

## Comments on the draft EBRD Environmental and Social Policy and Performance Requirements (2014)

The Health and Environment Alliance (HEAL) welcomes that the new Environmental and Social Policy (ESP) of the EBRD stresses the environmental legislation and principles of the EU, especially the precautionary principle, the polluter pays principle and the prevention principle. In fact, these principles need to be the guiding principles applied to all projects the EBRD engages in. The current form of the policy, however, still contains gaps in ensuring an adequate protection of people's (i.e. workers, residents and the general population) health from environmental risks. The submission by the Health and Environment Alliance (HEAL) highlights specific concerns on the draft policy from the viewpoint of environmental health.

HEAL is a leading European not-for-profit organisation addressing how the environment affects health in the European Union (EU). We demonstrate how policy changes can help protect health and enhance people's quality of life.

### **Environmental policy and health impacts**

The environment is an important determinant of health and has strong links to important chronic diseases such as respiratory and cardiovascular diseases as well as cancers, which are among the leading causes of death but also coming with a huge burden of ill-health and associated health costs for the countries in question. Climate change is already responsible for excess deaths as well as ill-health in Europe and is described by the World Health Organization as the biggest challenge for public health in the 21<sup>st</sup> century. Outdoor air pollution has been identified as a major risk factor, in fact leading the list of environmental risk factors in Western Europe.<sup>1</sup> Women, children and older people are especially affected by air pollution due to a higher susceptibility, as well as specific health risks of air pollution for the developing organs of fetuses and children.

The World Health Organization estimates that in the European Region (encompassing 53 countries) outdoor air pollution shortens the average life expectancy by almost one year.<sup>2</sup> The European Commission estimates the deaths attributable to particulate matter pollution in the EU alone to be 400,000 people per year.<sup>3</sup> In addition, air pollution is in many cases an important contributor to health inequalities.

The major air pollutants derive from largely the same processes as greenhouse gases, linked to the combustion of fossil fuels. Climate change is furthermore expected to exacerbate bad air quality through an increase in temperature and sunshine hours.<sup>4</sup> In order to tackle the double burden that is

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<sup>1</sup> Lim et al. (2012): A comparative risk assessment of burden of disease and injury attributable to 67 risk factors and risk factor clusters in 21 regions, 1990—2010: a systematic analysis for the Global Burden of Disease Study 2010. *The Lancet* 380(9859);2224-2260 <http://www.thelancet.com/journals/lancet/article/PIIS0140-6736%2812%2961766-8/abstract>

<sup>2</sup> WHO European Region (without date): <http://www.euro.who.int/en/health-topics/environment-and-health/air-quality/data-and-statistics>

<sup>3</sup> European Commission, DG Environment (2013): Cleaner Air for all – Why is it important and what should we do? <http://ec.europa.eu/environment/pubs/pdf/factsheets/air/en.pdf>

<sup>4</sup> European Environment Agency (2013): Environment and Human Health. <http://www.eea.europa.eu/publications/environment-and-human-health>

currently put on people's health in Europe ambitious reductions both in greenhouse gas emissions and in air pollution are needed.

Strong synergies can result from the reduction of both groups of pollutants at the same time, as reduced costs for pollution abatement are linked to climate policies. At the same time huge co-benefits for health are the result of low-emission development pathways. Health costs can be saved, which means relief for countries struggling with budgetary deficits and ineffective health care systems but also reduced expenditures, especially for middle and low income households. On top of that, productivity increases as fewer people are required to stay sick at home or are impacted by chronic ailments or acute health effects during their working hours. As a healthy workforce is key for the economic development of a country, the prevention of chronic diseases and the reduction of the environmental burden of disease should be a priority of development policies. Two HEAL reports provide deeper insights into these inter-linkages and present economic estimates for the health co-benefits from EU climate policy<sup>5</sup> as well as for the costs of current coal power generation in Europe.<sup>6</sup>

## HEAL recommendations

### 1. EBRD future projects must include health in cost-benefit assessments

**HEAL therefore advocates that the full health costs (including effects outside the project area and trans-boundary effects) and benefits are taken into account in a mandatory cost-benefit analysis for all of the EBRD's future projects (to be added as a general commitment of reducing environmental health risks under section B and in the performance requirement 1).** Such a cost-benefit analysis must include also alternatives to the proposed project. Stakeholders have to be informed of the results of the cost-benefit analysis in an appropriate way, and health experts as well as health affected groups and population groups at high risk (for air pollution women, children and older people) need to be adequately informed and consulted. In the case that impact assessment has already been undertaken locally by host country authorities the responsibility of the bank should be to ensure that this impact assessment covered also the full external health costs of the project. If this is not the case, the bank should undertake a separate assessment.

### 2. EBRD Environment and Social Exclusion List should exclude new coal-fired plants

In order to avoid dangerous levels of climate change which put human health in Europe at risk (by most scientists seen as a global temperature increase above 2 degrees Celsius) at an acceptable probability rate, Europe has a very restricted carbon budget until 2050, which does not allow an expansion of the coal-fired power generation capacity. **The EBRD should thus adapt its environmental and social policy accordingly. HEAL supports an exclusion of new coal-fired power plants, coal mining and shale gas hydraulic fracturing through the EBRD's Environmental and Social Exclusion List. As a minimum requirement, power plants with CO<sub>2</sub> emissions higher than 350 milligram per kilowatt hour should be excluded in the performance requirement 3. All thermal power plants with a thermal capacity of 50 Megawatt or larger should be subject to environmental and social impact assessments and listed as category A projects.**

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<sup>5</sup> HEAL (2010): Acting Now for Better Health: A 30% Reduction Target for EU Climate Policy. <http://env-health.org/resources/publications/article/acting-now-for-a-better-health-30>

<sup>6</sup> HEAL (2012): The Unpaid Health Bill – How Coal Power Plants Make Us Sick. <http://www.env-health.org/resources/projects/unpaid-health-bill/>

### **3. EBRD policy finance for retrofitting must include use of best available techniques**

The EBRD could play an important role in the retrofit of existing power plants to EU environmental standards. As the need for financing for retrofit measures is expected to be very high the EBRD should scrutinize the suitability of retrofit projects by assessing their application of the various performance requirements. Projects should only be accepted if the retrofit undertaken results in the application of best available techniques for pollution abatement. Furthermore only projects that fulfil the performance requirements in other fields than pollution prevention should be given priority and especially compliance with PR1 and PR4 should be a prerequisite.

### **4. Monitoring worker's health should be compulsory**

On PR4 HEAL would like to raise the need for monitoring of workers health (including documenting rates of occupational illness and mortality) as a binding measure the project developer has to fulfil and report to the bank. In addition, occupational health and safety officers should be employed and trained by the company, in an appropriate ratio to the number of workers. The project developer should have a compensation mechanism for occupational illness and mortality in place, or, in cases where the host country would bear the costs of compensation to the worker or his family, the bank must ensure that such a compensation scheme is in place and functioning nationally.

### **5. In regions with poor air quality projects that will cause substantial air pollution should require special scrutiny**

In order to protect the health of the local population, projects for which significant environmental health impacts can be expected and which are foreseen in a sensitive region, that is a region with poor air quality, should undergo special scrutiny regarding abatement options and alternatives. An extensive social and environmental impact assessment should be carried out, including a full weighing of health costs and benefits for different abatement techniques, and an extensive evaluation of alternatives to the proposed project. This includes especially the construction, conversion or transformation of thermal power plants or crude oil refineries, as well as smelting and chemical installations, waste incinerators and large transport infrastructure in a region where EU ambient air quality limit are being breached, or where there is the risk that they are not being met, as such projects are likely to have a negative effect on local and/or regional air quality.

### **6. Exclude projects of asbestos extraction, transformation and processing**

The EBRD should further exclude any projects of extracting asbestos as well as asbestos transformation and processing or asbestos-cement products handling, through listing these projects on the Environmental and Social Exclusion List. Asbestos is a human carcinogen, listed as a group 1 carcinogen<sup>7</sup> by the WHO International Agency for Research on Cancer, for which sufficient evidence on the carcinogenicity exists from toxicological and epidemiological studies. Asbestos cannot be extracted under conditions safe for the workers, and is therefore in conflict with PR2 and 4.

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<sup>7</sup> IARC (2012): Asbestos. IARC Monograph 100C. <http://monographs.iarc.fr/ENG/Monographs/vol100C/mono100C-11.pdf>