PR 3: Pollution Prevention and Abatement

Introduction

1. The EBRD recognises that sustainable development is a fundamental aspect of sound business management and that the pursuit of economic growth and a healthy environment are inextricably linked. Pollution prevention and abatement are key ingredients of a sustainable development agenda and EBRD-financed projects must meet good international practice in this regard. The impacts and issues associated with polluting activities need to be considered in all economic activities, and from effluents and emissions at the facility level, to impacts at a regional and global level where appropriate.

2. As a signatory to the European Principles for the Environment, the EBRD is committed to:

- supporting, through the activities it finances, the precautionary principle, the prevention principle, the principle that environmental damage should as a priority be rectified at source, and the polluter pays principle
- requiring compliance with relevant EU environmental standards, in particular those related to industrial production, water and waste management, air and soil pollution, occupational health and safety,[1] and the protection of nature,[2] where these can be applied at the project level (hereafter: "EU environmental requirements").[3]

Objectives

3. The objectives of this Performance Requirement (PR) are:

- to avoid or, where avoidance is not possible, minimise adverse impacts on human health and the environment by avoiding or minimising pollution directly arising from projects
- to assist clients in identifying project-related opportunities for energy and resource efficiency improvements and waste reduction
- to promote the reduction of project-related greenhouse gas emissions.

Scope of application

4. The Bank will agree with the client how the relevant requirements of this PR will be addressed and managed, as part of the client's overall environmental and social action plan (ESAP) and/or management system. The environmental and social appraisal and management requirements are outlined in PR 1 and PR 10.

Requirements

General

5. Subject to paragraph 6 below, projects will be designed to comply with relevant EU environmental requirements as well as with applicable national law, and will be operated in accordance with these laws and requirements.

6. It is acknowledged that EU environmental requirements for the pollution prevention and abatement measures are based on the best available techniques, without prescribing the use of any technique or specific technology, but taking into consideration the technical characteristics of the installation concerned, its geographical location and local environmental conditions so as to ensure a high level of protection for the environment as a whole. ESAP provisions to achieve compliance with these requirements should take into account any nationally agreed time frame to bring about

[1] Occupational health and safety is covered in PR 2.

[2] Biodiversity conservation is covered in PR 6.

[3] For the purpose of this Policy and PRs, EU environmental standards can be applied at the project level where the EU legislative document itself contains clear quantitative or qualitative requirements that are applicable at facility level (as opposed to, for example, ambient level).

compliance with EU legislation (for example, in EU candidate countries). For projects in countries other than EU members, candidate and potential candidate countries, the time frame set in the ESAP for achieving compliance with EU environmental requirements should be consistent with any bilateral agreements or action plans agreed between the EU and the relevant country, but may take into account the cost of application and the local conditions that prevail.

7. Where EU environmental requirements do not exist, the client will apply other good international practice such as the World Bank Group Environmental Health and Safety Guidelines. In such cases the Bank will agree the applicable requirements with the client on a project by project basis.

8. When host country regulations differ from the levels and measures presented in EU environmental requirements or requirements agreed pursuant to paragraph 7, projects will be expected to meet whichever is more stringent.

9. For each project, the Bank will identify and agree with the client the relevant applicable environmental requirements and guidelines.

Pollution prevention, resource conservation and energy efficiency

10. During the design, construction, operation and decommissioning of the project (the project lifecycle) the client will consider technical characteristics of the installation concerned, its geographical location and local/ambient environmental conditions and apply pollution prevention and control technologies and practices (techniques) that are best suited to avoid or, where avoidance is not feasible, minimise or reduce adverse impacts on human health and the environment while remaining technically and financially feasible and cost-effective.

11. The client will avoid the release of pollutants or, when avoidance is not feasible, minimise or control their release. This applies to the release of pollutants due to routine, non-routine or accidental circumstances with the potential for local, regional, or transboundary impacts. In addition, the client should examine and incorporate in its operations, energy efficiency measures and measures to conserve water and other resources, consistent with the principles of cleaner production.

Wastes[4]

12. The client will avoid or minimise the generation of hazardous and non-hazardous waste materials and reduce its 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 can not be recovered or reused, the client will treat, destroy, and dispose of it in an environmentally sound manner. If the generated waste is considered hazardous, the client will explore commercially reasonable alternatives for its environmentally sound disposal considering the limitations applicable to its transboundary movement. When waste disposal is conducted by third parties, the client will use contractors that are reputable and legitimate enterprises licensed by the relevant regulatory agencies.

Safe use and management of hazardous substances and materials

13. The client will seek to avoid, reduce or eliminate 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 potential harmful impacts. Where avoidance is not feasible, the client will consider the safety of their uses and apply appropriate risk management measures in

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

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. 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 bio-accumulation, or potential for depletion of the ozone layer.

Emergency preparedness and response

14. The client will be prepared to respond to process upset, accidental, and emergency situations in a manner appropriate to the operational risks and the need to prevent their potential negative consequences. The client will apply the requirements in paragraphs 18–22 of PR 4 to identify major-accident hazards, prevent major accidents and limit their consequences for humans and the environment, with a view to ensuring high levels of protection in a consistent and effective manner.

Industrial production

15. The client will put in place processes to ensure that all emissions and effluents and wastes are inventoried and monitored on an ongoing basis. Clients required to report project-related releases of pollutants to the European Pollutant Release and Transfer Register (E-PRTR)[5] will also report these data to the EBRD.

Ambient considerations

16. To address adverse project impacts on existing ambient conditions, the client will: (i) consider a number of factors, including the finite assimilative capacity of the environment, existing and future land use, existing ambient conditions, the project's proximity to ecologically sensitive or protected areas, and the potential for cumulative impacts with uncertain and irreversible consequences; and (ii) promote strategies that avoid or, where avoidance is not feasible, minimise or reduce the release of pollutants, including strategies that contribute to the improvement of ambient conditions when the project has the potential to constitute a significant source of emissions in an already degraded area. These strategies include, but are not limited to, evaluation of project location alternatives and emissions' offsets.

Greenhouse gas emissions

17. The client will promote the reduction of project-related greenhouse gas (GHG) emissions in a manner appropriate to the nature and scale of project operations and impacts.

18. During the development of projects that are expected to or currently produce significant quantities of GHGs,[6] the client will procure and report the data necessary to enable both an assessment of baseline (pre-investment) GHG emissions and an estimate of post-implementation GHG emissions. Guidance on data requirements should be sought from

[5] Companies located in the EU and EU candidate countries which release pollutants into air, water and/or land above specified thresholds are required to monitor and report the release quantities to the E-PRTR. E-PRTR was adopted by EU Regulation 166/2006 and will succeed the current European Pollutant Emission Register. See www.eper.ec.europa.eu/eper.

[6] The significance of a project's contribution to GHG emissions varies between industry sectors. Guidance on the amounts of GHG emissions likely to be associated with projects in different sectors is given in *EBRD Methodology for Assessment of Greenhouse Gas Emissions – Guidance for consultants working on EBRD – financed projects (GN0)*. The significance threshold for this Performance Requirement is generally 100,000 tonnes CO^2 equivalent per year for the aggregate emissions of direct sources and indirect sources associated with purchased electricity for own consumption. However, a lower emission threshold may be appropriate where a project aims to bring about large improvements in production efficiency. Clients are encouraged to consult with the Bank in such cases on whether data procurement for GHG assessment will be required.

the Bank. The GHG assessment will cover direct emissions from the facilities owned or controlled within the physical project boundary, together with those from any external operations on which the project is dependent, including indirect emissions associated with the off-site production of power used by the project.

Guidance on the definition of project boundary should also be sought from the Bank.[7] Quantification and monitoring of the parameters needed to evaluate GHG emissions[8] will be conducted annually during the life of the project.

19. In addition, the client will assess technically and financially feasible and cost-effective options to reduce its carbon intensity during the design and operation of the project, and pursue appropriate options.

Pesticide use and management

20. The client 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 entail coordinated use of pest and environmental information along 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 human health and the 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.

The sustainable use of pesticides shall include:

- minimising or, where possible, elimination of the use of pesticides minimising the hazards and risks to health and environment from the use of pesticides
- reducing the levels of harmful active substances by replacing the most dangerous with safer (including non-chemical) alternatives
- selecting pesticides that are low in human toxicity, known to be effective against the target species, and have minimal effects on non-target species and the environment
- using low-input or pesticide-free crop farming
- minimising damage to natural enemies and preventing the development of resistance in pests.

21. The client will handle, store, apply and dispose of pesticides in accordance with good international industry practice such as the Food and Agriculture Organization (FAO) International Code of Conduct on the Distribution and Use of Pesticides.

22. The client will not use products that fall in World Health Organization Recommended Classification of Pesticides by Hazard Classes 1a (extremely hazardous) and 1b (highly hazardous); or Class II (moderately hazardous), if the project host country lacks restrictions on distribution and use of these chemicals, or if they are likely to be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly.

[7] Guidance on data requirements and the definition of project boundary are provided, respectively, in the Bank's *Environmental Audit and Appraisal Protocols and EBRD Methodology for Assessment of Greenhouse Gas Emissions – Guidance for consultants working on EBRD – financed projects (GN1).*

[8] For example, the quantities of fuel or electricity usage.