



# **USING IA AS AN ENVIRONMENTAL MANAGEMENT TOOL**



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# DBSA Vision



“DBSA strives to be a leading change agent for accelerated and equitable socio-economic development in Southern Africa”



# **DBSA Mission**

To maximise our contribution to development  
by mobilising and providing finance and  
expertise for infrastructure development in  
order to improve the quality of life of the  
people of Southern Africa

# DBSA Mandate



- Invest in infrastructure and facilitate the provision of infrastructural development
- Finance sustainable development in partnership with the public and private sectors
- Respond to development demands and act as a catalyst for investment



# DBSA Core Operating Principles



- Development Impact: Achieve maximum development impact
- Sustainability: Sound banking and meeting shareholder expectations
- Additionality: Supporting government policy and initiatives and gearing up funding for development

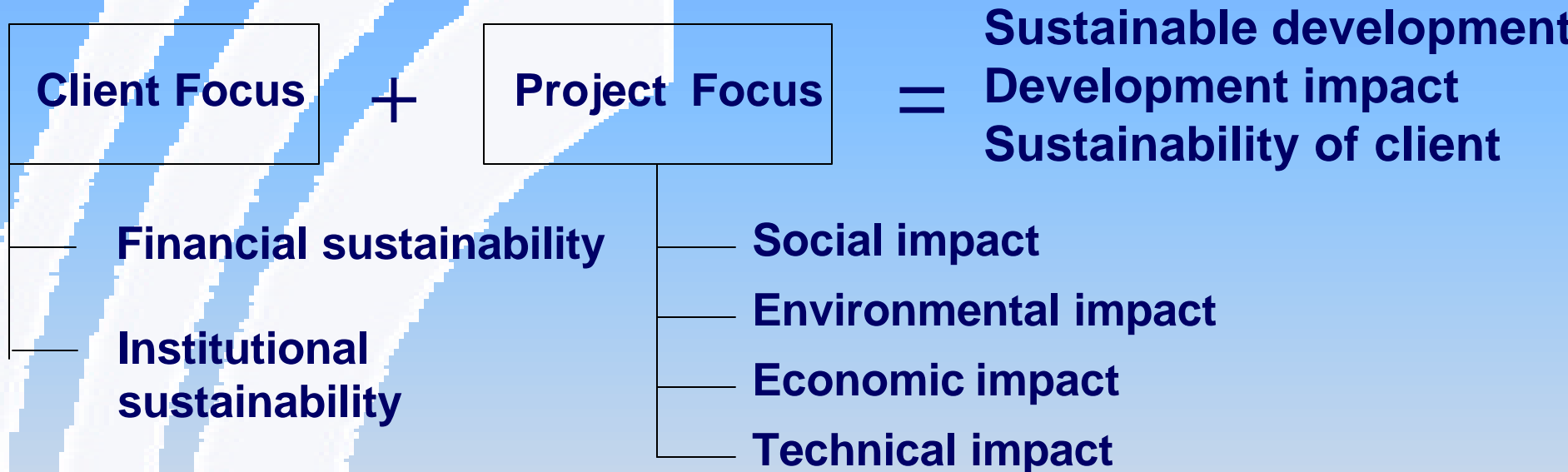


# NEPAD





It has been recognised that a healthy and  
productive environment is a  
prerequisite for the New Partnership for  
Africa's Development

# Guiding Principles: Ensuring Sustainable Development and Maximisation of Development Impact



**Challenge : To balance long term sustainable development with commercial objectives of State Owned Enterprises**

# Environmental Appraisal Objectives



- Find opportunities within projects to maximise their developmental and environmental benefits through the promotion of sustainable development
- Assist the DBSA in deciding to support a project or not on the basis of the Environmental Risks identified and evaluated
- Minimise environmental risks and liabilities to the DBSA and its clients

# Environmental Appraisal Objectives (cont.)



- Assist the Client in ensuring the necessary environmental permits required by legislation are obtained
- Assist clients in building their environmental capacity
- Identify ways to prevent, minimise, mitigate or compensate for the environmental risks associated with projects
- Assist in the development of conditions to be included in the loan agreement with Borrowers

# Environmental Risk



- Environmental Risk is a measure of the potential threats to the environment that activities may have
- It combines the probability that events will cause or lead to degradation of the environment and the magnitude of the consequences of that degradation

# Sources of Environmental Risk



- Environmental Impacts
- Legal Requirements
- Institutional Capacity

# Risk Table



Environmental Risk	Magnitude	Probability	Risk Rating (without mitigation)	Proposal Mitigation Measures	Magnitude	Probability	Risk Rating (with Mitigation)
Specify Environmental Risk	H, M, L	H, M, L			H, M, L	H, M, L	



# Qualitative Measures of Magnitude



Rating	Scale of Impact	Sensitivity of Environment	Magnitude of Potential Lender Liability	Magnitude of Potential risk, Public and Political Concern
Low	Localised	Not in a sensitive environment	None	None
Medium	Fairly Extensive	In a sensitive environment but impacts localised and irreversible	Gone	Gone
High	Regional	Impacts occur in sensitive areas	Significant	Significant

# Qualitative Measures of Probability



Rating	Description
High	The risk will probably eventuate in most circumstances
Medium	The risk could occur at one time
Low	The risk may only occur in exceptional circumstances

# Deriving Overall Risk Rating for a Risk



Probability	Magnitude of Consequences		
	Low	Medium	High
High	High/Low	High/ Medium	High
Medium	Medium/Low	Medium	Medium/High
Low	Low	Low/Medium	Low/High

# Requirements



- Legal compliance (Suspensive/ precedent conditions)
- New Projects – Integrated Environmental Management process
- Existing Projects (e.g. refinancing) – Environmental Due – Diligence
- All projects require an appropriate formalised environmental management mechanism

# Capacity for Environmental Management



- Legal Mandate
- Financial Resources

# Environmental Focus Areas



- Consolidating the environmental appraisal process
- Technical assistance to local authorities, specifically around capacity building
- Building internal coordination and capacity
- Supporting regulatory direction in the Bank's operational work and managing environmental risks and liability

# What Have We Learnt Through Doing It?



- Very difficult to not state the obvious, i.e. it is a management and process issue
- Need time
- Need to be aware where your client is in terms of capacity
- Repetition
- Use Best Practice Lever
- The best document in the world does not guarantee success

# What Have We Learnt Through Doing it?



- Build relationships and constant explanation
- Clarity
- Assist in finding solutions but never undermine your minimum requirements
- Need formalized management systems
- Need to clearly understand the implications of our requirements





# Conclusion



- Capacity is a major issue for ourselves as well as our clients (resources and skills)
- Do not try to do too much at once