Managing Environmental and Social Risks in Large Infrastructure Projects
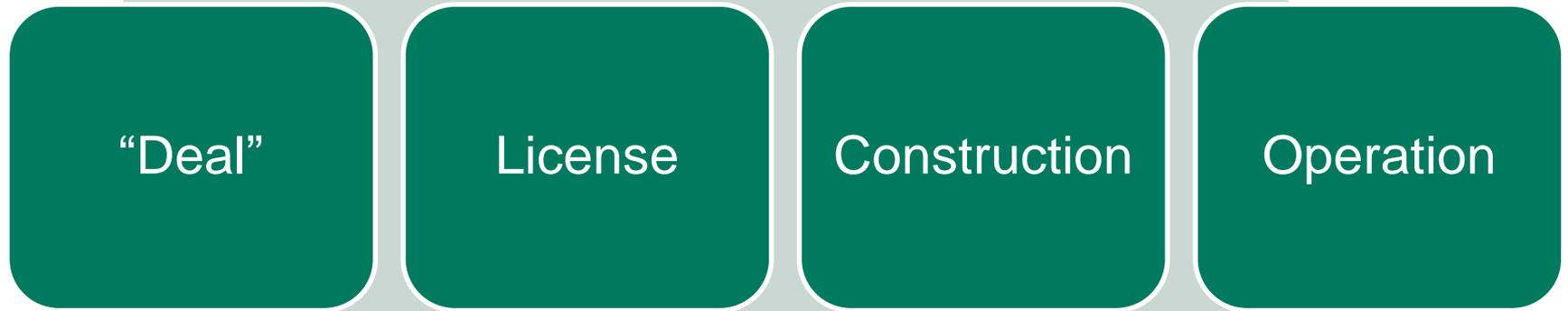
Ricardo N. Calvo, Ph.D.

Project flow cannot be stopped

| "Deal" | License | Construction | Operation |

The "deal" drives timing and sponsors expectations

ESIA process and all that goes with are packed into typically tight schedules

Financing has to take everything into consideration

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Infrastructure Project Challenges

❏ Governments

- Level of government experience and resources
- Potential effects of national political conditions
- Potential for vested financial and political interests to approve projects
- National and local legal framework

❏ Sponsors

- Contractual deadlines
- Financial and engineering emphasis
- "The moment of truth"

❏ Lenders

- Investment risk

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Infrastructure Project Challenges

❏ Effective Communication

❏ Effective Stakeholder Consultation

❏ ESIA Challenges

- Who pays for the ESIA?

- How far along is the project design?

- Cumulative effects: how can the project influence outcomes?

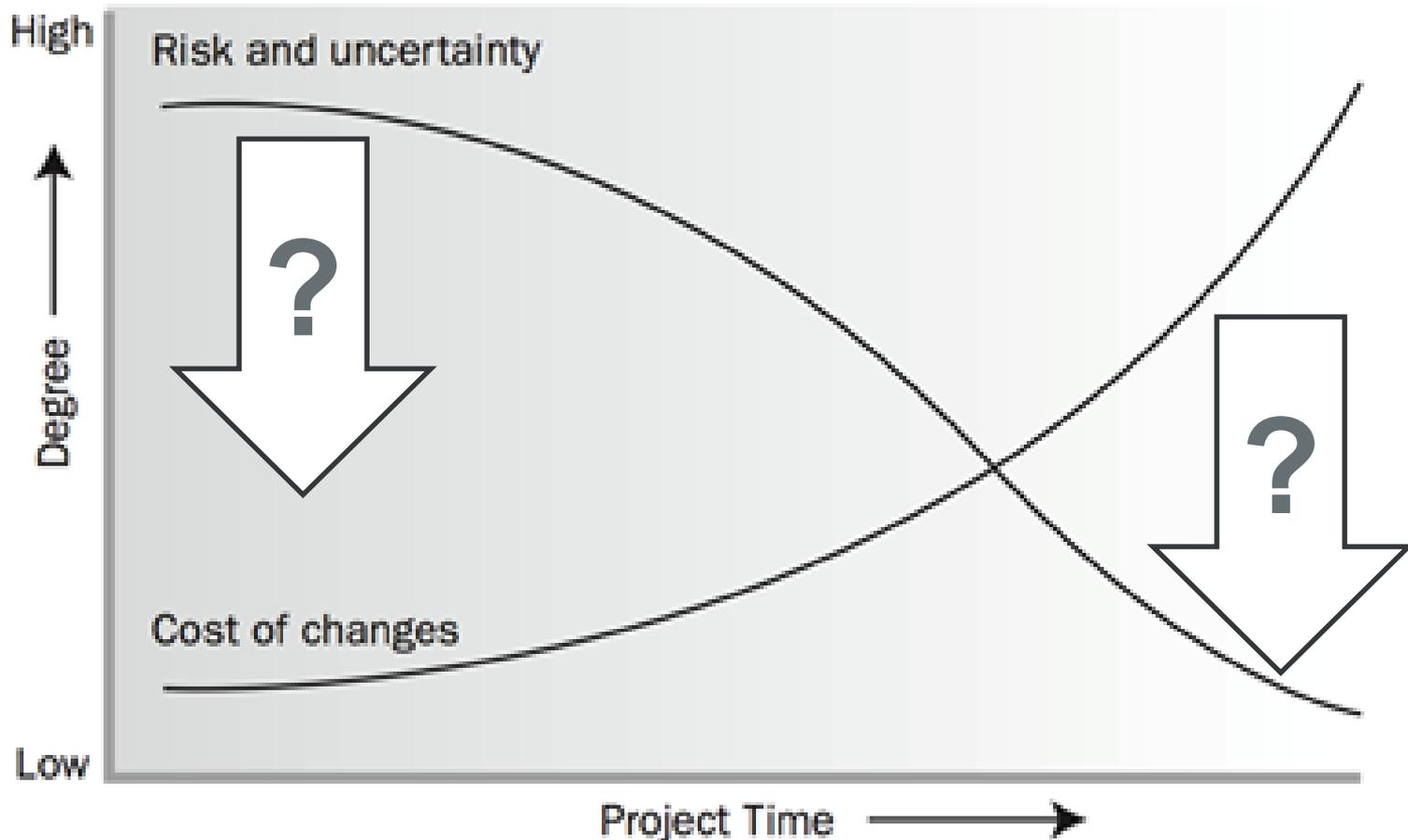- How can the ESIA ensure effective implementation?

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Keys for Success in Managing E&S Risks

❑ **Start early**

❑ **SEA** – regional planning or SEA can provide an appropriate context for a project

❑ **ESMS** – integrated with entire project

❑ **Good baseline**

❑ **Effective Stakeholder engagement** – emphasis on transparency and inclusiveness in order to build trust

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Keys for Success in Managing E&S Risks

❑**Close coordination with the engineers –** stay in sync with project design

❑**Mitigation hierarchy –** apply early and reiterate

❑**Close coordination with the host country government –** proper management of some E&S risks may exceed project sponsor's legal authority and will require government involvement

❑**Involve NGOs/Civil Society/Community Groups –** for third party oversight and participatory monitoring to build trust

❑**Independent expert review –** needed for large/complex projects to bring credibility

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Project Life Cycle and Project Risks

High

Risk and uncertainty

Degree

?

Cost of changes

?

Low

Project Time →

LOWER RISK EARLY ➡ **LOWER COST LATER**

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Thank you