

The Effectiveness of ESIA in meeting Project Financing Requirements

A Mining Sector Perspective

Presenter: Emily Harris

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1. What are the needs of mining project financiers in the context of ESIAs?
2. Do ESIAs meet these needs?
3. How are approaches to ESIA evolving to better address expectations from financiers?

- Focus on material environmental and social risks to the project and the investment

- Material risks:






- Affect ability of a project to proceed (credit risk)



- Issues requiring significant costs to manage or remedy (liability risk)



- Major concerns to stakeholders (reputational risk)

Type of risk		Focus areas for project financiers
	Credit risk	Status of primary approvals
	Liability risk	Assessment of significant impacts and proposed management
	Reputational risk	Approach to stakeholder engagement

- Mining industry is struggling to attract investment
- Pressure for cheaper and faster project development
 - less time and money for ESIA processes
- Pressure for local procurement of goods and services

Are ESIA processes meeting project financing needs?

Material risks



- Credit risk (primary approvals)



- Liability risk (significant cost implications)



- Reputational risk (stakeholder concern)

Material risks



- Credit risk (primary approvals)



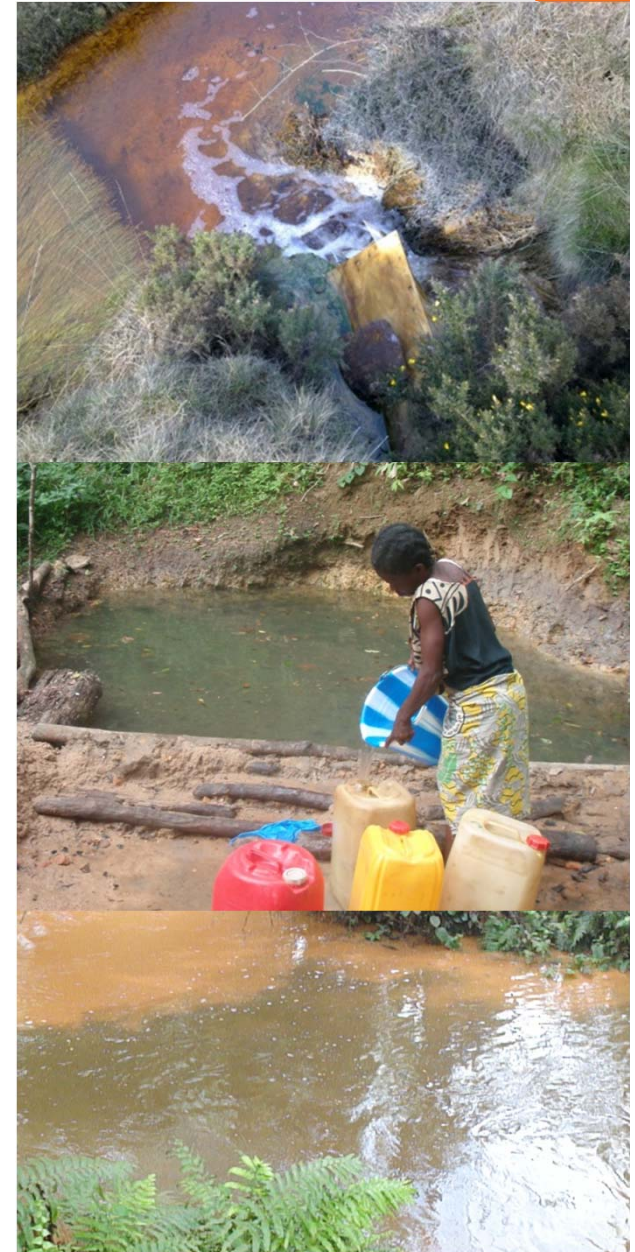
- Liability risk (significant cost implications)



- Reputational risk (stakeholder concern)

Surface water and groundwater issues

- Weak scoping of issues leading to unfocussed baseline programme
- Shorter data collection periods
- Limited understanding of receptors
- Lack of quantitative assessment



Material risks



- Credit risk (primary approvals)



- Liability risk (significant cost implications)

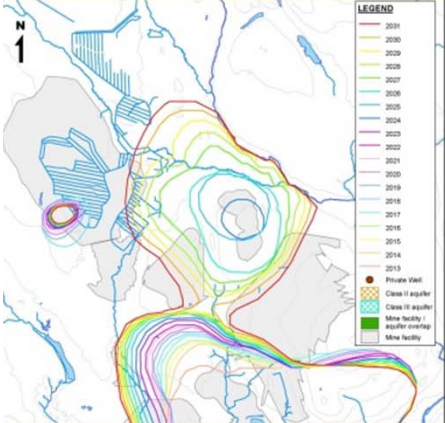


- Reputational risk (stakeholder concern)

ESIA stakeholder engagement

- Delays in timing of engagement
- Limited disclosure of project information
- Poor recording of issues raised
- No influencing project design





- **‘International ESIA’ process**
 - Instead of or in parallel to national permitting process
- **‘Fast-track’ ESIA process**
 - Impact assessment using available information and developing detailed management commitments
- **Partnerships**
 - Between national and international consultancies

- High-level review to identify gaps
- On-going advice and pro-active guidance on managing key issues
- Integrated teams collaborating to complete ESIA



Benefits	Challenges
<ul style="list-style-type: none">• Streamlined approvals process	<ul style="list-style-type: none">• Aligning expectations
<ul style="list-style-type: none">• Local context	<ul style="list-style-type: none">• Allocation of responsibilities
<ul style="list-style-type: none">• Focus limited resources on key issues	<ul style="list-style-type: none">• Regular communication
<ul style="list-style-type: none">• Optimise value from stakeholder engagement	<ul style="list-style-type: none">• Recognition of value

1. What are the needs of mining project financiers in the context of ESIAs?

Management of material risks



2. Do ESIAs meet these needs?

Focussed on obtaining primary approval

3. How are approaches to ESIA evolving to better address financing needs?

Partnering offers solution to optimise time and financial resources in local context

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