dutch National Contact Point for the OECD-Guidelines on MNE's (NCP) participated as an observer.

### **General role of ADSB**

In the Netherlands, the Ministry of Finance is responsible for the activities of ADSB. ADSB provides export and investment insurances to Dutch companies on behalf of the Dutch State. The role of ADSB is important to the Dutch exporting sector, including small- and medium scale enterprises (SMEs). International competition for the Dutch exporters is rising. ADSB has a mandate to operate complementary to the commercial export credit market. The factors that determine when ADSB will step in are fluctuating, depending on the size of a transaction, the repayment terms for the financing of a transaction or specific risks relating to the circumstances that apply in the country of the buyer.

Atradius DSB regularly speaks to companies and also tries to make sure new exporters and investors find their way to its products. It recently launched a new website to be more transparent to its customers. In practice, Dutch SMEs are best served via the supply chain of bigger, more complex, ECA supported transactions. Some clients of ADSB report that the application process has become more complex due to enhanced CSR obligations and fluctuating country policies. In politically sensitive transactions final decisions are made by the Ministry of Finance. However the annual review of ADSB also suggests that overall decision making processes have become faster. It was noticed at the meeting that ADSB and the Ministry of Finance tend to consistently publish different aggregate and annual figures. This reportedly relates to the use of different calculation methods.

### **The role of CSR within ADSB**

Unlike many other ECAs, ADSB assesses the environmental and social risks of all transactions, including for short term transactions with a repayment term of less than two years. This is regular policy in order to include dredging transactions that usually have high impacts while these activities have short repayment terms.

Transparency and due diligence are crucial when it comes to CSR. Companies should not only be transparent towards ADSB but also towards local stakeholders and the wider public to allow for public consultation and participation in decision making processes. Due diligence means that every actor in the business chain is expected to map the economic,

social and environmental risks related to their corporate conduct and to explore mitigation strategies, including ECAs. Independent reviews of EIAs of high risk projects – such as those offered by the Netherlands Commission for Environmental Assessment (NCEA) – could be helpful in strengthening the due diligence procedure at ADSB.

ADSB focuses on three aspects during due diligence: the reputation of the exporter, the reputation of the buyer, and the (potential) impacts of the specific transaction. On average, ADSB rejects one project per year for CSR reasons. Lack of information supplied by the applicant of the insurance is the most common factor. Whether to support a controversial transaction or not is, in the end, always a political decision.

### **Governance & accountability**

The Dutch government consults with the business community and banks in the National Commission for Export, Import and Investment Insurance (National Commission). The members of this Commission are appointed by the Minister of Finance. It is an important Commission where the participants discuss the design and implementation of various instruments. Concern was raised that this Commission lacks transparency, as no information on its membership or activities are publicly disclosed. It was advised that this Commission should open up to other stakeholders too, for example civil society organisations.

Dutch policy is aligned as closely as possible with the international level playing field as negotiated at the level of the OECD and the EU. The Arrangement and the Common Approaches are the most important guidance for Atradius DSB, while the OECD Guidelines for MNEs apply for their clients. In practice, the Common Approaches and OECD-Guidelines for MNEs do not fit each other very well. The OECD also plays an important normative role concerning the fight against corruption. A significant portion of Atradius DSB's portfolio falls within sectors where the risk of corruption is substantial. In the case of such applications extra due diligence is desirable and it was suggested that politicians could promote further international collaboration to effectively counter corruption in international trade. As the overall debt situation in many developing countries and evolving markets is getting worse, the strengthening of policies on responsible financing deserves renewed political attention as well.

So far, no CSR conditions have been included in the insurance policies of individual transactions. It was suggested that changing this could be a way to ensure that the costs of adverse impacts of ECA supported transactions would not only be deferred to (people in) host countries. To that end it was suggested that CSR risks and financial economic risks of transactions should be considered in an integrated manner.

### **Conclusion**

All participants in the Masterclass concluded that this meeting was very helpful as a preparation for a better informed parliamentary discussion on the policy review that is on the agenda later this year.