

Briefing

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Environmental and Social Impact Assessments and Responsible Business in Iran

In Briefing #2, IBR presented some of the challenges of conducting due diligence for responsible business in Iran, focusing on the identification of actual and potential adverse impacts on people and the environment from any business activity. As Environmental and Social Impact Assessments (ESIAs) constitute widely accepted tools for the initial identification of such impacts, IBR Briefing #5 provides an overview of the relevance and use of ESIAs in Iran.

While the regulatory framework in Iran has a set of requirements for environmental impact assessments, which includes some mention of social impacts, **critical gaps emerge when compared to international standards**. Multiple factors also limit the practical efficacy of impact assessments carried out under the law in the country. **Given Iran's water crisis, severe air pollution and use of child labour, the deficiencies in local regulation and practice for identifying impacts heighten the risk to responsible business in Iran.** There are steps companies can take, however, to begin addressing the challenges.

THE REGULATIONS

Environmental impacts. Iran's Department of Environment, a governmental body reporting to the President's office, sets the regulations for environmental impact assessments (EIAs) and reviews the reports. The term EIA is used in the Iranian context, reflecting the regulatory focus on environmental and not social impacts. Department regulations state EIAs should include information on the project's use of resources, auxiliary construction and impacts on a range of largely environmental conditions.¹



Social impacts. Social impacts are briefly referenced in Iran's EIA regulations but they are not defined and they are largely ignored. Partial exceptions to this include somewhat more developed social impact assessment (SIA) requirements integrated into EIAs required by the Ministry of Energy for dam projects and the Ministry of Roads and Urban Development for road projects, but lack of community engagement (discussed below) deeply compromises such assessments.

Health impacts. While Iran's EIA regulations call for the nearest medical school to provide a list of the health impacts of a project, in practice this typically involves the submission of generic health lists that are routinely checked off with little consultation or real assessment of health impacts.²

Types of projects covered. There are 51 types of projects requiring EIAs in Iran, in areas such as infrastructure, power, oil and gas, petrochemicals, renewables, metals, mining, automotive, hydro-structures, tourism and wastewater, with some requirements dependent upon the size and location of the project (for example, if it is close to sensitive areas such as the Caspian Sea or Southern Shore zone, certain forests and protected areas, underground sources of drinking water, mountains or deserts).³ Projects not listed in the regulation do not need EIAs irrespective of their potential for adverse impacts on people and the environment.

THE PRACTICE

EIA regulations are not followed.

- > In practice, EIA requirements are infrequently met in Iran. Understanding of environmental impacts is limited to direct effects on the soil, water or air in the immediate area (and even those are not rigorously addressed), with little if any reference to broader concepts of pollution, indirect or cumulative impacts, or impacts on communities farther afield.
- > Social impacts are typically either ignored or assessed ineffectively.
- > Standards and benchmarks are not part of the regulatory framework, undermining impact assessment and the preparation of Action Plans to address concerns tagged in the EIA.
- > President Rouhani has publicly noted the deficiencies in Iran's EIA process and called for greater transparency.⁴ To date there has been little progress in these areas.

Low levels of expertise.

- > In a 2012 article, the Deputy Director of the Department of Environment's EIA bureau noted the lack of expertise among the consultants enlisted by companies to prepare the reports, their practice of submitting reports that are copies of previously approved reports, and the lack of these consultants' independence from the project holders.⁵ He also noted the lack of expertise among the Department's reviewers, their minimal knowledge of sector specific issues or local conditions, and the lack of reliable sources to which they can refer.⁶
- > There is no indication there has been any significant change. In a 2017 article, another EIA bureau official noted persistent problems of lack of knowledge and relevant guidelines for the assessment process as well as the lack of independence of the consultants.⁷

Use of outdated and inaccurate data.

- > Due to deficiencies in the approval process, there is insufficient evaluation of the accuracy of the data, and government reviewers, who may not be apprised of local conditions, typically accept such data. For example, required references on water or soil conditions may be drawn from studies that were done a decade earlier, referring to conditions that no longer exist.⁸
- > Once an EIA is approved, there is no requirement to initiate a reappraisal even if conditions have changed significantly during the period between approval and initiation of the project.

Deficient regulatory procedures and monitoring.

- > Iran's regulatory framework does not require that EIAs be completed early in the process, and they are typically one of the last reports submitted. This can create pressure for approval as the project may already be underway. Officials at the EIA bureau have also noted pressure to approve certain projects favoured by the government, even when members of the bureau have recommended to refuse permission for those projects due to environmental concerns.⁹
- > Despite general references to monitoring in Iran's EIA regulatory framework, there is no effective monitoring. Enforcement and penalties are selective and only occasionally imposed, undermining deterrence.

Some local initiatives attempting progress.

- > In a unique local initiative that began in 2008, the Tehran Municipality requires projects undertaken with the municipality to submit an SIA to address social impacts and provide "solutions" for managing impacts.¹⁰ In contrast to Iran's EIA regulations, Tehran's SIAs require public input during the assessment and review.¹¹ The municipality also provides a list of qualified experts to conduct and evaluate the SIAs.
- > However, only 10% to 30% of Tehran Municipal projects submitted SIAs during the 2008-2014 period, indicating implementation is lacking.¹² Moreover, although the regulations state the reports are to be accessible to the public, IBR was unable to locate any reports to review.

CRITICAL GAPS

No requirements for community engagement. International standards require assessment of impacts to be informed by engagement with individuals and groups who will be affected by the business activity. In Iran, there are no requirements for community engagement, depriving EIAs of critical information regarding local conditions and potential impacts. Beyond legal requirements, community engagement is not typically done in practice by Iranian companies. As mentioned in IBR Briefing #2, in a context where community engagement is unusual and unfamiliar, companies may face an environment of distrust, which may also pose risks to company personnel or local interlocutors conducting impact assessments.

No references to indigenous people or cultural and historic heritage. No references exist in Iran's EIA regulations regarding impact assessment on indigenous peoples' culture and livelihoods, on users of land with customary or traditional title, on cultural heritage or on historic sites. These issues are all tagged by international standards, including international finance standards, for specific attention.

WHAT COMPANIES AND FINANCIERS CAN DO

- > **Look for local expertise that is present but under-utilised.** Iran's universities and research centres are useful sources of local expertise and could be drawn upon for ESIA's.¹³
- > **Seek support from home governments.** Companies and financiers can express their need for an enabling environment for responsible business to their home governments, which in turn can inform home government engagement with Iranian counterparts.

> **Explore avenues to engage in knowledge exchange.** Companies and financiers can seek opportunities to collaborate with universities, business associations and governments to develop initiatives to reinforce local capacity and knowledge on ESIA in Iran, exchange good practices and create opportunities for knowledge exchange with local experts.

> **Support local business partners to ensure ESIA offer a useful assessment of impacts.** When ESIA are carried out by local business partners, investing companies and financiers can provide guidance, training and support to ensure proper ESIA preparation and implementation. Contractual requirements can reinforce the commitment of local business partners to carry out effective ESIA.

Notes

¹ For the specific regulations, see the website of the Cabinet of the President of Iran, <http://dolat.ir/detail/210887>

² Dr. Ali Fakhri, Center for Social Impacts on Health, Kashan University of Medical Science, and Dr. M. Reza Maleki, Management School, Tehran University of Medical Science, "An Approach to Health Impact Assessment in Iran and the Challenges of This Approach," June 2017 <http://hakim.hbi.ir/article-1-1773-fa.pdf>

³ See <https://www.doe.ir/Portal/file/?479997/A9R6D93.pdf> (Farsi)

⁴ "Rouhani's priorities for the 12th Cabinet regarding the environment and sustainable development," Islamic Republic News Agency (IRNA), 17 May 2017, <http://www.irna.ir/fa/News/82534081c>

⁵ Alireza Rahmati, Deputy of the EIA Bureau of Iran's Department of Environment, "Investigating the Environmental Impact Assessment in Iran: Challenges and Opportunities," 8 May 2012 <http://www.iraneia.ir/FileForDownload/files/2%20%20%20254%20Rahmati%201-3-91.pdf>

⁶ Ibid.

⁷ Hossein Abbasi Rostami, "Challenges of the EIA in Civil and Development Projects," Islamic Republic News Agency (IRNA), 25 September 2017 <https://article.irna.ir/fa/NewsPrint.aspx?ID=18329>

⁸ Based on IBR interviews with international engineering consultants who worked on major infrastructure projects in Iran.

⁹ Hossein Abbasi Rostami, Ibid.

¹⁰ "Social Impact Assessment Regulation," Tehran Municipality, <http://ataf.tehran.ir/Portals/o/regulation2222.pdf>

¹¹ See the regulations on the Tehran Municipality website at <http://ataf.tehran.ir/Portals/o/guidelines1111.pdf>

¹² See the Tehran Municipality website at: <http://ataf.tehran.ir/LinkClick.aspx?fileticket=as4O4Sy1srA%3d&tabid=96&portalid=0>

¹³ See for example the Iranian Sociological Association at <http://en.isa.org.ir/>; the EIA section of the Center for Environmental Research, Isfahan University of Medical Science at <https://tinyurl.com/y766834y>; the Center for Environmental Research, Tehran University of Medical Science at <http://ier.tums.ac.ir/>; or the Research Center for the Environment and Sustainable Development at <https://tinyurl.com/ybsmfegg>



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IBR is a nonprofit initiative that works with companies, governments and other stakeholders to foster responsible business practices that respect people and the environment, enhancing the benefits business can bring and reducing the risks for companies.

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