

# 4th Meeting of the CMS Multi-Stakeholder Energy Task Force (ETF4)

Paris, France, 19 – 20 September 2019



**European Bank**  
for Reconstruction and Development

# What are we doing



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## PROJECT EXPERIENCE

# Our Approach

- We finance Project developed by Sponsors (Clients), often permitted and sometimes providing finance to existing Clients (i.e. for existing portfolio).
- For each Project we undertake an Environmental and Social Due Diligence to ascertain compliance with National law and our PR/PS.
- Greenfield Project depending on size and impact categorized as A or B.
  - For A category Project a full Environmental and Social Impact Assessment (ESIA) needs to be disclosed prior to Board Consideration
  - B Project we disclose Project information and often an Non Technical Summary
- As part of agreement, an Action Plan (ESAP for EBRD) is agreed with client and part of financing agreement.
- All Project should have a monitoring Program in place.



- Wind Sector Projects
  - Bird Monitoring (baseline and post construction)
  - Active Turbine Management Plans
- Power Grid/Distribution
  - EIA (as defined by EU EIA Directive requirements) for new HV power lines require bird assessments and mitigation if needed
  - Pilot Project, as part of Environmental and Social Action Plan (ESAP) agreed between the EBRD and Distribution Company , Company developing a **bird protection plan** that would allow mainstreaming bird protection in the Company's ISO 14001 certified environmental management system
- Wind Sector Cumulative Assessments
  - SER/SEA for regions or countries

## Curtailment and shut-down on-demand procedures:

- should be considered
- factored into financial modeling and sensitivities at an early stage
- Adaptive and *guided by a well-developed post-construction monitoring program.*

## Strong emphasis on post-construction monitoring

- Focused on at-risk/priority bird species
- Emphasis on fatality monitoring



IFIs are not a Competent Authority; so we can not use SEA Directive directly

- We can support Competent Authorities in developing SEA
  - E.g. Egypt SEA for wind development
- Develop Strategic Environmental Review (SER) of Projects/ or where SEA not possible
  - Cumulative assessments of wind Projects in Serbia, Egypt and Jordan
  - Bulgaria and Romania Wind Development SER's & development of guidelines
  - Hydro development
  - Ukraine and Kazakh Renewable Sector financing

# Need for SER/ Cumulative



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- E.g. Uncontrolled wind sector development along the via Pontica bird migratory route
  - Problems in identifying cumulative impacts and renewable carrying capacity
  - NGO scrutiny and concern at EU level
- In Bulgaria, part of National Energy Plan – funded by TC
  - Involvement of all parties
  - Major institutional training and development of EIA guidance.
  - Criticism by some NGOs that not conclusive
- Romania SER and Guidance
  - Egypt Solar and Wind SER/SEA
  - Jordan

# SER/ Cumulative approach

- SEA is a useful tool for stakeholder engagement on complex Projects
  - SER in Ukraine NPP's -- without SER the project may have been stalled.
- The approach helps with institutional strengthening
  - Wind, better understanding of Projects, and stakeholder engagement
  - Development of guidance
- Strategic assessment is not an easy tool to be used by Bank (Competent Authority) and is not Project-focused
  - EBRD can only facilitate and work with authorities in developing best approach
  - SER can help ensure streamlined and consistent approach





- **The financial sector's role in facilitating others to affect biodiversity and ecosystems is increasingly being recognized.**
  - Reputation risks and liabilities from association with bad practice are especially well known in project finance.
  - Reputational and political drivers
- **Biodiversity can be an opportunity for business and sustainable growth and employment**
- **EU supporting business for Biodiversity –**
  - Biodiversity technical assistance units (EU BATU Project), Handbook for developing and implementing pro-biodiversity Project
  - Banks are actively monitoring the development of a consolidated standard on Key Biodiversity Areas (KBAs).
- **Financial Institutions will only invest in the best projects**
  - Environmental standing often reflects overall performance