EBRD's role in SDGs implementation and application of EU EIA/SEA Directives, Aarhus and Espoo Conventions in the Bank's investment projects

UNECE, MOP Espoo Convention/SEA Protocol
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Structure

• EBRD Introduction
• Environmental and Social Policy (2014) and Performance Requirements
• Examples of contribution to SDGs
• Application of EU substantive environmental standards and Good International Practice (EU EIA Directive, Aarhus and Espoo Conventions)
• Policy dialogue and technical cooperation with the countries of operations
• EBRD examples of Strategic Environmental Reviews in line with SEA principles (Kazakhstan and Ukraine)
Established in 1991

Owned by 65 countries across the globe, European Union and EIB

Operates in 36 countries (+ West Bank and Gaza, Lebanon)

1st IFI with Sustainable Development mandate in the Establishing Agreement

Capital base €30 billion

AAA rating from all 3 main rating agencies (S&P, Moody’s and Fitch)

Net investment €116 billion (since 1991); €9.39 billion (in 2016)

Number of projects 4,700 (since 1991); 378 (in 2016)

Private sector share of investment 80%

Staff >3,000, HQ in London, >40 offices

55 Environment & Social Experts

Transition Impact:

With a focus on private sector investment and support for policy reform, we work to ensure that economies in the Bank’s region are competitive, inclusive, well-governed, green, resilient and integrated

A Bank initiative that explicitly promotes the green transition quality was rolled out in 2016: Green Economy Transition (GET). Info at http://2016.sr-ebrd.com/impact/#get
**EBRD’s Environmental and Social Policy and Performance Requirements**


Performance Requirements (*PRs*) (ten areas, include E&S, health & safety)

*Focus over years: Environment >> Env & Social >> Sustainability*

*Policy:* Bank’s commitments  
*PRs:* Client’s obligations

*Appendix 1:* EBRD E&S Exclusion List  
Bank will not finance

*Appendix 2:* Category A Projects  
International ESIA & Consultations

Requirements to apply *EU standards* and *Good International Practice,*
e.g. EU EIA Directive, IED (and BAT), Habitat, WFD, Waste, Seveso, etc.

*Commitment* to require clients “to carry out stakeholder engagement bearing in mind the spirit and the principles of the *Aarhus Convention*” and for category A projects subject to ESIA that have impacts across intl. boundaries to “encourage the approach of the *Espoo Convention,* regardless of geographical location of the project” + *PR 1 & 10 provisions*

*Projects* are subject to assessment of E&S impacts and risks during the *E&S due diligence* prior to a decision on any Project’s financing. The ESDD results in development of the *E&S Action Plan (ESAP)* to address any gaps; a legally binding document as part of a loan/equity agreement.

14 June, 2017
EBRD promotion of the Sustainable Development Goals

Through application of obligatory environmental and social requirements to the projects, GET approach and policy dialogue the EBRD supports its countries of operations in implementation of the SDGs in the following areas:

**SDG5**: achieving gender equality and empowerment of women and girls

**SDG6**: ensuring availability and sustainable management of water and sanitation

**SDG7**: access to affordable, reliable, sustainable and modern energy

**SDG8**: promoting sustained, inclusive and sustainable economic growth through improving resource efficiency in consumption and production

**SDG9**: redevelopment of industries and infrastructure with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

**SDG11**: making cities and human settlements inclusive, safe, resilient and sustainable

**SDG12**: promoting sustainable consumption and production patterns through supporting progress on energy efficiency, renewable energy generation and on waste management and recycling

**SDG13**: combating climate change and its impacts

**SDG14**: conserving and sustainably using oceans, seas, and marine resources

**SDG15**: protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, halting land degradation and biodiversity loss

**SDG 17**: strengthening the means of implementation and revitalising the global partnership for sustainable development.

>> The rest of the SDGs are contributed to indirectly.
Examples of tangible results in contributing to SDGs targets through project financing in the last year can be found in the Sustainability Report 2016 - http://2016.sr-ebrd.com/. Some are presented below:

- 13 million people benefit from improved access to wastewater services > SDG 6
- 2.6 million people benefit from improved solid waste management > SDG 11, 12
- 855,000 people benefit from improved public transport > SDG 11
- 715,000 people benefit from improved district heating > SDG 7, 11
- ca. 6 million people benefit from improved infrastructure > SDG 11, 13, 15

EBRD rolled out Strategy for the Promotion of Gender Equality and many other important initiatives promoting inclusion. > SDG 5

Continue work on crisis response (Jordan and Turkey infrastructure investments to address Syrian refugees crisis). > SDG 9, 11

EBRD has been tracking its climate and resource efficiency investments since 2006. In the last decade provided > €22.2 billion for energy efficiency and renewable energy investments, for projects that promote water and materials efficiency and help our clients adjust to the impacts of climate change. GET approach – 40% investments by 2020. > SDG 13

EBRD has developed Green Cities Programme (GrCP) and associated GrC Framework for lending available from 2016. > SDG 11

Special Environmental Multi-donor and Multi-agency funds managed by EBRD (grants + Bank’s project lending):
- The Northern Dimension Environmental Partnership (NDEP) - from 2002; €348 mln pledges
- The Eastern Europe Energy Efficiency and Environment Partnership (E5P) - from 2010; €109 mln pledges

The Bank continues to play an important role in building partnerships and alliances to raise the profile of green finance and assist with the implementation of the SDGs. The policy reform activities will play an increasingly vital role in our support and we will continue to work with authorities to promote E&S best practice through capacity building engagement. > SDG 16, 17

Special Shareholders Fund and bilateral donor funds are applied for targeted E&S Technical Cooperation projects (gender equality, biodiversity conservation, reforestation, road safety, water resources efficiency, ballast water management, etc.) > SDG 16, 17, etc.
SEA Protocol contribution via EBRD appraisal and TC projects

Examples of initiated by EBRD Strategic Environmental Reviews (SER) that contribute to SEA Protocol promotion and application:

**Ukraine Sustainable Energy Lending Facility (USELF)** - [www.uself.com.ua](http://www.uself.com.ua)

SER in 2011/12 - aligned with EU SEA Directive (2001/42/EC), UK SEA Guidance and Ukraine OVNS laws. Analysis for wind, solar, small hydro, biomass and biogas. Alternative scenarios review considered:

- Technology characteristics and likely construction activities;
- Areas of good potential for renewables development;
- Geographical constraints;
- Existing infrastructure; and,
- Transmission constraints

To date 17 projects. There is a Regulatory Support Programme under USELF that entails working with Ukraine authorities to review legislation and the regulatory framework for RES and align it with EU acquis provisions and Energy Community Treaty.

**Kazakhstan Renewable Energy Financing Facility (KazREFF)** - [www.kazreff-ser.com](http://www.kazreff-ser.com)

SER 2013/14 - in addition to being aligned with EBRD PRs, also linked with Kazakhstan’s Green Economy Concept 2050 (Strategy 2020). Different RES types reviewed (as 5 for Ukraine plus geothermal).

Provides good maps and data on protected areas, EN species, bird migration routes, archaeological sites, etc. Baseline data collected used in for appraisal of future projects.

**Other SER examples:**

- Wind power sector environmental reviews for Bulgaria and Romania; Egypt (WPP development on East Nile and Gulf of Suez).
- SEA Protocol principles applied in the Ecological Assessment of the Bank funded Ukraine’s nuclear safety upgrade programme, that was subject to extensive public consultations. The ESAP required further development of local transboundary EIAs if applicable. The competent authorities are currently applying Espoo procedures. Consultations are scheduled for June/July 2017.
Espoo Convention/SEA Protocol application in EBRD financed projects

EBRD, as other IFIs, adopted internal policies and procedures on environmental assessment applicable to the projects seeking financing (multiple assessment tools, checklists, for Category A - international ESIA, 60/120 disclosure and consultations). EBRD required Espoo Convention principles application for projects with potentially significant transboundary environmental impacts.

**EBRD/Espoo Partnership:**

- 4th session, 2008 – EBRD invited to take the lead in the preparation of a “checklist for financial institutions on projects with transboundary impacts”. The checklist subsequently welcomed by the Parties.
- 5th session, 2011 – MOP requested the secretariat to promote the use of the list by all IFIs.
- Multilateral Financial Institutions Working Group on Environment meeting, 2013 – the list presented to IFIs for adoption.

**Cooperation and partnership with IFIs directions:**

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<th>Benefits to countries:</th>
<th>Benefits to MOP/Committee:</th>
<th>Benefits to IFIs:</th>
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<td>- Awareness raising</td>
<td>- Resources (TC co-funding)</td>
<td>- Improved EIA and SEA procedures in the countries save IFIs’ internal resources and experts time at appraisal</td>
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<td>- Development of legislation</td>
<td>- Expertise and knowledge</td>
<td>- Better projects’ planning and mitigation of residual impacts</td>
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<td>- Capacity building</td>
<td>- Support through work groups and in workplans implementation</td>
<td>- Improved management of impacts on environment and communities, reduced conflicts and reputational risks.</td>
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<td>- Easier access to financing if procedures are in place</td>
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**What are the obstacles?**  **How can situation be improved?**  **Who is responsible?**  **Where are the resources?**
Questions / Challenges / Follow-up Activities Discussion
Contacts

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