

# Lender perspectives: A view on ‘pros’ and ‘cons’ of digital ESIA

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Polina Pimenova, PIEMA  
Principal Environmental Adviser, Environment & Sustainability Department, EBRD



**European Bank**  
for Reconstruction and Development

# The EBRD – brief welcome presentation



# What we do



**European Bank**  
for Reconstruction and Development

The EBRD invests in **positively changing people's lives** from central Europe to Central Asia, the Western Balkans and the southern and eastern Mediterranean region.

We invest in projects, engage in policy dialogue and provide technical advice which fosters innovation and builds modern economies that are **competitive, well-governed, green, inclusive, resilient and integrated**.

We provide financing directly and through financial intermediaries. The Bank works mainly with private sector clients, but also finances municipal entities and publicly owned companies. Our principal financing instruments are loans, equity investments and guarantees.

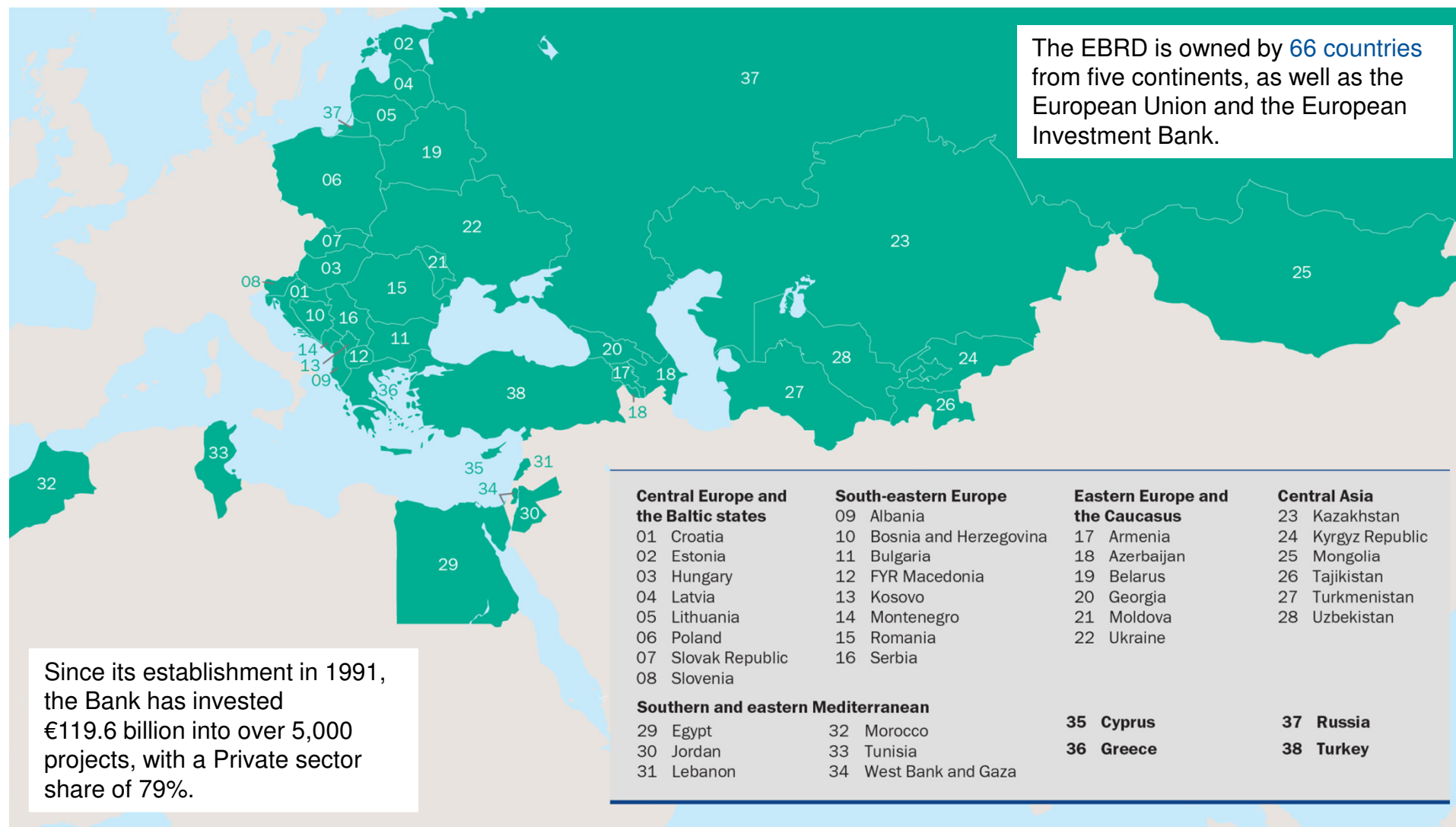


# Where we are



**European Bank**  
for Reconstruction and Development

The EBRD is owned by 66 countries from five continents, as well as the European Union and the European Investment Bank.



Since its establishment in 1991, the Bank has invested €119.6 billion into over 5,000 projects, with a Private sector share of 79%.



# Our transition qualities



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## Competitive

Building dynamic and open markets that stimulate competition, entrepreneurship and productivity growth.

## Well-governed

Promoting the rule of law, transparency, and accountability, and stimulating firms to adequately safeguard and balance the interests of their stakeholders.

## Inclusive

Building inclusive market economies which ensure equal economic opportunity for all and leave no group behind.

## Integrated

Building geographically integrated domestic and international markets for goods, services, capital and labour.

## Resilient

Building resilient market economies that can withstand turbulence and shocks.

## Green

Building green, sustainable market economies which preserve the environment and protect the interests of future generations.



# Green Economy Transition (GET) & SDGs



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GET investments fall into 3 categories: climate change mitigation, climate change adaptation and other environmental improvement areas.

In **2017**, the Bank invested **€9.7** billion into **412** projects, with **43%** of investments in **'green'** finance.

## EBRD Sustainability Report 2017

<http://2017.sr-ebrd.com/>

EBRD supports the implementation of the UN Sustainable Development Goals (SDGs) to transform societies and economies into a safe, equitable and sustainable future. Our projects bring positive change in people's lives across the economies where we invest and support these SDGs particular:



# Environmental and social requirements

- Projects must satisfy the EBRD's environmental standards as well as those of the host country
- [Environmental and Social Policy](#) and 10 Performance Requirements (PRs)
- Policy applies to the Bank, PRs apply to clients & projects
- Reference to EU environmental standards
- Categorization of projects is based on risk and EU EIA Directive (Annex 1)
- Environmental and Social Impact Assessment (**ESIA**) is required for **Category A** projects: those with potentially significant and diverse E&S impacts, requiring a detailed participatory assessment process.



# Category A projects and use of ESIA's



- 14 new Cat A projects (4% of total Nr of projects or 15% of investment volume) required an ESIA and were in an active disclosure period in 2017.
- Full ESIA disclosure packages for all Cat A projects are available in English and in local languages and disclosed online <http://www.ebrd.com/esia.html>
- ESIA's are **externally** prepared by independent E&S experts in liaison with the Clients. The Bank reviews to make sure the requirements for international ESIA are met.
- EBRD is a 'recipient' of ESIA's for its decision-making purposes
- No specific request for use of digital platforms as such, but use of innovative and interactive approaches is welcome.



# Advantages/ opportunities of digital ESIAs



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- **Visual/interactive project presentation**, particularly for stakeholder engagement meetings – ‘a picture tells a thousand words’. Use of electronic clickable mapping, data tables and a great ‘user experience’. User gets an opportunity to ‘walk through’ the virtual landscape and experience how the project will look once it is finished (e.g. iReport of RH/DHV);
- **Great tool for monitoring and gathering feedback** - if we can ensure layers of data can be easily added by another party taking on the project such as the EPC contractor, the Lenders Supervisor, the Client, etc.
- Potentially more **consistent & inter-connected data presentation**, e.g. land plots and land use constraints mapped with layers of information - from biodiversity to crops or structures; use of GPS for location-specific info about noise levels, emission points and levels, etc.
- Easier **tailoring for specific audiences & their needs**;
- Easy use of multiple **languages**;
- Potential **time savings**: easy re-editing/ updates compared to traditional paper-based ESIAs



# Challenges / barriers for digital ESIAs

- Technical
  - Capacity of Clients and their IT systems
  - Capacity of Lenders IT systems
  - Software or system used and its continuity
  - Data availability /comparability
  - Data protection/ security issues
- Content
  - Social issues require a narrative
  - Ensuring completeness of the review and potential liabilities
- Regulatory requirements for E(S)IAs presentation and permitting
- Costs/limitations of software

# Questions: do you see challenges in this?

- **Cost** implications for digital ESIAs as compared to traditional E(S)IAs incl. cost of software itself. What are your cost predictions for digital E(S)IAs?
- **Regulatory acceptance** of it as compared to the specific requirements for project review & permitting by competent authorities / regulators; Do you see barriers in achieving regulatory compliance?
- **Keeping updated:** How do you ensure that a given digital ESIA platform is kept up-to-date in 5-10 years time, so it can be successfully used for project follow up and further monitoring during project implementation, for example?
- **Capacity:** Clients would need to have good internal IT systems & staff capacity (and adequate access/permission arrangements), and this is not always the case. Do you see a challenge in this?



# Conclusions

- There is increasing demand for use of digital approaches and higher transparency. Inevitably, digital age will promote wider use of digital platforms in all areas of ESIA preparation and presentation/ follow up / monitoring. There are many opportunities here to be explored!
- Lenders have a role to play ( and resources!) in promoting/supporting wider use of digital platforms in ESIA/due diligence;
- Project location specific circumstances, regulatory requirements, software costs, organisations & IT systems capacity, and data availability may limit use of digital platforms
- Digital innovation should not be used in isolation, this needs to be part of a wider proportionate ESIA approach!

# Contacts

**Polina Pimenova**

Principal Environmental Adviser  
Environment & Sustainability  
Department

Tel: + 44 20 7338 7578

Email: [PimenovP@ebrd.com](mailto:PimenovP@ebrd.com)

EBRD, One Exchange Square  
London, EC2A 2JN  
United Kingdom  
[www.ebrd.com](http://www.ebrd.com)

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