

MINUTES OF MEETING HELD 20/6/05

Present: **Ms Liz Airey (Chairman)**
 Mr John Elkington
 Professor Jonathan Kydd
 Mr Graham Rowcroft (observer)
 Mr Tony Shepherd
 Mr Paul Talbot

In Attendance: **Mr Patrick Crawford**
 Mr Graham Pimlott
 Mr John Weiss
 Mr Nicholas Ridley
 Mr David Allwood
 Ms Helen Richman (Secretary)

APOLOGIES FOR ABSENCE

Apologies were received from Mr Thamotheram and Sir Stephen Brown.

MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 16 March 2005 were approved.

1 MATTERS ARISING

3.1 Consultation on Anti-Bribery and Corruption Procedures

- Twenty-eight responses to the Consultation had been received, and were being considered in line with Cabinet Office guidelines. Council members would receive copies of the responses. It was felt that these should be discussed by the Council at a meeting in early September, alongside ECGD's proposed response to the Trade and Industry Committee on its anti-bribery and corruption procedures.

3.2 Chairmanship of EGAC

- Following the publication of the post of the chairman of EGAC on the Cabinet Office website, two applications had been received and considered in accordance with the Office of the Commissioner for Public Appointments (OCPA) code of practice on recruitment to Non-Departmental Public Bodies. John Elkington had been selected as the new chairman of EGAC. ECGD and Council members welcomed John as the new Chairman of EGAC and thanked Liz Airey, stepping down at the end of her three-and-a-half year tenure, for her dedicated service to the Council.

3.3 Draft External Contact Guidelines

- It was agreed that the issue of whether guidelines on general principles of external contact for new members joining would be helpful should be re-visited at the next meeting.

3.4 Freedom of Information Act

- ECGD had received 34 requests under the Freedom of Information Act, mainly from NGOs and journalists. EGAC enquired about and noted the general nature of the requests made. These had focused on environmental issues, anti-bribery and corruption procedures, and defence business.

4 FEEDBACK FROM EGAC MEMBERS ON ROLE OF THE COUNCIL

- ### 4.1 The Chairman updated ECGD on discussions held by members on the

Council's role and remit in 2004/05 and its overall effectiveness, making the following key points:

4.1.1 Council members had not felt that they had been able to be as effective in fulfilling their remit in 2004/05 as they would have wished, with the benefit of hindsight. They had a sense on key issues, such as bribery and corruption, that they had been unable to input views in a timely enough way for their advice to be of use. Accordingly, they had resolved, as provided for by their remit, to take a more proactive stance in setting the agenda for meetings in the next financial year. It was also felt that the Council should seek on appropriate occasions to provide its advice direct to the Minister, rather than always through the ECGD executive as had been the custom over previous years. Council members believed that their ability to be proactive in the past may have been partly limited by the Council's lack of resource. It was felt that they might, from time to time, need to obtain expertise independent of the executive to assist them on specific issues. This would require a modest budget to enable them to access external resource as appropriate.

4.1.2 The Council's overall remit was:

'to provide advice on the principles that should guide the Export Credits Guarantee Department (ECGD)'s pursuit of aims and objectives set out in its Mission Statement and how these principles should inform its business policies'.

Within this remit, the Council's existing terms of reference had required it to focus on the following areas:

- i. ECGD's risk management policies;
- ii. ECGD's marketing and product development;
- iii. the ability of ECGD to compete fairly with overseas Export Credit Agencies;
- iv. ECGD's stance relative to the private financial services and capital markets;
- v. ECGD's policies for ensuring it commands a high reputation for fairness,

openness and integrity with Parliament, the public and its customers;
and

- vi. whether ECGD's business policies support the Government's policies for good environmental standards, the promotion of sustainable economic development in emerging markets, and good governance.

Any changes to the Council's terms of reference would be subject to Ministerial approval.

4.1.3 Ms Airey noted on behalf of the Council that as the *raison d'être* for ECGD was to support the UK exporter the Council must make sure that it retained a close understanding of the needs of exporters in order to fulfil its role. That said, some members of the Council believed that the Council's remit should be narrowed to focus on Business Principles areas of the terms of reference. This reflected the changes in ECGD's governance structure over the past 18 months, specifically the role of the Management Board, which had not existed in its current form and with its extensive oversight responsibility at the time these terms of reference were established. Others felt that, in spite of the recent changes in ECGD's governance structures, an independent and fully representative Council, with its existing remit, and with direct access to the Minister, could help to allay the concerns of customers about ECGD's services. The Council considered that its primary focus should be helping ECGD find the common ground between supporting UK industry and contributing to sustainable development in emerging markets, and that this balance should be reflected in the membership and expertise of the Council.

4.1.4 Following discussion around the table, it was agreed that ECGD would give further thought to the views expressed by the Council on its remit and any associated operational implications.

5 DISCLOSURE OF ECGD'S REASONS FOR DECISIONS ON CASES

5.1 On April 04, 2005, the Trade and Industry Committee had published its report on the Implementation of ECGD's Business Principles. One of the recommendations made by the Committee was that it felt that ECGD should

publish more information on the issues raised and a full explanation of how these had been addressed when ECGD 'announced a major funding decision'.

5.2 In discussion, the following points were raised:

5.2.1 It was felt by the Council that the Committee's proposals related to cases determined to be 'high impact' by ECGD's Business Principles Unit. The general principles of ECGD's proposed response were discussed and approved by the Council, with the inclusion of some clarifications and amendments.

6 BUSINESS PRINCIPLES UNIT ANNUAL REPORT

6.1 Mr Allwood presented the Business Principles Unit's Annual Report for 2004/05. He addressed the following points:

6.1.1 The Business Principles Unit's resource had been primarily dedicated to a small number of complex, high profile projects. Thirty-seven cases had been assessed during the year, including five received from the previous period. Six cases had been referred to the Department for International Development (DfID) for consideration under a Productive Expenditure test. Some resource had also been dedicated to issues relating to ECGD's anti-bribery and corruption procedures.

6.1.2 In the year ahead, ECGD, along with other Government Departments, would develop its 'Sustainable Development Action Plan' setting out its internal-facing (house-keeping) and external-facing sustainable development activities.

6.2 In discussion, the following points were raised:

6.2.1 The Council noted that ECGD applied Productive Expenditure criteria to 'IDA-only' as well as Heavily Indebted Poor ('HIPC') countries, whereas other ECAs did not apply the criteria to IDA-only countries. (IDA-only is a World

Bank classification of countries eligible to borrow from the World Bank only on highly concessional terms.) It was noted that one of ECGD's international aims is to persuade other OECD ECAs to adopt the same approach. The Council supported the aims of levelling the playing-field by raising standards internationally. However, further information was requested from ECGD on how 'sustainability' was measured by DfID in relation to projects in IDA-only countries. Council members also expressed an interest in meeting with DfID officials to discuss this issue.

6.2.2 The Council asked to comment on ECGD's Sustainable Development Action Plan in due course.

7 GUARANTEES ISSUED

7.1 There were no questions on this paper.

8 ANY OTHER BUSINESS

8.1 There was no other business.

HELEN RICHMAN

EGAC SECRETARIAT