



Assessing the Paris Alignment of ECAs Methodology and case studies

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Assessing ,Paris alignment‘ of Export Credit Agencies

- Perspectives Climate Research developed a tailor-made **methodology to assess the ,Paris alignment‘ of ECAs**
- ECAs and their governments are evaluated across **five dimensions, 18 key questions** and **72 rigorously defined benchmarks**
- Builds on the work at the **Paris alignment working group (PAWG)** at MDBs as well as **E3G’s Public Bank Climate Tracker Matrix**
- Benchmarks in line with the **latest IEA Net Zero Pathway, the IPCC P1 scenario** and **consider the special responsibilities of public finance** to act as role model for private finance

Assessing ‚Paris alignment‘ of Export Credit Agencies

- Notable differences to other methodologies of ‚Paris alignment‘ assessments:
 - **„Weighting“** of different assessment dimensions (Mitigation > Climate finance)
 - Evidence-based expert judgements and **policy-oriented results**
 - **Reproduceability of results** and full transparency
- Medium to long-term vision:
 - Providing a **solid scientific basis for policy dialogues** with relevant ministries to drive reforms at the supranational (e.g. OECD agreements, E3F) but also at the national level.
 - Focus **public attention** on the climate impact of export promotion, thus increasing pressure on ECA and government
 - By pointing out best practices within almost all key questions, the **possibility for ECAs to exchange knowledge and experience with each other is improved.**

Core structure of the methodology

Dimensions	Weight	Description	#KQ	Score (illustrative)
Transparency	0.2	Financial and non-financial disclosures	4	1.0 / 3.0
Mitigation I	0.4	Ambition of fossil fuel exclusion or restriction policies	3	1.0 / 3.0
Mitigation II	0.2	Climate impact of and emission reduction targets for all activities	3	2.0 / 3.0
Climate finance	0.1	Positive sustainable development contribution	5	1.0 / 3.0
Engagement	0.1	Outreach and 'pro-activeness' of ECAs and their governments	3	1.0 / 3.0
Assessment outcome:		Some progress	18	1.2 / 3.0 (weighted)

Assessment outcomes ("Labels of Paris alignment")

Corresponding score range

Unaligned	0.00 - 0.50
Some progress	0.51 - 1.50
Paris aligned	1.51 - 2.50
Transformational	2.51 - 3.00

Example: Ambition of fossil fuel exclusion or restriction policies

Dimension 2, Q.1 – „Coal: How ambitious is the ECA regarding exclusions or restrictions for support of coal and the related value chain?“ (Overall weight: 13,3%)

'Unaligned'	'Some Progress'	'Paris aligned'	'Transformational'
<ul style="list-style-type: none"> - Continued support of coal and related <i>value chain</i> AND - Absence of policies beyond the OECD CFSU OR - Evidence for substantive deviation from stated policies OR - Generically stated policies without clear timeline, commitment or scope of action 	<ul style="list-style-type: none"> - Policies in effect significantly restricting support of coal and related <i>value chains</i> OR - Announcement to exclude coal and related <i>value chains</i> over the short term (i.e., within two years) 	<ul style="list-style-type: none"> - Policies in place excluding coal and related <i>value chains</i> with immediate effect and no deviation OR - Demonstration of non-engagement in entire coal <i>value chain</i> 	<ul style="list-style-type: none"> - Policies in effect excluding coal and related <i>value chain</i> AND - Complementary policies or programmes of early retirement/replacement of assets AND - Evidence for overachievement of stated policies OR - Complementary policies or programmes to compensate job-losses or other socially adverse transition risks caused by exclusion policies in home country or abroad ("contribution to a just transition")

Results: Three finalized case studies released

Case study	Assessment result	Key features
Netherlands (Atradius Dutch State Business)	0.49 (Unaligned)	<ul style="list-style-type: none"> + In-house fossil fuel measurement as well as Green label methodology - No formalized policies to exclude or restrict support to coal, oil and gas value chains
Germany (Euler Hermes)	0.32 (Unaligned)	<ul style="list-style-type: none"> + Engagement in supranational fora and initiatives, development of climate strategy - Lacking transparency on climate impact of activities, fossil fuel phase out policies cherry picking
Japan (NEXI & JBIC)	0.02 (NEXI) / 0.05 (JBIC) (Unaligned)	<ul style="list-style-type: none"> + Incentive structures for green businesses - Lacking transparency, active promotion of fossil fuels

Recommendations to align ECAs with the Paris Agreement

- **For ECAs and national governments**

- Transparently disclose both financial and non-financial information
- Immediately phase out support for fossil fuel value chains (coal, oil and natural gas) and pro-actively support affected sectors
- Assess the climate impact of supported activities by quantifying the associated GHG emissions and thus set science-based GHG reduction targets for all relevant sectors in line with 1.5°C
- Boost the scale and – most importantly – the quality of climate/sustainable finance
- Engage in „coalitions of the willing“ and raise ambition

Recommendations to align ECAs with the Paris Agreement

- **International level**

- Fundamentally reform the OECD Arrangement for a „sustainable level playing field“ in line with the Paris Agreement
- Enhance international climate diplomacy: role of China and other non-OECD members



Thank You!

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