

EBRD COVID-19 Resilience Framework - Environmental and Social Assessment Training Programme

Module 1 - Introduction

Overview

EBRD (the “Bank”) has responded to the economic and financial crisis triggered by the COVID-19 pandemic, by developing a ‘COVID-19 Resilience Framework’ that is designed to help our existing and new Clients. An important component of the COVID-19 Resilience Framework is this Environmental and Social Due Diligence (ESDD) capacity-building training programme.

ESDD is undertaken to assess compliance with EBRD’s 2019 Environmental and Social Policy (ESP) and the associated Performance Requirements (PRs).

The ESP helps the Bank achieve its commitment to promoting “environmentally sound and sustainable development” in the full range of its activities. In addition, the ESP:

- helps the Bank to anticipate risks and liabilities that could have significant impact on Project costs and schedule;
- protects the Bank from reputational risk by anticipating risks and ensuring that Projects are structured to properly manage environmental and social risks, and also to engage with stakeholders;
- aligns with the Bank’s other commitments including those related to Green Economy Transition, gender and inclusion; and
- provides additionality to Clients in their approach to sustainability by committing them to Good International Practice (GIP).

It is important to note that an overall aim of any ESDD assignment, regardless of the specific scope of ESDD for individual Projects, is to:

- identify and assess potentially significant existing and future adverse environmental and social impacts associated with the Client’s current operations and the proposed Project;
- assess compliance with applicable laws and the EBRD ESP and PRs;
- determine the measures needed to prevent or minimise and mitigate the adverse impacts; and
- identify potential environmental and social opportunities, including those that would improve the environmental and social sustainability of the Project and/or the associated current operations.

The assessment process will be commensurate with, and proportional to, the potential risks and impacts of the Project and the Client’s existing operations. The assessment will cover, in an integrated way, all relevant direct and indirect environmental and social impacts and issues of the Client’s operations, the Project and the relevant

stages of the Project cycle (e.g. pre-construction, construction, operation, and decommissioning or closure and reinstatement).

EBRD's mandate promotes environmentally sound and sustainable development. EBRD's 2019 Environmental and Social Policy commits the Bank, among others, to seek opportunities to build capacity to consider and manage environmental and social risks, impacts and opportunities in its countries of operation through its technical cooperation.

EBRD is also committed to creating an enabling environment for its Clients to achieve environmentally and socially sustainable outcomes in their Projects.

To meet the Bank's strategic objectives described above, EBRD has developed an ESDD capacity building training programme on the application of the Environmental and Social Policy (2019). The training programme focuses on critical industry sectors where Projects must continue in an uninterrupted manner, during the current COVID-19 pandemic and economic crisis. These industry sectors are:

- power generation;
- electrical supply and distribution sectors;
- water supply;
- wastewater collection and treatment;
- district heating;
- agribusiness; and
- healthcare infrastructure and pharmaceuticals.

Whilst the training programme focuses on the industry sectors listed, it is expected that the programme will help consultants to work in other sectors.

Format

The training programme is delivered in two parts:

- Part A – Modules 2 to 5: Guidance on the application of EBRD's PRs; and
- Part B – Modules 6 to 12: Industry-specific guidance.

Part A – Modules 2 to 5: Guidance on the application of EBRD's PRs

Module 2. Guidance is provided on each PR (PR9 Financial Intermediaries is excluded from the list below):

- EBRD PR1: Assessment and Management of Environmental and Social Risks and Impacts;
- EBRD PR2: Labour and Working Conditions;
- EBRD PR3: Resource Efficiency and Pollution Prevention and Control;
- EBRD PR4: Health, Safety and Security;
- EBRD PR5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;
- EBRD PR6: Biodiversity Conservation and Sustainable Management of Living

- Natural Resources;
- EBRD PR7: Indigenous Peoples;
- EBRD PR8: Cultural Heritage; and
- EBRD PR10: Information Disclosure and Stakeholder Engagement.

NOTE: Module 2 guidance documents do not provide guidance for every paragraph contained in the relevant PR and focus on key requirements to be investigated during a typical ESDD. This approach was used to try and keep the guidance documents as short as possible. The ESDD consultant should refer to the original wording of the PR for the complete set of requirements.

Module 3. EBRD's ESDD reporting framework, including a template Environmental and Social Action Plan (ESAP).

Module 4. The use of geospatial technology and spatial data management, including GIS.

Module 5. Key environmental and social risks and impacts associated with all industry sectors.

Part B - Modules 6 to 12: Industry-specific guidance

Guidance is provided using a tabular format on the following sectors:

- Module 6.** Power generation;
- Module 7.** Electrical supply and distribution sectors;
- Module 8.** Water supply;
- Module 9.** Wastewater collection and treatment;
- Module 10.** District heating;
- Module 11.** Agribusiness; and
- Module 12.** Healthcare infrastructure and pharmaceuticals.

Online video tutorials

A series of on-line video tutorials are available on the EBRD website, which use case studies in how to practically apply each PR to a Project.

EBRD's definition of a 'Project' and categorisation

For the purposes of the PRs, the term "Project" refers to:

- the defined set of business activities for which EBRD financing is sought by a Client; or
- where EBRD financing has already been committed, the set of business activities defined in the financing agreements.

The definition of a Project is limited to the use of the Bank's proceeds, and the PRs apply to the Project only. It should be noted that in case of equity participation and corporate loans, EBRD PRs apply to all activities of the Client. The ESDD must consider Associated Facilities (see below) and other aspects.

Associated Facilities are limited to “*new facilities or activities: (i) without which the Project would not be viable, and (ii) would not be constructed, expanded, carried out or planned to be constructed or carried out if the Project did not exist*”, only the objectives of the PRs apply to the Associated Facilities.

EBRD categorise Projects into three categories: A, B and C.

Category A Projects could result in potentially significant, adverse, future environmental and/or social impacts which cannot readily be identified or assessed and will require the Client to carry out a comprehensive Environmental and Social Impact Assessment (ESIA), including disclosure thereof. A list of Category A Projects is presented in Appendix 2 of the Environmental and Social Policy (2019).

Category B Projects where potential, adverse, future environmental and social impacts are typically site specific and/or readily identified and addressed through mitigation measures.

For Category A and B Projects which involve existing facilities, an assessment of the environmental and social issues of past and current operations is required.

Category C Projects are likely to have minimal, or no, adverse, future environmental and social impacts and that are readily identified and addressed through mitigation measures.

It is important to note that the ESDD should be ‘commensurate with the level of risk’ of potential Projects, where large and complex Projects are subjected to a high level of scrutiny and analysis.

The tasks involved in a typical ESDD process

The ESDD is typically completed across three tasks:

- Task 1 – Review of existing documentation;
- Task 2 – Site visit and discussions; and
- Task 3 – Analysis and reporting using the EBRD format, including the preparation of an ESAP.

The ESDD comprises an evidence-based audit where findings are supported by documents, meeting minutes, interviews, and other forms of evidence. It is important for the ESDD consultant to keep an accurate record of all documents reviewed as this collectively forms a register of evidence.

The ESAP should include a series of technically and financially feasible and cost-effective measures to achieve compliance of the Project facilities or activities with the PRs within a timeframe acceptable to EBRD. In the ESAP, EBRD and the Client will agree the specific corrective and preventive actions, mitigation measures and implementation time frame, which the Client undertakes to implement to manage the environmental and social risks and impacts of the Project in accordance with the PRs.

An overview of each task is described below.

Task 1 – Review of existing documentation

This task involves the initial review of available documentation. A list of documents that could be requested from the Client has been included in the guidance for each PR. Typically, this task involves the review of any assessment reports completed under national legislation or corporate standards, existing environmental, health and safety plans and investment programmes, design and feasibility study documents, stakeholder engagement records, supporting documentation, and permits.

At the end of Task 1 a list of queries should be generated by the ESDD consultant and clarified during the subsequent site visit and discussion with Client representatives. A reporting format for these key findings is presented in Module 3.

Task 2: Site visit and discussions

Following completion of Task 1 the ESDD consultant would normally undertake a site visit and have meetings with Client representatives and potentially other stakeholders. The site visit should aim to cover the main Project facilities and installations. Associated Facilities should also be visited if possible. In case the proposed Project includes equity participation or corporate loan with multi-site facilities, several representative facilities should be visited. Details of the types of Project facilities and infrastructure that should be inspected during Task 2 has been provided in the guidance document for each PR.

Task 3 – Analysis and reporting using the EBRD format

Upon completion of Tasks 1 and 2, the ESDD Consultant is required to prepare their report using EBRD's format presented in Module 3.

Determining the relevant requirements of each PR

During Task 1, the ESDD consultant should determine how the relevant provisions of PR1 to PR8 and PR10 specifically apply to the Project. A table is provided overleaf to assist the ESDD consultant.

Scope of Performance Requirement	Project characteristics to consider
<i>EBRD Performance Requirement 1: Assessment and Management of Environmental and Social Risks and Impacts</i>	
This PR applies to all Projects financed by EBRD. The scope of PR1 focuses on the requirement to identify and assess environmental and social risks and impacts from the Project, as well as ensuring the Client has adequate organisational capacity to manage the risks and impacts identified.	The scope of PR1 focuses on the requirement to identify and assess environmental and social risks and impacts from the Project, as well as ensuring the Client has adequate organisational capacity to manage the risks and impacts identified.
<i>EBRD Performance Requirement 2: Labour and Working Conditions</i>	
PR2 applies when the Project involves the use of a workforce, including full-time, part-time, temporary, fixed-term, seasonal and migrant workers, whether engaged directly by the Client or by a third party, and sets out specific requirements for primary suppliers.	- The Client has a workforce. - The Project involves the use of primary suppliers to provide goods services. - The Client uses agencies or type of other intermediary company to recruit and contract the workforce. - Accommodation is being provided to the workforce. <i>NOTE: EBRD's requirements associated with the safety of the workforce are described under PR4.</i>
<i>EBRD Performance Requirement 3: Resource Efficiency and Pollution Prevention and Control</i>	
PR3 applies when the Project involves the use of resources such as materials, water, fuel for vehicles and equipment, etc. PR3 also applies where waste and noise/air emissions are expected to be generated and where hazardous materials and substances are used.	- The Project involves the use of resources such as water, materials, and fuels. - The Project will generate noise, air emissions and waste. - There is the potential for environmental pollution to occur from the accidental release of substances (fuels, crude oil, gas, chemicals, etc.). - The Project involves the use of pesticides.

Scope of Performance Requirement	Project characteristics to consider
<i>EBRD Performance Requirement 4: Health, Safety and Security</i>	
PR4 applies where a Project generates health and safety risks to the workers and communities. PR4 also applies to road safety related risks and when the Project may have specific security threats or involves the use of security personnel at Project sites.	• The Project uses road vehicles to transport personnel and materials, generating risks to community's health and safety, and the workforce. • The Project involves construction, operation, maintenance, and decommissioning activities where health and safety hazards create uncontrolled risks to the workforce or local communities. • There is the potential for an emergency event to occur that could impact the health of the workforce and local communities. • The Project is in a location where there may be threats to the Project's facilities and infrastructure. • The Project uses security personnel.

Scope of Performance Requirement	Project characteristics to consider
<i>EBRD Performance Requirement 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</i> PR5 applies to physical or economic displacement that can be full or partial, permanent or temporary, and resulting from the following types of transactions: - land rights and/or assets acquired through expropriation or other compulsory procedures; - land rights and/or assets acquired through negotiated settlements, if expropriation or other compulsory processes can be initiated in case negotiation fails; - restrictions that result in people experiencing loss of access to land, assets, natural resources or livelihoods, irrespective of whether such rights of restriction are acquired through negotiation, expropriation, compulsory purchase, or by means of government regulation; - relocation of people without formal, traditional, or recognisable usage rights under national laws, who are occupying or utilising land prior to the cut-off date; and - displacement of people as a result of Project impacts that render their land or assets unusable or inaccessible. This PR also applies to any physical displacement or economic displacement carried out by the Client or a government for purposes relevant to the Project before EBRD's involvement.	
	- The Project's facilities and infrastructure require land from one (or more) of the transaction types listed. - The Project involves the use of temporary fencing to prevent access whilst construction works are ongoing. - The Project requires temporary road closures or deviations that may increase travel time between locations. - The Project requires future land use restrictions to protect buried Project infrastructure (such as the integrity of a pipeline). - The Project involves exclusion zones (onshore or offshore) that prohibit people from moving or living too close to an industrial facility. - The Project uses land that was acquired before EBRD's involvement.

Scope of Performance Requirement	Project characteristics to consider
<i>EBRD Performance Requirement 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</i> PR6 applies to all Projects where there is a potential impact or risk to biodiversity. Biodiversity is defined as “<i>variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems</i>”. PR6 applies to situations where livelihoods of affected communities, including indigenous peoples whose access to, or use of, biodiversity, ecosystem services and/or living natural resources may be affected by Project activities. A key objective of PR6 is to ensure that <i>biodiversity conservation and sustainable management of living resources must be balanced with the potential for utilising the multiple economic, social and cultural values of biodiversity and living natural resources in an optimised manner</i>. The potential positive role of Project affected communities, including indigenous peoples, in biodiversity conservation and sustainable management of living natural resources is also considered in this PR.	
	• The Project involves the clearance of land or offshore and nearshore exclusion zones required for Project facilities and infrastructure. • The Project has the potential to impact biodiversity. • The Project will result in a loss of access to land or natural resources used for livelihoods, ecosystem services and for other resources. • The Project’s facilities and infrastructure are located in, or in the vicinity of, a protected area or other type of area designated for biodiversity.

Scope of Performance Requirement	Project characteristics to consider
<i>EBRD Performance Requirement 7: Indigenous Peoples</i> In this PR, the term “indigenous peoples” is used in a technical sense to refer to a social and cultural group, distinct from dominant groups within national societies, possessing all of a set of characteristics that are defined in PR7 (e.g. self-identification as members of a distinct indigenous ethnic and cultural group, collective attachment to geographically distinct habitats, traditional lands or ancestral territories, customary cultural, economic, social, or political institutions, laws or regulations that are separate from those of the dominant society or culture, a distinct language or dialect). PR7 also applies to a group, or members of a group, that lead a nomadic or transhumant way of life, live in mixed or urban communities and/or only visit their traditional lands on a seasonal basis, who may also experience forced severance.	
<i>EBRD Performance Requirement 8: Cultural Heritage</i> PR8 applies if the Project affects, or has the potential to affect, cultural heritage (tangible and intangible). This includes objects or cultural traditions representing cultural heritage value or significance.	
	• The Project may impact livelihoods, cultural, ceremonial, or spiritual identity of indigenous peoples, tied to their customary lands and their forests, water, wildlife, and other natural resources. • Indigenous peoples may live in mixed communities with non-indigenous peoples and may have differing opinions depending on their generation and gender. • Project land or natural resources are used by nomadic or transhumant people. • The Project may have an impact on the presence of people in affected communities who are culturally distinct from the rest of the population.
	• The Project involves significant excavations, demolitions, movement of earth, drainage, flooding or other changes in the physical environment. • The Project’s facilities and infrastructure are located in, or in the vicinity of, a cultural heritage site recognised by the country of operation. • The Project may have an adverse impact on the intangible forms of cultural heritage of people including indigenous peoples.

Scope of Performance Requirement	Project characteristics to consider
<i>EBRD Performance Requirement 10: Information Disclosure and Stakeholder Engagement</i>	
This PR applies to all Projects. All Projects will carry out stakeholder identification and develop and implement a grievance mechanism. Stakeholder engagement shall be undertaken and be proportionate to the nature and scale of the Project, its stakeholders and its potential environmental or social risks and impacts.	• PR10 always applies. • The scope of PR10 focuses on the requirement for the Client to conduct an open and transparent engagement process with workers, local communities directly affected by the Project and other stakeholders.