

MINUTES OF MEETING HELD 21/09/2005

Present: **Mr John Elkington (Chairman)**
Mr Tony Shepherd
Sir Stephen Brown
Mr Paul Talbot
Mr Martin Roberts
Professor Jonathan Kydd
Mr Graham Rowcroft (Observer)
Ms Liz Airey (Observer)

In Attendance: **Mr Graham Pimlott**
Mr Patrick Crawford (Item 4
onwards)
Mr David Allwood

Ms Helen Richman (Secretary)

1 APOLOGIES FOR ABSENCE

1.1 Apologies were received from Sir Stephen Brown and Dr Raj Thamotheram.

2 MINUTES OF THE PREVIOUS MEETING

2.1 An amendment to the minutes of the meeting held on 20 June was agreed. It was decided that the minute of the meeting held on 25 August would be cleared by written procedure.

3 REPORT FROM THE CHIEF EXECUTIVE

3.1 Mr Weiss updated the Council on news and developments at ECGD, making the following key points:

3.1.1 Freedom of Information: there had been ten requests under the Freedom of Information Act since the July meeting, with the total requests received since January standing at 47. Recent requests were largely related to ECGD's anti-bribery and corruption/ environmental impact procedures.

3.1.2 Statutory Trading Fund: An outline of ECGD's progress in relation to the proposed move to Statutory Trading Fund in Spring 2007 was discussed. It was confirmed that ECGD was collating data to feed into the business case for the Trading Fund, and that this activity would be ongoing into 2006.

3.1.3 Internal Cost and Efficiency Plan: Following a consultation with staff and Trades Unions, ECGD management had announced its decision to implement its internal cost reduction and efficiency plans. These were outlined to the Council.

3.1.4 Data Management: It was confirmed that ECGD's new data reporting systems had now been put in place and tested. A 'bedding in' period had begun, during which the systems would be monitored and any necessary adjustments or enhancements identified.

4 UPDATE ON CONSULTATION ON ANTI-BRIBERY AND CORRUPTION PROCEDURES

4.1 Mr Weiss updated the Council on progress towards publishing a Government response to the public consultation on ECGD's anti-bribery and corruption procedures. It was noted that previous comments from the Council had been taken on board in preparing the response. Inputs were now being sought across Government. It was agreed that ECGD would keep the Advisory Council updated on further progress.

5 SUSTAINABLE DEVELOPMENT ACTION PLAN

5.1 Mr Allwood updated the Committee on progress in relation to the new HMG Sustainable Development Strategy, published in March 2005. The Strategy required all Government departments and agencies to produce, by December 2005, a Sustainable Development Action Plan (SDAP). ECGD's Plan would relate both to external policy issues (such as ECGD's environmental impact assessment procedures) and internal matters (such as paper re-cycling).

5.2 ECGD had set up its SDAP framework and a first draft of the Plan, which was presented to the Council. The Council's approval of the framework was sought and its assistance was sought in relation to production of the more detailed plan.

5.3 In discussion, Council members commented that the SDAP should be closely aligned with ECGD's international agenda to 'level the playing field' with other ECAs in relation to Business Principles issues such as project impacts. It was felt that the SDAP should take the preparation, as well as implementation, of policy into account. It was suggested that, in an internal context, issues such as air travel and re-cycling could be monitored. In relation to both internal and policy issues, however, doubt was expressed by Council members as to whether 'year-on-year' improvements were realistic for a small department like ECGD. ECGD was asked whether the Sustainable Development Commission ('SDC') would ensure that the SDAP was uniformly interpreted across government. The monitoring role of the SDC was confirmed, but it was noted that the SDC had recently been appointed to oversee the implementation of the SDAP, and initial guidance on interpreting the Sustainable Development Strategy had only been published in August.

5.4 The Council agreed to comment on the updated plan for implementing the SDAP by written correspondence in October, and tabled this item for further

discussion at their November meeting, along with any further information available on the SDC's guidance for the implementation of the SDAP.

6 EGAC TERMS OF REFERENCE

6.1 ECGD presented draft revised Terms of Reference for the Council, as requested at its June meeting. The draft contemplated a narrowing of the Council's Terms of Reference to focus on the 'sustainable development and human rights' aspects of Business Principles, such as environmental impact and anti-bribery and corruption procedures, as well as transparency. It was suggested that areas such as risk management, marketing and product development and services for smaller exporters should be re-directed to the Management Board.

6.2 Council members debated the proposed revisions to the Terms of Reference. They felt it was important, should the narrowing of the EGAC Terms of Reference be implemented as proposed, that EGAC be kept informed of business issues in contexts where there was cross-over between these and other areas, for example, in relation to anti-bribery and corruption procedures. In discussion, it was suggested by members that this could be addressed through the existing information provided to the Council and/or through specific requests for one-off reports. ECGD was also exploring whether a new Non-Executive Director could sit on both the Council and Management Board to strengthen links between the two in this respect.

6.3 It was suggested that, if amended, the Council's Terms of Reference should be updated to include an annual meeting with the Minister for Trade. The request made two meetings previously for a small budgetary provision to be made available for the Council to extend its own administrative/ consultative support when required was repeated. It was suggested that the 'challenge' element of the Council's role should be increased if the Terms of Reference were narrowed as proposed.

6.4 However, a minority of Council members present did not agree that the Terms of Reference needed to be altered, and felt that the Council also had a role to play in relation to representing the interests of groups like smaller exporters. Others considered that the Council would still be able to take account of particular interests, including the perspective of exporters, in carrying out the tasks envisaged by the proposed revised Terms of Reference. The first group said that they would be content with the proposed revisions if they could satisfy themselves that the Management Board had the expertise required to cover business areas currently within EGAC's Terms of Reference which were now proposed to be excluded: i.e. risk management policies, marketing and product development (including for small to medium sized exporters), the ability of ECGD to compete fairly with other ECAs, and ECGD's stance relative to the private financial services and capital markets.

6.5 In discussion, the Council asked whether its role as proposed, other than its statutory role of providing advice on reinsurance, could be dealt with at the Management Board through the appointment of a new Non-Executive Director. However, ECGD said that it did not believe it would get as much value from one non-executive director as it did currently from discussions with EGAC, particularly in relation to the areas of environmental impacts and sustainable development. The range of skills and in-depth discussion, Council members brought to consideration of the sustainable development, human rights and transparency aspects of the Business Principles, and the time specifically allocated for discussion of these difficult issues, were highly valued by ECGD. It was therefore felt that these areas should continue to be discussed by the Council in its own right.

6.6 The Council agreed to provide any detailed comments on the draft proposal in writing to ECGD.

7 GUARANTEES ISSUED

7.1.1 There had been six guarantees issued since the last meeting. The Council discussed one case. It asked for, and received, confirmation that a reply had been sent to an NGO who had written to ECGD about this project.

HELEN RICHMAN
EGAC Secretariat