

From Assessment to Practice: Tools for Transition

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‘In preparing for a battle I have always found that plans are useless, but planning is indispensable’.

D.Eisenhower

Overview

- Typical Challenges

- Solutions

- Conclusion

Eurasia Tunnel, Istanbul

- First intercontinental toll tunnel in the world.
- Project involved the construction of the tunnel beneath the Bosphorus
- Category A project: ESIA, LACRP, SEP, ESAP developed for the Project
- Arup has been Technical, Environmental and Social Advisor to Lenders since 2009
- Environmental and Social Due Diligence for the Project in accordance with EBRD, IFC, EIB, OECD and the Equator Principles, Turkish and EU law.
- Monthly monitoring throughout construction.



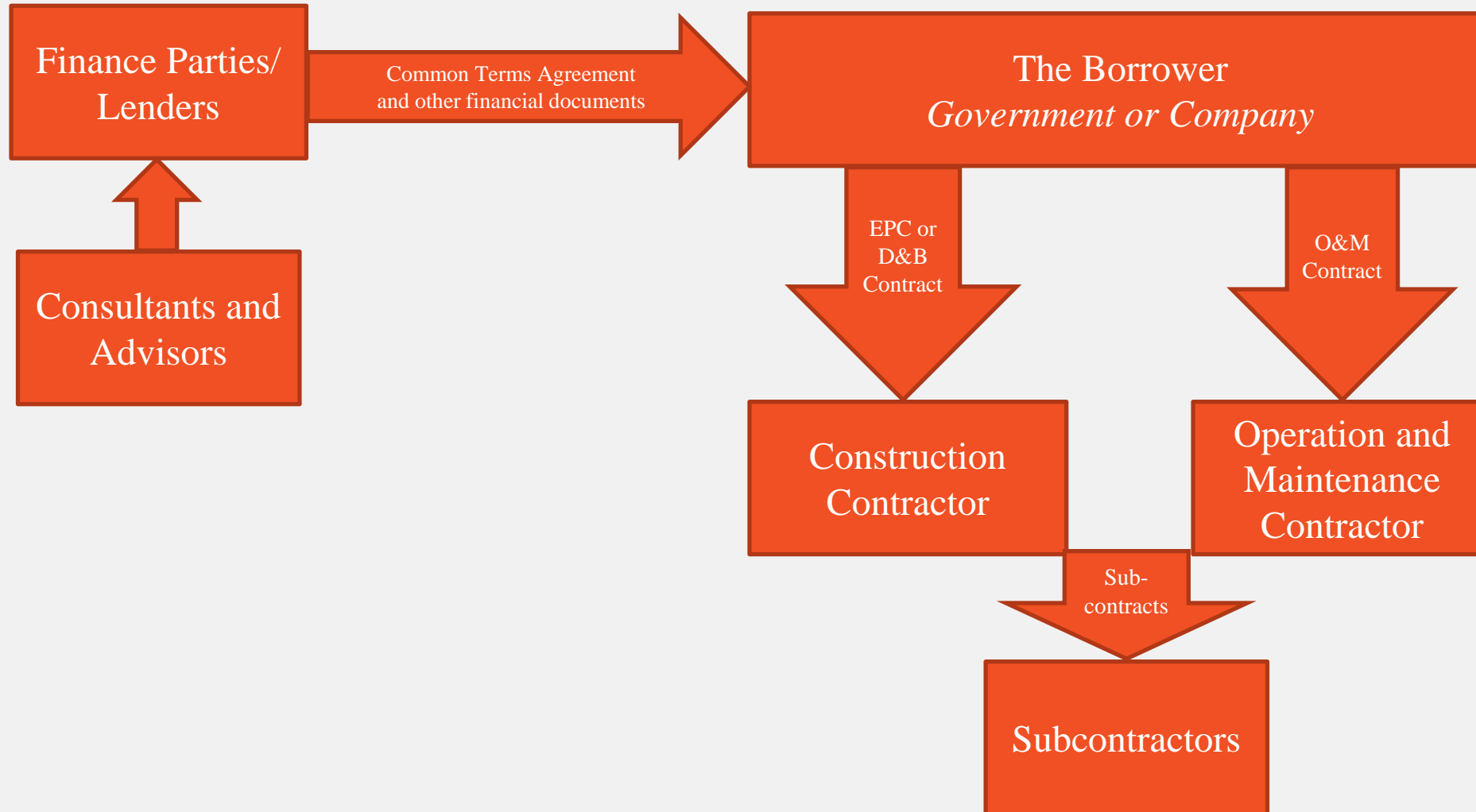
Awash-Weldiya Railway, Ethiopia

- Construction of the ~400km Awash-Weldiya railway in Ethiopia, one of a network of new rail lines across the country
- Category A project, involves physical and significant economic displacement (~11,000 households)
- Arup have been Lenders Environmental and Social Consultant since 2015
- Environmental and Social monitoring to Lenders' standards, including IFC, OECD and the Equator Principles

Context: Typical Challenges

- Enforcing E&S requirements and mitigation on site
- Ensuring budget is sufficient and released on time
- Ensuring adequate E&S resources and management
- Ensuring monitoring and compliance

Context: Generic Finance Structure



Solutions: Contractual Leverage and Structure of Finance

- Common Terms Agreement sets out key E&S mitigations and spells out penalties for not discharging them
- ‘Enabling’ items of the Environmental and Social Action Plan (ESAP) are implemented prior to Loan Signing and/or Financial Close
- Project implementation is broken in phases

Solutions: Sufficient E&S Budget

- E&S Budget is agreed among Finance Parties and the Project Borrower and is demonstrably committed by the Borrower
- Contingency budget is secured

Solutions: E&S staff

- Qualified E&S staff agreed, approved prior to loan signing and construction works and retained throughout construction and operation period (often included as a ESAP item)



Solutions: Contractor Compliance

- Construction and O&M contracts reflect CTA requirements with regard to E&S issues
- E&S requirements integrated in subcontractor contracts
- Financial penalties for non-compliance

Solutions: Contractor Compliance



Solutions: Project Monitoring

- Regular reporting by the Borrower and the Construction Contractor
- Regular monitoring by a competent independent E&S Advisor
- Audits

Conclusion:

- E&S requirements should be contractually binding
- E&S requirements should be passed down to contractor and subcontractor agreements
- Control mechanisms are integrated at all contractual levels
- A regular comprehensive multi-level monitoring is agreed and integrated at all project levels

Thank you!

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