

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



European Bank
for Reconstruction and Development

PROJECT EXPERIENCE

Our Approach



European Bank
for Reconstruction and Development

- 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.
- 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



European Bank
for Reconstruction and Development

- 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