

Working Group

Translating Sustainability Standards and Guidelines into Business Practice

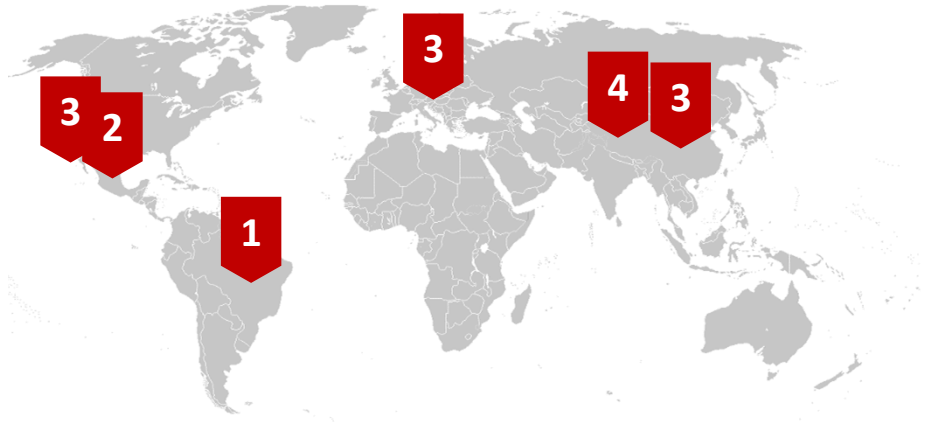
EPF Roundtable Geneva

6th and 7th June 2016

How can existing sustainability guidelines/ standards/ ratings be successfully and effectively translated into public and corporate policies and processes?

- What are the main **drivers**? Are there **opportunities for improvements**?
- What **case studies** and **best practices** exist for involving private sector and key stakeholders in successful implementation of strategies for sustainable infrastructure?
What **capacities/capacity building measures** are necessary?

Drivers – Sustainable Infrastructure



4 CASES

1 Infrastructure in the Brazilian Amazon

- Belo Monte Hydroelectric Power Plant
- Guidelines for Public Policies and Corporate Practices on Sustainable Infrastructure in the Brazilian Amazon

2 Energy Sector: The Case of Biogas Plants (Mexico)

3 Energy Sector: Wind and Solar Energy (China, EU, USA)

4 Sustainable Infrastructure and Policy Banks' Investments (China)

national and regional
laws and setorial
commitments

1 2 3

REGULATORY
FRAMEWORK

BANKS
SAFEGUARDS

social and
environmental
policies

4

VOLUNTARY
INITIATIVES

multistakeholder and/or
bottom up initiatives

1

Preliminary findings

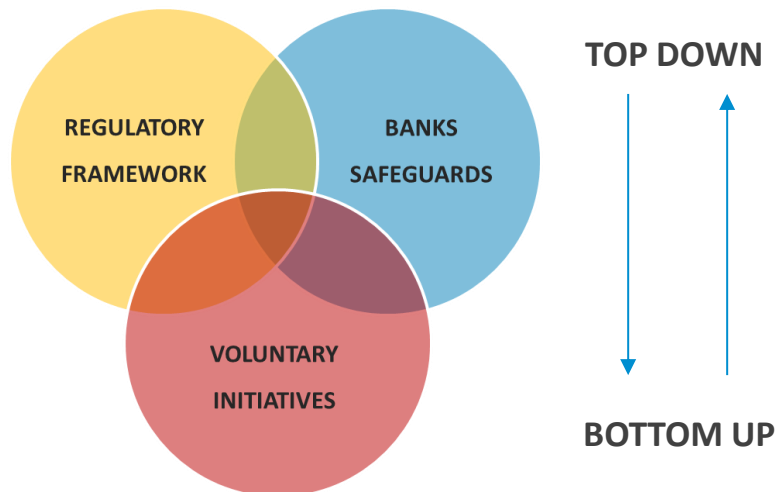
SUSTAINABILITY GUIDELINES AND STANDARDS:

Opportunities:

Business as Usual
Infrastructure

Green
Infrastructure

Combination of:



Fundamental:

- Importance of national commitments for inducing sustainable infrastructure
- Role of development banks and PPP
- Need to connect environmental licensing with territorial planning
- Integration between RE and BAU energy systems
- Multistakeholder initiatives [global initiatives: banking community, environmental and social compacts, NGO lobby and campaigns]
- Social participation in decision making: implementation and monitoring

Recommendations for the WG

1. Sharing knowledge on standards implementation in emerging economies
 - Public and corporate policies
2. Comparative analysis and recommendations
 - Safeguard Policies → example : New Development Bank (BRICS) X National development banks
 - Double Standards → overseas investments X MNC policies X national practices
3. What does it take to be “green”: moving forward? (clean energy + sustainability standards)
 - ↓ negative externalities AND ↑ positive externalities

Thank you!

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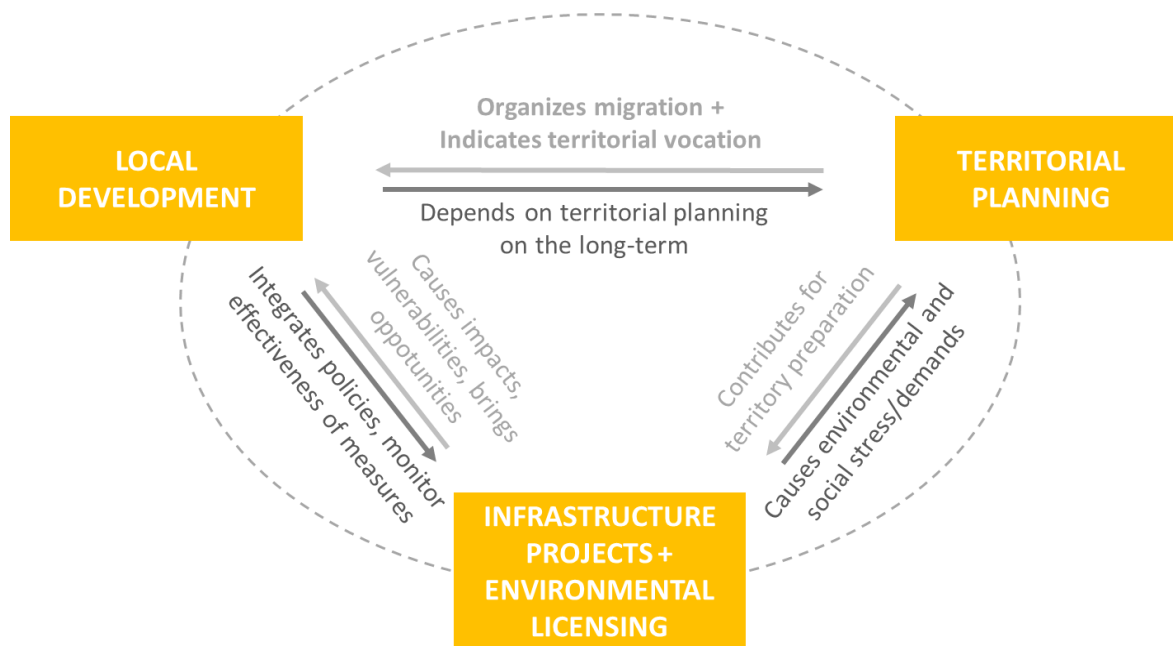
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Case 1 - Sustainable Infrastructure in Brazil



Guidelines for Public Policies and Corporate Practices on Sustainable Infrastructure in the Brazilian Amazon

- Voluntary and multistakeholder initiative (GVces + IFC)
- Cross-themes;
- Self-regulatory and regulatory propositions
- Engagement of a diverse set of actors
- Working papers; intense collective construction

Belo Monte Hydroelectric Power Plant

- Development of a social control tool for observing compliance of environmental and social licensing
- Need of "taylor-made" local development guidelines and tools in cases of territories hosting large-scale investments
- Environmental and social permits procedures should be deeply connect to territorial planning
- institutional capacity building strategy
- Social participation

Case 2 - Sustainable Infrastructure in the Energy Sector: The Case of Biogas Plants (Mexico)

SUEMA company

- Agency of innovation and engineering projects, specializing in sustainable management of solid waste to generate electricity
- Develops medium-scale plants designed to process organic waste produced in markets

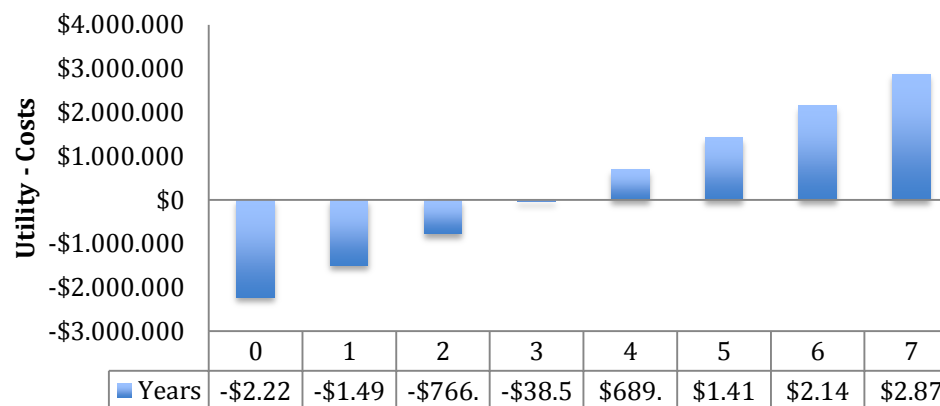
Regulatory challenges in Mexico – adequate infrastructure to transform waste into energy

- Creation of adequate Mexican Official Standards to adapt the regulation to the new technology
- Promotion of public-private partnerships

Characteristics of a Waste Treatment Plant installed by SUEMA in Mexico

Installed capacity	50 tons of waste daily
Investment	\$2,222,222 USD

Production of:	Monthly revenue (USD)
Natural gas for vehicles	\$24,784.12
Soil Improver Compost	\$31,937.54
+ Savings on waste treatment	\$16,898.17
Expected monthly income	\$73,619.82
(Operative Costs)	\$12,962.96
Expected utility	\$60,656.86



The investment would take 3 years to mature

- Additional 3,642 MW
- 31.000 new jobs

Case 3 - Sustainable Infrastructure in the Energy Sector: Wind and Solar Energy (China, EU, USA)

Cases from China, EU, USA

How each region has added substantial renewable resources to their generation portfolios?

How to synchronize their transmission grids to optimize the utilization of renewable resources, maintain reliability while transitioning the use of their existing thermal power plants?

Increasing Clean Energy and Improving Air Quality (National Development and Reform Commission) - CHINA

- Over 29GW of new wind and 16 GW new solar capacity installed during 2015
- Transmission lines: priority to existing thermal generation
- China's commitment to air quality and RE: Document 9 + China air law
- Five Year Plan + National Energy Administration + Air Law

Denmark Wind Integration Project (Agora Energiewende)

- 3 main challenges addressed by the Danish government:
- Ensuring that wind production had value during windy periods
 - Ensuring system reliability during periods of little or no wind
 - Increasing the system ability and capacity to balance wind production across transmission border areas

RPS (USA)

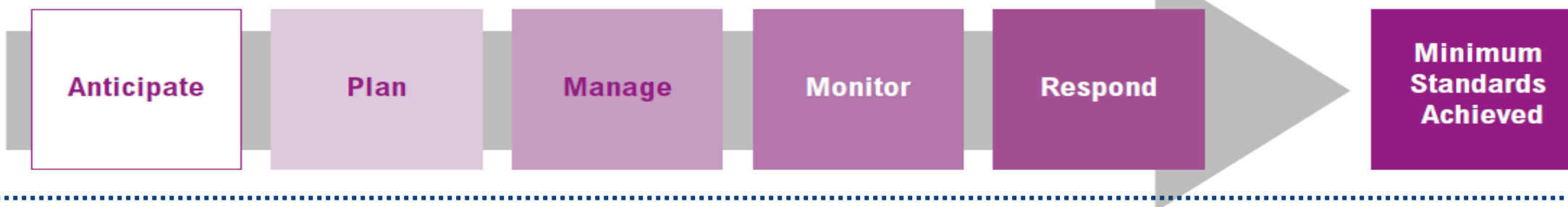
- 29 states + Columbia + Puerto Rico: Renewable Portfolio Standards (RPS)
- California: legislation to increase RPS to 50% by 2030
- RAP: 10 strategies to help grid operators to integrate renewable energy resources

Case 4 - Sustainable Infrastructure and Policy Banks' Investments (China)

Types of safeguards

Traditional	Use of country systems	Program for results	Development policy operations
<ul style="list-style-type: none">• High investor engagement; provides example• Ineffective incentive structure; limited focus and resources for monitoring and evaluation	<ul style="list-style-type: none">• Balance between flexibility and accountability• Higher costs; flexibility still limited; unclear standards	<ul style="list-style-type: none">• Easier integration with country systems; focus on safeguard results• Safeguards not explicitly tied to results; reduced support for implementation; unclear standards	<ul style="list-style-type: none">• Full use of country safeguard systems; investment in country safeguard systems• No E&S standards; no link between impact assessments and changes to loan requirements; lack of continued engagement

Function of a safeguard system



Factors affecting E&S framework evolution in Chinese NDBs

