

# **Guidelines on How to Avoid or Mitigate Impact of Electricity Power Grids and renewable Projects on Migratory Birds: Experience of EBRD**

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# Agenda



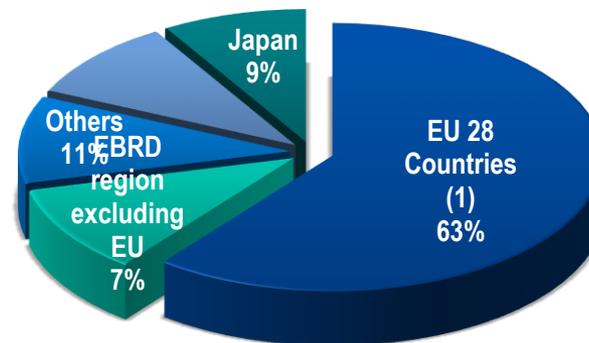
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- What is EBRD
  - GET
- Why EHS issues matter
- Who we approach Project
- What is EBRD experience
- Current Projects
- Issues for discussion

# What is the EBRD?

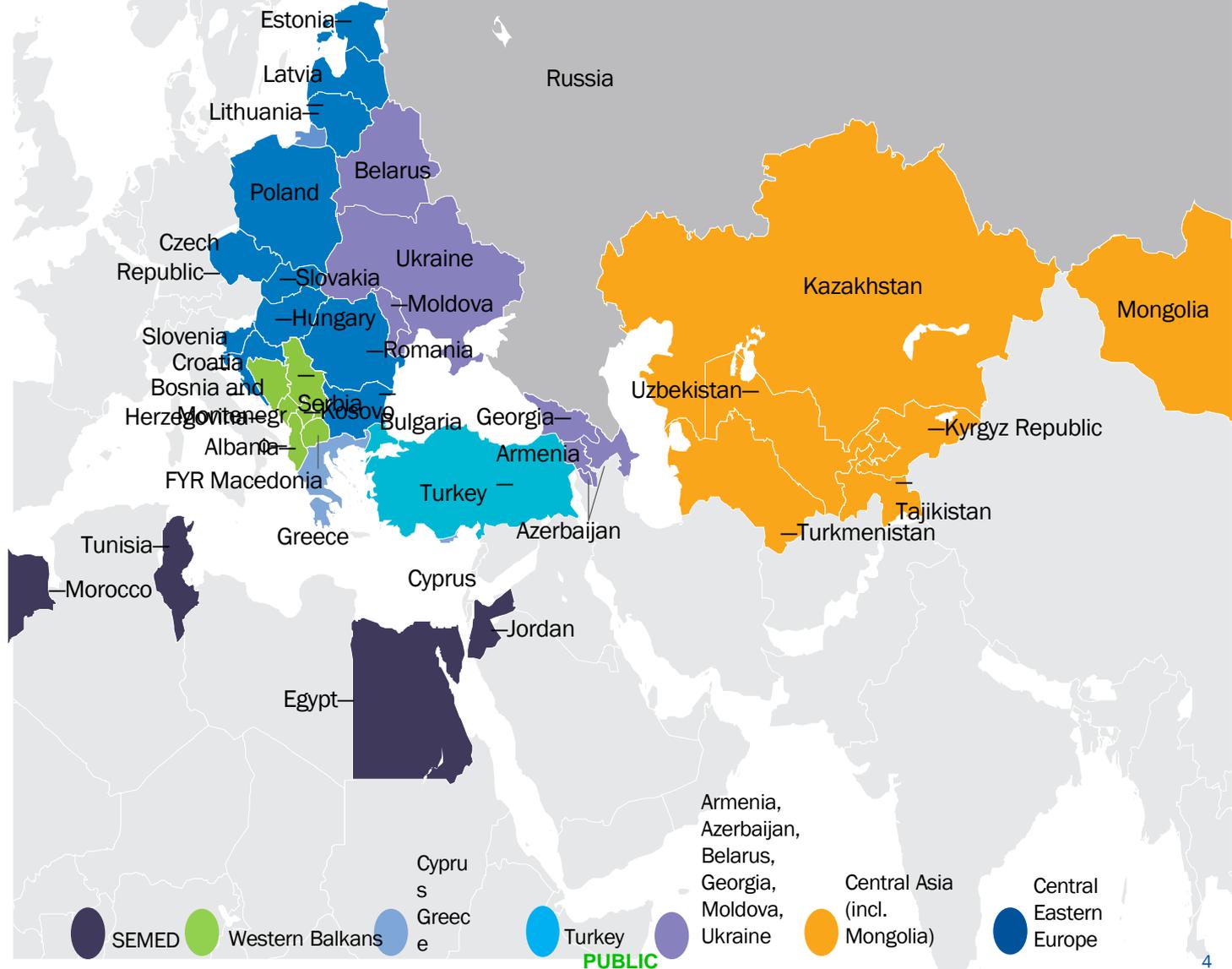
- An international financial institution, with the mandate to promote transition to modern and well-functioning markets in 36 countries from Central and Eastern Europe, Caucasus, Central Asia and the Southern and Eastern Mediterranean – SEMED region.
- Owned by 65 countries and 2 inter-governmental institutions (EU, EIB).
- Capital base of €30 billion.
- Highest credit rating (AAA/Aaa) from all three main rating agencies (S&P, Moody's and Fitch)
- In January 2016, China became the EBRD's 67th shareholder

Shareholding structure



(1) Includes European Community and European Investment Bank (EIB) each at 3%. Among other EU countries: France, Germany, Italy, and the UK each holds 8.6%

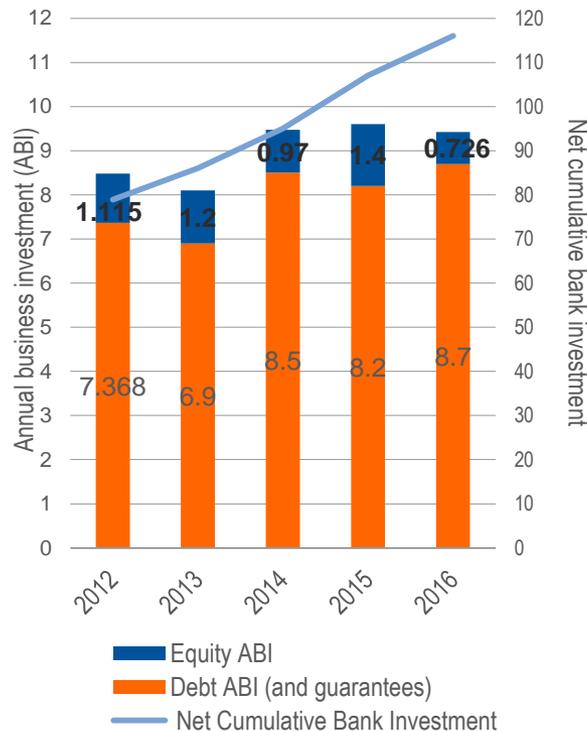
# Where we invest – increasing footprint – map option 2



# EBRD largest investor in the region

Since 1991, EBRD invested over **€116 billion** in around **4,723** projects across private and public sectors in its countries of operations

**NCBI = Net Cumulative Bank Investment**



Note: unaudited as at 31 December 2016

In 2016: **€9.4 billion / 378 projects**

- Private sector accounted for 76% share

EBRD TOP 10 INVESTEE COUNTRIES IN 2016 (€, million)		
1	Turkey	1,925.2
2	Kazakhstan	1,051.1
3	Poland	776.2
4	Egypt	744.2
5	Bulgaria	620.9
6	Ukraine	581.2
7	Greece	484.9
8	Jordan	403.4
9	Croatia	311.2
10	Serbia	304.3

# Green Economy Transition (GET) initiative



The GET aims to further scale up green business volume, and to expand to new areas of activity, such as environmental protection and technology transfer.

1994	2006 Sustainable Energy Initiative (SEI)	2013 Sustainable Resources Initiative (SRI)	2015 Green Economy Transition (GET)
Energy Efficiency banking team	<ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• Renewable energy</li> </ul>		
	<ul style="list-style-type: none"> <li>• Water efficiency</li> <li>• Material efficiency</li> <li>• Adaptation to climate change</li> </ul>		
	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Technology transfer</li> </ul>		

# Green Economy Transition Results in 2006 – H1 2016



FINANCED

**1,160**

projects and credit lines

>880 directly financed projects with green components, and  
>265 credit lines to local financial institutions for on-lending to smaller projects

SIGNED

**€20.8 billion**

of green financing

For projects with a total value of €113 billion  
In 2013-2015 green financing represented 31% of EBRD's total business.

REDUCED

**82 million**

tonnes of CO<sub>2</sub>/year

Estimated emission reductions equivalent to more than the annual energy use related CO<sub>2</sub> emissions of Romania or twice those of Sweden

# EBRD's green economy transition approach

40%

Green business as a %  
of total EBRD business

€4

billion

Target Annual EBRD  
green business by 2020

€18

billion

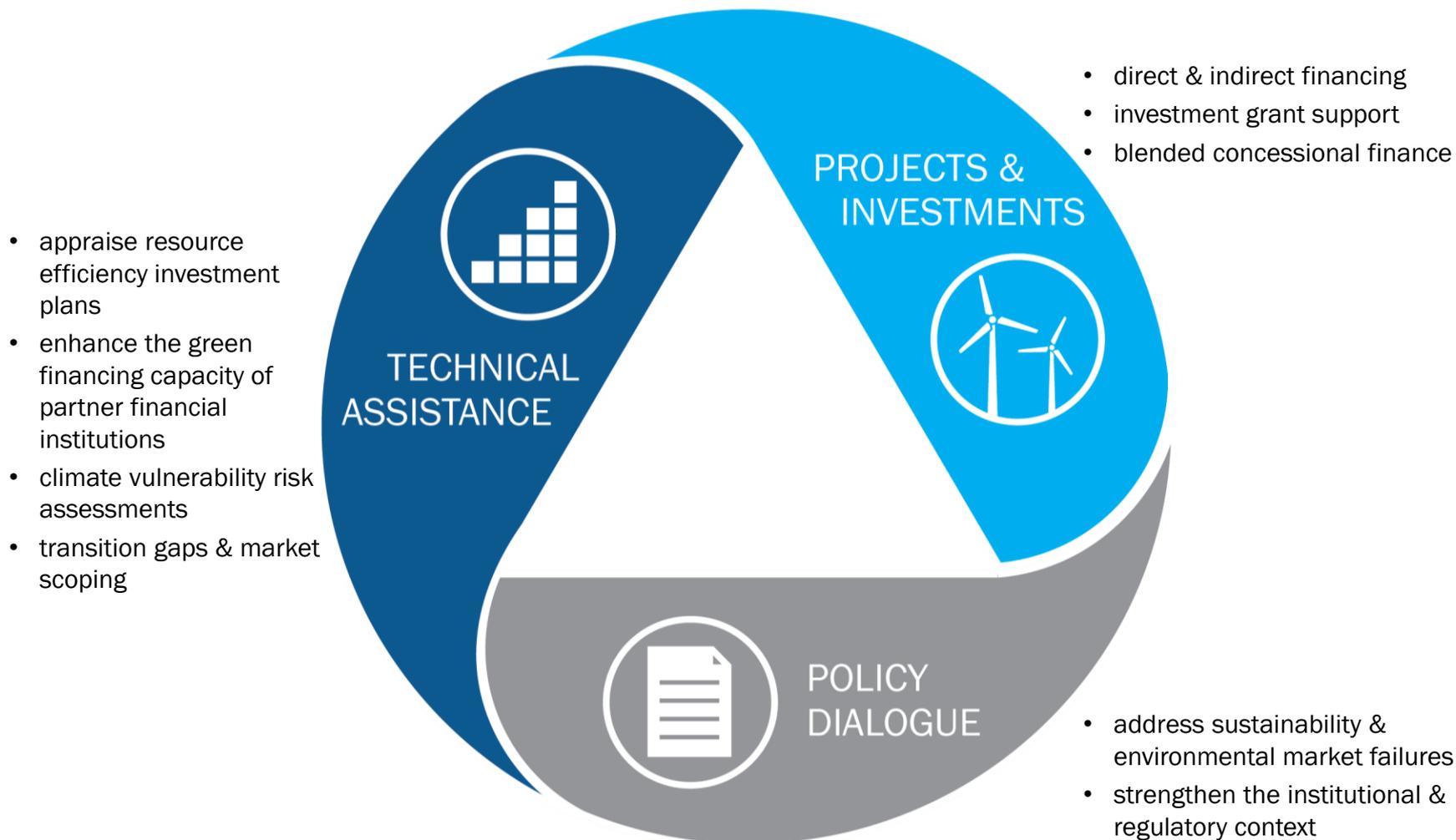
Target cumulative  
EBRD green business  
2016-2020

# Green Economy Transition

## The business model



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# Why does EBRD place emphasis on environment and social issues?



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- The *Agreement Establishing the EBRD* commits the Bank:
  - ***"to promote in the full range of its activities environmentally sound and sustainable development."***
- Shareholders of IFI's sensitive to environmental issues
- Overall requirement to adhere to EU Environmental Policy
- Similar Requirements on EIB, World Bank Group (IFC), AIIB (being developed) etc.

# How does EBRD approach Environmental Issues

## Environmental and social due diligence



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- Environmental and Social Policy (2014)
  - 10 Performance Requirements (PRs)
    - PR 3 Resource Efficiency Pollution Prevention & Control
    - PR 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
- EBRD designs tailored environmental and social due diligence on all projects
- Due diligence designed proportional to risk
- Projects ultimately required to meet National and EU standards and EBRD Performance Requirements
- Results of due diligence and E&S compliance considered by Bank management and Board of Directors during project approval process

# What are we doing



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## PROJECT EXPERIENCE



- 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
- Wind Sector Projects
  - Bird Monitoring (baseline and post construction)
  - Active Turbine Management Plans

# Bird Protection Plan as part of EMS

Template Plan is structured so that it can readily fit into an existing ISO 14001 management system, which is also focused on continuous improvement of environmental performance. The Template Plan refers:

- EBRD's Performance Requirements 6 – Biodiversity Conservation (May 2014)
- AEWB Conservation Guidelines No. 14 - Guidelines on How to Avoid or Mitigate Impact of Electricity Power Grids on Migratory Birds in the African-Eurasian Region (May 2012)
- Avian Power Line Interaction Committee - Reducing Avian Collisions with Power Lines (October 2012)

The Template Plan includes operational procedures to avoid or minimize impacts on bird populations throughout the various activities of electricity transmission and distribution companies:

- Planning new lines
- Design of new lines
- Construction of new lines
- Replacement/rehabilitation of existing lines
- Maintenance and inspection activities
- Repair and decommissioning works.

The Template Plan covers the following issues:

- Electrocutation risks
- Collision risks
- Nesting management (including ground nesting, natural nests on towers, artificial nesting structures...)

Bank is 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
  - Bulgaria and Romania Wind Development SER's & development of guidelines
  - Hydro development
  - Ukraine and Kazakh Renewable Sector financing
  - Cumulative assessments of wind Projects in Serbia and Jordan (With IFC)

- E.g. Uncontrolled wind sector development in Romania and Bulgaria 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
- SEMED – Initiating an effort to develop (or assist other IFIs) wind/solar SEA/SERs
  - Egypt Solar and Wind SER/SEA
  - Jordan

- 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

## Lack of experienced biodiversity experts.

- In some countries there are only few biodiversity experts. This becomes a bottleneck in some projects.

## Use of local standards & Guidelines.

- Often projects focus on local standards for abatement – Nox, dust; without taking into account international requirements or future changes in legislations.
- Convergence of standards world-wide and on-going tightening up of standards
- Good Guidelines to be used on all Projects allow for easier financing

## Social Assessment, and inclusion of local populations

- Will the local community benefit- any local taxes to local community ?
- Is this a long term risk

## Importance of team undertaking EIA

- Need for mix of experts that understand both local and international requirements.

The local EIA may be required for financing in the future and could affect project finance or value of asset.

# How to contact us



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