

# EBRD Performance Requirement 3

## Resource Efficiency and Pollution Prevention and Control

### Introduction

1. This Performance Requirement (PR) recognises that increased economic activity and urbanisation can generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global levels. Therefore, resource efficiency and pollution prevention and control are essential elements of environmental and social sustainability and projects must meet good international practice (GIP) in this regard.
2. This PR acknowledges the importance of using best available techniques and GIP to optimise resource use and efficiently prevent and control release of pollutants into the environment.
3. This PR outlines a project-level approach to resource management and pollution prevention and control, building on the mitigation hierarchy, the principle that environmental damage should as a priority be rectified at its source, and the “polluter pays” principle. The project-related impacts and issues associated with resource use, and the generation of waste and emissions need to be assessed in the context of project location and local environmental conditions.

### Objectives

4. The objectives of this PR are to:
  - identify project-related opportunities for energy, water and resource efficiency improvements and waste minimisation
  - adopt the mitigation hierarchy approach to addressing adverse impacts on human health and the environment arising from the resource

- use and pollution released from the project
- promote the reduction of project-related greenhouse gas emissions.

### Scope of application

5. The client will, as part of its environmental and social assessment process, identify the relevant requirements of this PR, and how they will be addressed and managed through the project life cycle. The implementation of the actions necessary to meet the requirements of this PR will be managed under the client’s overall environmental and social management system (ESMS) and project-specific environmental and social management plans (ESMPs). The environmental and social assessment and management requirements are provided in PR 1.

### Requirements

#### Resource efficiency

6. The environmental and social assessment process will identify opportunities and alternatives for resource efficiency relating to the project in accordance with GIP. In doing so, the client will adopt technically and financially feasible<sup>1</sup> and cost effective<sup>2</sup> measures for minimising its consumption and improving efficiency in its use of energy, water and other resources and material inputs as well as for recovering and re-utilising waste materials in implementing the project. The key focus will be on activities that are considered the project’s core functions, but similar opportunities in the client’s other business activities that are not part of the project will also be considered. Where benchmarking data are available, the client’s assessment will make a comparison of

<sup>1</sup> Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, infrastructure, security, governance, capacity and operational reliability. Financial feasibility is based on commercial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared with the project’s investment, operating and maintenance costs.

<sup>2</sup> Cost-effectiveness is determined according to the capital and operational cost and financial benefits of the measure considered over the life of the measure. For the purpose of this PR, a resource efficiency or GHG emissions reduction measure is considered cost-effective if it is expected to provide a risk-rated return on investment at least comparable to the project itself.

its operations with GIP to establish the relative level of efficiency.

7. The client will integrate resource efficiency measures and the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy and water and, at the same time, reducing release of pollutants into the environment.

## Pollution prevention and control

8. The client's environmental and social assessment process will determine the appropriate pollution prevention and control methods, technologies and practices ("techniques") to be applied to the project. The assessment will take into consideration the characteristics of the facilities and operations that are part of the project, the project's geographical location and local ambient environmental conditions. The assessment process will identify technically and financially feasible and cost-effective pollution prevention and control techniques that are best suited to avoid or minimise adverse impacts on human health and the environment. The techniques applied to the project will favour the prevention or avoidance of risks and impacts over minimisation and reduction, in line with the mitigation hierarchy approach and consistent with GIP, and will be appropriate to the nature and scale of the project's adverse impacts and issues.
9. Clients will structure the projects to meet relevant EU substantive environmental standards, where these can be applied at the project level.<sup>3</sup> Certain projects that, due to their nature and scale, would be subject to the EU Industrial Emissions Directive and will be required to meet EU Best Available Techniques (BAT) and related emission and discharge standards, regardless of location.
10. Where no EU substantive environmental standards at project level exist, the client will identify, in agreement with the EBRD, other appropriate environmental standards in accordance with GIP. In addition, projects will

be designed to comply with applicable national law, and will be maintained and operated in accordance with national laws and regulatory requirements. When host country regulations differ from the levels and measures presented in EU environmental requirements or other identified appropriate environmental standards, projects will be expected to meet whichever is more stringent.

11. Projects involving new facilities and operations are expected to meet EU substantive environmental standards or other agreed environmental standards, and national regulatory requirements from the outset. Projects that involve rehabilitation of existing facilities and/or operations are expected to meet the requirements of paragraph 9 and/or 10 over a reasonable period of time, to be determined by a formal assessment of their performance against the applicable standards.
12. In respect of projects located in the EU member states and the EU acceding, candidate and potential candidate countries which involve the rehabilitation of existing facilities and/or operations and where relevant EU substantive environmental standards have been identified, the time frame to achieve compliance with these standards should take into account any nationally agreed time frames. For projects in all other countries, the time frame for achieving compliance with EU substantive environmental standards should take into account local conditions and the cost of application, and should be consistent with the European Neighbourhood Policy and any bilateral agreements or action plans agreed between the EU and the relevant host country.
13. Throughout the project life cycle, the client will apply pollution prevention and control techniques consistent with the mitigation hierarchy approach to minimise potential adverse impacts on human health and the environment while remaining technically and financially feasible and cost-effective. This applies to the release of pollutants due to routine, non-routine or accidental circumstances.

<sup>3</sup> For the purpose of this PR, EU environmental standards can be applied at the project level where the EU secondary legislative document itself contains clear quantitative or qualitative requirements that are applicable at the project level (as opposed to the ambient level, for example).

## Greenhouse gases

14. The client's environmental and social assessment process will consider alternatives and implement technically and financially feasible and cost-effective options to avoid or minimise project-related greenhouse gas (GHG) emissions during the design and operation of the project. These options may include, but are not limited to, alternative project locations, techniques or processes, adoption of renewable or low carbon energy sources, sustainable agricultural, forestry and livestock management practices, the reduction of fugitive emissions and the reduction of gas flaring.
15. For projects that currently produce, or are expected to produce post-investment, more than 25,000 tonnes of CO<sub>2</sub>-equivalent annually, the client will quantify these emissions in accordance with EBRD Methodology for Assessment of Greenhouse Gas Emissions. The scope of GHG assessment shall include all direct emissions from the facilities, activities and operations that are part of the project or system, as well as indirect emissions associated with the production of energy used by the project. Quantification of GHG emissions will be conducted by the client annually and reported to the EBRD.

## Water

16. Clients must seek to minimise the project's water use, and in situations where a project-specific water supply needs to be developed, the client will seek to utilise water for technical purposes that is not fit for human consumption, where feasible.
17. All technically and financially feasible and cost-effective opportunities for water minimisation, reuse and recycling in accordance with GIP must be identified and considered as part of the project design.
18. For projects with a high water demand (greater than 5,000 m<sup>3</sup>/day), the following must be applied:
  - a detailed water balance must be developed, maintained and reported annually to the

## EBRD

- opportunities for continuous improvement in terms of water use efficiency should be identified
  - specific water use (measured by volume of water used per unit production) must be assessed
  - operations must be benchmarked to available industry standards of water use efficiency.
19. The client will need to consider the potential cumulative impacts of water abstraction upon third party users and local ecosystems. Where relevant, the client will assess the impacts of its activities on the water supply to third parties and will need to demonstrate that its proposed water supply will not have adverse impacts on the water resources crucial to third parties or to sensitive ecosystems. As part of the client's environmental assessment process, the client will identify and implement appropriate mitigation measures that favour the prevention or avoidance of risks and impacts over minimisation and reduction in line with the mitigation hierarchy approach and GIP.

## Waste<sup>4</sup>

20. The client will avoid or minimise the generation of hazardous and non-hazardous waste materials and reduce their harmfulness as far as practicable. Where waste generation cannot be avoided but has been minimised, the client will reuse, recycle or recover waste, or use it as a source of energy; where waste cannot be recovered or reused, the client will treat and dispose of it in an environmentally sound manner.
21. If the generated waste is considered hazardous, the client will assess technically and financially feasible and cost-effective alternatives for its environmentally sound disposal considering the limitations applicable to transboundary movement and other legal requirements.
22. When waste disposal is transferred offsite and/or conducted by third parties, the client will obtain chain of custody documentation to the final destination and will use contractors that are reputable and legitimate enterprises

<sup>4</sup> For the purposes of this PR, waste is defined as a heterogeneous mixture of gaseous, liquid and/or solid substances/materials which need to be treated using adequate physical, chemical and/or biological processes before it can be safely disposed of into the environment.

licensed by the relevant regulatory agencies. The client should also ascertain whether licensed disposal sites are being operated to acceptable standards. Where this is not the case, clients will consider alternative disposal options, including the possibility of developing their own recovery and disposal facilities at the project site.

### **Safe use and management of hazardous substances and materials**

23. In all activities directly related to the project, the client will avoid or minimise the use of hazardous substances and materials, and consider the use of less hazardous substitutes for such substances and materials so as to protect human health and the environment from their potentially harmful impacts. Where avoidance or substitution is not feasible, the client will apply appropriate risk management measures in order to minimise or control the release of such substances/materials into air, water and/or land resulting from their production, transportation, handling, storage, use and disposal relating to project activities.
24. The client will avoid the manufacture, trade and use of hazardous substances and materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer.

### **Pesticide use and management**

25. Clients who manage or use pesticides will formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach for pest management activities. The client's IPM and IVM programme will coordinate use of pest and environmental information together with available pest control methods, including cultural practices, biological, genetic and, as a last resort, chemical means to prevent unacceptable levels of pest damage. When pest management activities include the use of pesticides, the client will strive to reduce the impacts of pesticides on biodiversity, human health and the broader environment and, more generally, to achieve a more sustainable use of pesticides as well as a significant overall
- reduction in the risks and uses of pesticides consistent with the necessary crop protection.
26. The sustainable use of pesticides shall include:
  - avoiding, or if not possible, minimising, the impacts of pesticides on biodiversity, human health and the broader environment
  - reducing the levels of harmful active substances by replacing the most dangerous ones with safer (including non-chemical) alternatives
  - selecting pesticides that are low in toxicity, known to be effective against the target species, and have minimal effects on non-target species, such as pollinating insects and the environment
  - the promotion of low-input or pesticide-free crop farming
  - minimising damage to natural enemies of target pests and preventing the development of resistance in pests.
27. The client will handle, store, apply and dispose of pesticides in accordance with GIP.