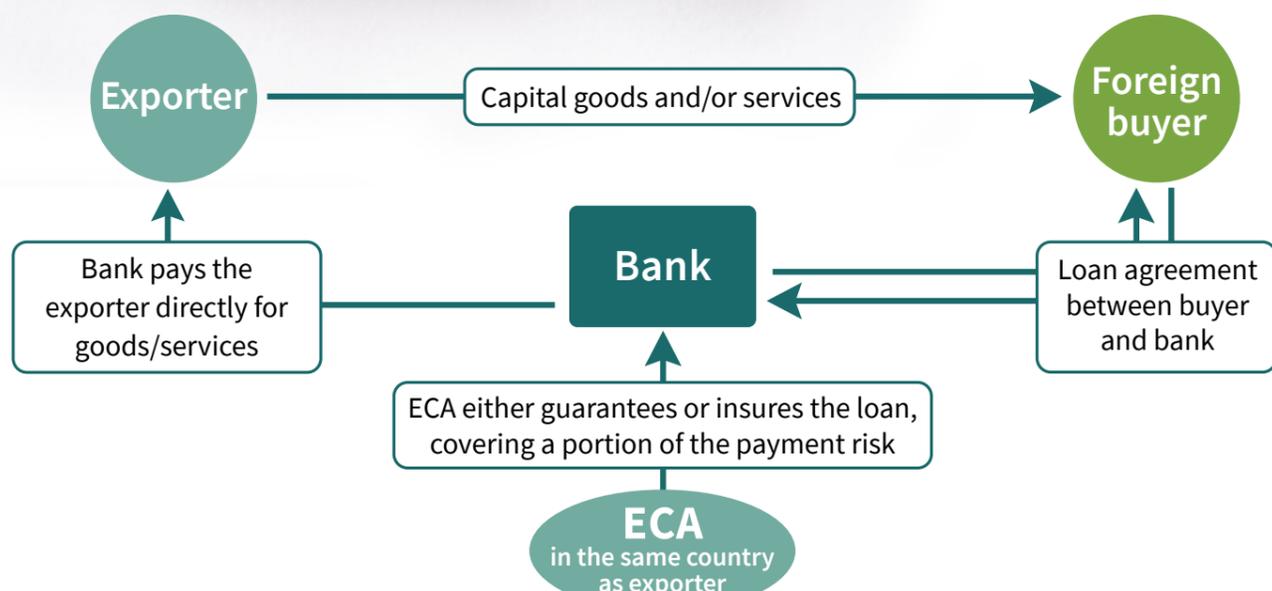


The veil of secrecy shrouding export credit agencies in central and eastern Europe

What are export credit agencies (ECAs)?

- Export credit agencies (ECAs) are government-backed institutions that provide domestic companies with credits, guarantees or insurance against the risk of non-payment for business transactions abroad.
- All national ECAs combined provide the largest source of publicly supported finance for foreign business transactions of companies based in industrialised countries.



Why are ECAs problematic?

- At the national level, ECAs are subject to very little if any oversight by politicians and they are little known to the public at large.
- ECAs in Poland, Croatia, Hungary and the Czech Republic have resisted civil society efforts to shine a light on how they use public money.
- Lengthy and costly legal processes are the only way for civil society organisations to obtain basic information about ECA projects.



How can we make ECAs more transparent?

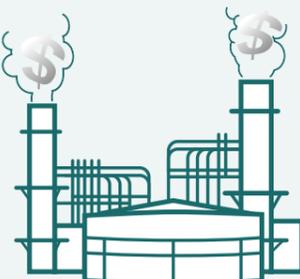
- Revising EU Regulation 1233/2011 would oblige ECAs to be more transparent and in line with the EU objectives.
- This regulation needs to change because it is outdated and fails to adequately reflect current EU policy objectives. From both an environmental standpoint and for the benefit of a level playing field, the EU must revise its policies and regulations regarding the ECAs of all its Member States.
- EU Member States have also shown their willingness to revise ECA policies. In November 2021, a number of Member States signed the COP26 Statement on International Public Support for the Clean Energy Transition and to end all international and direct public financing of fossil fuels.

Examples



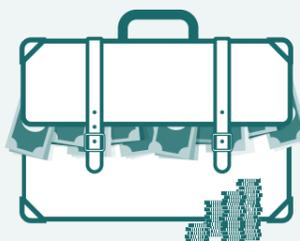
Ghost fossil fuels project in Ghana: are Hungarian funds involved?

In 2019, Hungary's Ambassador to Ghana unveiled a Hungarian investment in the **Bridge Power project**, worth USD 70 million. Bridge Power, located within the thermal power complex in Tema, Ghana, will be the biggest power plant in Ghana. Friends of the Earth Hungary wrote an official letter to Hungarian ECA Eximbank Zrt. to clarify whether it is financing the Bridge Power project. Eximbank Zrt. refused to provide any information, claiming the need for business and banking secrecy.



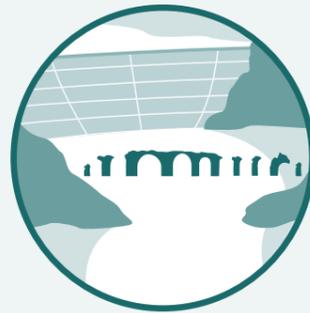
EGAP's guarantee for a project under investigation for corruption

In 2020, the Czech Export Guarantee and Insurance Corporation (EGAP) approved a guarantee of around EUR 80 million for Liberty Ostrava, a steel company located in Northern Moravia. The loan covered by the EGAP guarantee was provided by Greensill Bank AG, which went bankrupt in March 2021. The **global media** had been writing about corruption cases associated with Greensill Bank and GFG Alliance before the guarantee was granted. EGAP's decision to grant support to a company with dubious financing was **contested nationally**.



Croatian investment in a hydropower plant located in a conflict zone

Through its guarantees programme, the Croatian Bank for Reconstruction and Development (HBOR) gave financing to a Croatian business called Končar – Generators and Motors Inc. in delivering two generators for the Khoda Afarin hydropower plant, worth around EUR 2.3 million. The plant is being built on the border of Iran and Azerbaijan, only a mile away from world-famous bridges that date back to the middle ages and the disputed territory of Nagorno-Karabakh. It is highly questionable whether sufficient due diligence was undertaken given the geopolitical nuances and potential human rights impacts of the project, as well as the project's impact on historical bridges.



Poland's lack of vision for climate change mitigation

Following a 2019 court ruling in favour of Poland's export credit agency KUKE S.A., its full portfolio of supported projects remains secret. In 2020, the Polish Green Network asked the Polish Ministry of Finance – which supervised KUKE S.A. at that time – about the ECA's implementation of the Paris Agreement. It stated that KUKE S.A. works to realise the Paris Agreement by implementing the OECD's Arrangement on Officially Supported Export Credits. There is not a single mention of climate change and the role ECAs can play in mitigating this in the OECD Arrangement. The fact that the Ministry of Finance referenced this document shows a lack of relevant policy and proper consideration both by KUKE S.A. and Poland.



Read the full publication:

'The veil of secrecy shrouding export credit agencies in central and eastern Europe shows that the EU law on export credits must be strengthened'

This publication has been supported by **Both ENDS** and Grassroots Foundation **Both ENDS** Connecting people for change