

# ***WORLD BANK***

## ***Environmental and Social Framework***

*Setting Environmental and Social Standards  
for  
Investment Project Financing*

**August 4, 2016**

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## Abbreviations and Acronyms

BP	Bank Procedures
CDD	Community-Driven Development
CO <sub>2</sub>	Carbon Dioxide
DUC	Dam Under Construction
EHSGs	World Bank Group Environmental, Health and Safety Guidelines
EIA	Environmental Impact Assessment
ERP	Emergency Response Plan
ES	Environmental and Social
ESA	Environmental and Social Assessment
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standard
FI	Financial Intermediary
FPIC	Free, Prior and Informed Consent
GHG	Greenhouse Gas
GIIP	Good International Industry Practice
GRS	Grievance Redress Service
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IPM	Integrated Pest Management
IVM	Integrated Vector Management
NGO	Nongovernmental Organization
O&M	Operation and Maintenance
OHS	Occupational Health and Safety
OP	Operational Policy
PMP	Pest Management Plan
RHA	Risk Hazard Assessment
SEP	Stakeholder Engagement Plan
SESA	Strategic Environmental and Social Assessment

## Overview of the World Bank Environmental and Social Framework<sup>1</sup>

1. The World Bank Environmental and Social Framework sets out the World Bank's commitment to sustainable development, through a Bank Policy and a set of Environmental and Social Standards that are designed to support Borrowers' projects, with the aim of ending extreme poverty and promoting shared prosperity.
2. This Framework comprises:
  - A ***Vision for Sustainable Development***, which sets out the Bank's aspirations regarding environmental and social sustainability;
  - The ***World Bank Environmental and Social Policy for Investment Project Financing***, which sets out the mandatory requirements that apply to the Bank; and
  - The ***Environmental and Social Standards***, together with their Annexes, which set out the mandatory requirements that apply to the Borrower and projects.
3. The ***World Bank Environmental and Social Policy for Investment Project Financing*** sets out the requirements that the Bank must follow regarding projects it supports through Investment Project Financing.
4. The ***Environmental and Social Standards*** set out the requirements for Borrowers relating to the identification and assessment of environmental and social risks and impacts associated with projects supported by the Bank through Investment Project Financing. The Bank believes that the application of these standards, by focusing on the identification and management of environmental and social risks, will support Borrowers in their goal to reduce poverty and increase prosperity in a sustainable manner for the benefit of the environment and their citizens. The standards will: (a) support Borrowers in achieving good international practice relating to environmental and social sustainability; (b) assist Borrowers in fulfilling their national and international environmental and social obligations; (c) enhance non-discrimination, transparency, participation, accountability and governance; and (d) enhance the sustainable development outcomes of projects through ongoing stakeholder engagement.
5. The ten Environmental and Social Standards establish the standards that the Borrower and the project will meet through the project life-cycle, as follows:
  - Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts;
  - Environmental and Social Standard 2: Labor and Working Conditions;
  - Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management;
  - Environmental and Social Standard 4: Community Health and Safety;

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<sup>1</sup> This Overview is for information only, and does not form part of the Environmental and Social Framework.

## Overview of the World Bank Environmental and Social Framework

- Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;
- Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;
- Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities;
- Environmental and Social Standard 8: Cultural Heritage;
- Environmental and Social Standard 9: Financial Intermediaries; and
- Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure.

6. Environmental and Social Standard (ESS) 1 applies to all projects for which Bank Investment Project Financing is sought. ESS1 establishes the importance of: (a) the Borrower's existing environmental and social framework in addressing the risks and impacts of the project; (b) an integrated environmental and social assessment to identify the risks and impacts of a project; (c) effective community engagement through disclosure of project-related information, consultation and effective feedback; and (d) management of environmental and social risks and impacts by the Borrower throughout the project life-cycle. The Bank requires that all environmental and social risks and impacts of the project be addressed as part of the environmental and social assessment conducted in accordance with ESS1. ESS2–10 set out the obligations of the Borrower in identifying and addressing environmental and social risks and impacts that may require particular attention. These Standards establish objectives and requirements to avoid, minimize, reduce and mitigate risks and impacts, and where significant residual impacts remain, to compensate for or offset such impacts.

7. The Bank will issue a ***Bank Directive Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups***, which will set out mandatory requirements on Bank staff relating to the identification of disadvantaged or vulnerable individuals or groups, and the process whereby differentiated measures will be developed to address the particular circumstances of such individuals or groups.

8. The Bank will also issue an ***Environmental and Social Procedure***, which will set out Management-approved mandatory environmental and social procedures which apply to projects supported by Investment Project Financing. The Environmental and Social Procedure will describe how the Bank conducts its due diligence of a project being proposed for Bank support.

9. The Framework will also be accompanied by non-mandatory ***guidance and information tools*** to assist Borrowers in implementing the Standards, Bank staff in conducting due diligence and implementation support, and stakeholders in enhancing transparency and sharing good practice.



## Overview of the World Bank Environmental and Social Framework

10. The **World Bank Access to Information Policy**, which reflects the Bank's commitment to transparency, accountability and good governance, applies to the entire Framework and includes the disclosure obligations that relate to the Bank's Investment Project Financing.

11. Borrowers and projects are also required to apply the relevant requirements of the **World Bank Group Environmental, Health and Safety Guidelines (EHSGs)**.<sup>2</sup> These are technical reference documents, with general and industry specific examples of Good International Industry Practice (GIIP).

12. The Framework includes provisions on grievance redress and accountability. A Bank-supported project will include a number of mechanisms for addressing concerns and grievances arising in connection with a project. Project-affected parties will have access, as appropriate, to project grievance mechanisms, local grievance mechanisms, the Bank's corporate Grievance Redress Service (<http://www.worldbank.org/GRS>; email: [grievances@worldbank.org](mailto:grievances@worldbank.org)) and the World Bank Inspection Panel. After bringing their concerns directly to the World Bank's attention and giving Bank Management a reasonable opportunity to respond, project-affected parties may submit their complaint to the World Bank's independent Inspection Panel to request an inspection to determine whether harm has occurred as a direct result of World Bank non-compliance with its policies and procedures. The World Bank Inspection Panel may be contacted by email at [ipanel@worldbank.org](mailto:ipanel@worldbank.org) or via its website at <http://www.inspectionpanel.org/>.

13. This Framework replaces the following Operational Policy (OP) and Bank Procedures (BP): OP/BP4.00, Piloting the Use of Borrower Systems to Address Environmental and Social safeguard Issues in Bank-Supported Projects, OP/BP4.01, Environmental Assessment, OP/BP4.04, Natural Habitats, OP4.09, Pest Management, OP/BP4.10, Indigenous Peoples, OP/BP4.11, Physical Cultural Resources, OP/BP4.12, Involuntary Resettlement, OP/BP4.36, Forests, and OP/BP4.37, Safety of Dams. This Framework does not replace OP/BP4.03, Performance Standards for Private Sector Activities, OP/BP7.50, Projects on International Waterways, and OP/BP7.60, Projects in Disputed Territories.

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<sup>2</sup> [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/our+ap+proach/risk+management/ehsguidelines](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+ap+proach/risk+management/ehsguidelines)

# **A Vision for Sustainable Development**

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## A Vision for Sustainable Development

1. The World Bank Group Strategy<sup>1</sup> sets out the corporate goals of ending extreme poverty and promoting shared prosperity in all its partner countries. Securing the long-term future of the planet, its people and its resources, ensuring social inclusion, and limiting the economic burdens on future generations will underpin these efforts. The two goals emphasize the importance of economic growth, inclusion and sustainability – including strong concerns for equity.
2. Inspired by this vision, the World Bank Group is globally committed to environmental sustainability, including stronger collective action to support climate change mitigation and adaptation, recognizing this as essential in a world of finite natural resources. This is reflected in the various Bank Group’s thematic strategies<sup>2</sup> for the coming decade. These strategies recognizes that all economies, particularly developing ones, still need to grow, but they need to do so sustainably, so that income-producing opportunities are not pursued in ways that limit or close off opportunities for future generations. It recognizes that climate change is affecting the nature and location of projects, and that World Bank-financed projects should reduce their impact on the climate by choosing alternatives with lower carbon emissions. The World Bank works on climate change because it is a fundamental threat to development in our lifetime. The World Bank is committed to supporting its client countries to manage their economies, to decarbonize and invest in resilience, while ending poverty and boosting shared prosperity.
3. Equally, social development and inclusion are critical for all of the World Bank’s development interventions and for achieving sustainable development. For the Bank, inclusion means empowering all people to participate in, and benefit from, the development process. Inclusion encompasses policies to promote equality and non-discrimination by improving the access of all people, including the poor and disadvantaged, to services and benefits such as education, health, social protection, infrastructure, affordable energy, employment, financial services and productive assets. It also embraces action to remove barriers against those who are often excluded from the development process, such as women, children, persons with disabilities, youth and minorities, and to ensure that the voice of all can be heard. In this regard, the World Bank’s activities support the realization of human rights expressed in the Universal Declaration of Human Rights. Through the projects it finances, and in a manner consistent with its Articles of Agreement<sup>3</sup>, the World Bank seeks to avoid adverse impacts and will continue to support its member countries as they strive to progressively achieve their human rights commitments.
4. The World Bank uses its convening ability, financial instruments, and intellectual resources to embed this commitment to environmental and social sustainability across all its activities, which range from the Bank’s global engagement in issues such as climate change, disaster risk management, and gender equality, to ensuring that environmental and social considerations are reflected in all sector strategies, operational policies, and country dialogues.

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<sup>1</sup> See the *World Bank Group Strategy 2013* at

[http://imagebank.worldbank.org/servlet/WDSContentServer/IW3P/IB/2013/10/09/000456286\\_20131009170003/Rendered/PDF/816970WP0REPLA00Box379842B00PUBLICO.pdf](http://imagebank.worldbank.org/servlet/WDSContentServer/IW3P/IB/2013/10/09/000456286_20131009170003/Rendered/PDF/816970WP0REPLA00Box379842B00PUBLICO.pdf)

<sup>2</sup> For example, *Toward a Green, Clean and Resilient World for All: A World Bank Group Environment Strategy 2012-2022*, which envisions a green, clean and resilient world for all.

<sup>3</sup> Especially Article III, Section 5 (b) and IV, Section 10.

## A Vision for Sustainable Development

5. At the project level, these global aspirations translate into enhancing development opportunities for all, particularly the poor and vulnerable, and promoting the sustainable management of natural and living resources. Therefore, within the parameters of a project, the Bank seeks to:

- Avoid or mitigate adverse impacts to people and the environment;
- Conserve or rehabilitate biodiversity and natural habitats, and promote the efficient and equitable use of natural resources and ecosystem services;
- Promote worker and community health and safety;
- Ensure that there is no prejudice or discrimination toward project-affected individuals or communities and give particular consideration to Indigenous Peoples, minority groups, and those disadvantaged or vulnerable, especially where adverse impacts may arise or development benefits are to be shared;
- Address project-level impacts on climate change and consider the impacts of climate change on the selection, siting, planning, design and implementation and decommissioning of projects; and
- Maximize stakeholder engagement through enhanced consultation, participation and accountability.

6. The Bank's vision goes beyond 'do no harm' to maximizing development gains. Where the Borrower's environmental and social assessment has identified potential development opportunities associated with the project, the Bank will discuss with the Borrower the feasibility of including these opportunities in the project. Where appropriate, such opportunities may be utilized to promote further development.

7. The Bank will also work with Borrowers to identify strategic initiatives and goals to address national development priorities, where appropriate, as part of country engagement. In supporting such development priorities, the Bank will seek cooperative relationships with Borrowers, donors and other international organizations. The Bank will maintain dialogue on environmental and social issues with donor governments, international organizations, countries of operation and civil society.

8. The Bank recognizes that the achievement of sustainable development is dependent on effective collaboration with everyone who has a stake in the development outcome of a project, including public and private sector development partners. The Bank is committed to the use and development of borrower's frameworks to avoid unnecessary duplication of effort, build national capacity and achieve development outcomes that are materially consistent with the objectives of the Environmental and Social Framework. The Bank is committed to open dialogue, public consultation, timely and full access to information, and responsive grievance mechanisms.

9. This Environmental and Social Framework converts these aspirations and principles into practical, project-level applications within the context of the Bank's mandate as set out in its Articles of Agreement. While this Framework will not by itself guarantee sustainable development outcomes, its proper

## **A Vision for Sustainable Development**

implementation will ensure the application of standards that provide a necessary foundation for that objective, and provide a leading example for activities outside the scope of Bank-supported projects.

**World Bank**

**Environmental and Social Policy for  
Investment Project Financing**

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# World Bank Environmental and Social Policy for Investment Project Financing

## Purpose

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1. This Environmental and Social Policy for Investment Project Financing<sup>1</sup> sets out the mandatory requirements of the Bank<sup>2</sup> in relation to the projects it supports through Investment Project Financing.<sup>3</sup>

## Objectives and Principles

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2. The Bank is committed to supporting Borrowers<sup>4</sup> in the development and implementation of projects that are environmentally and socially sustainable, and to enhancing the capacity of Borrowers' environmental and social frameworks to assess and manage the environmental and social risks<sup>5</sup> and impacts<sup>6</sup> of projects. To this end, the Bank has defined specific Environmental and Social Standards (ESSs), which are designed to avoid, minimize, reduce or mitigate the adverse environmental and social risks and impacts of projects. The Bank will assist Borrowers in their application of the ESSs to projects supported through Investment Project Financing in accordance with this Environmental and Social Policy for Investment Project Financing (Policy).

3. To carry out this Policy, the Bank will:

- (a) Undertake its own due diligence of proposed projects, proportionate to the nature and potential significance of the environmental and social risks and impacts related to the project;
- (b) As and where required, support the Borrower to carry out early and continuing engagement and meaningful consultation with stakeholders,<sup>7</sup> in particular affected communities, and in providing project-based grievance mechanisms;

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<sup>1</sup> This Policy replaces the following Operational Policy (OP) and Bank Procedures (BP): OP/BP4.00, *Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects*, OP/BP4.01, *Environmental Assessment*, OP/BP4.04, *Natural Habitats*, OP4.09, *Pest Management*, OP/BP4.10, *Indigenous Peoples*, OP/BP4.11, *Physical Cultural Resources*, OP/BP4.12, *Involuntary Resettlement*, OP/BP4.36, *Forests*, and OP/BP4.37, *Safety of Dams*. This Policy does not replace OP/BP4.03, *Performance Standards for Private Sector Activities*, OP/BP7.50, *Projects on International Waterways*, and OP/BP7.60, *Projects in Disputed Territories*.

<sup>2</sup> In this Policy, unless the context requires otherwise, the term "Bank" means IBRD and/or IDA (whether acting on its own account or in its capacity as administrator of trust funds funded by donors).

<sup>3</sup> See OP 10.00, *Investment Project Financing*. Investment Project Financing is comprised of Bank Loans and Bank Guarantees, as defined in OP 10.00.

<sup>4</sup> In this Policy, unless the context requires otherwise, the term "Borrower" means a borrower or recipient of Bank financing for an investment project, and any other entity responsible for the implementation of the project.

<sup>5</sup> Environmental and social risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence.

<sup>6</sup> Environmental and social impacts refer to any change, potential or actual, to: (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the project activity to be supported.

<sup>7</sup> Further requirements for Borrowers on stakeholder engagement are set out in ESS10.

## World Bank Environmental and Social Policy for Investment Project Financing

- (c) Assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project;
- (d) Agree with the Borrower on the conditions under which the Bank is prepared to provide support to a project, as set out in the Environmental and Social Commitment Plan (ESCP);<sup>8</sup> and
- (e) Monitor the environmental and social performance of a project in accordance with the ESCP and the ESSs.<sup>9</sup>

4. The environmental and social risks and impacts which the Bank will take into account in its due diligence are project-related and include the following:

- (a) Environmental risks and impacts, including: (i) those identified in the World Bank Group Environmental, Health, and Safety Guidelines (EHSGs);<sup>10</sup> (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other transboundary or global risks and impacts; (iv) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services and the use of living natural resources, such as fisheries and forests; and
- (b) Social risks and impacts, including: (i) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; (ii) risks that project impacts fall disproportionately on individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable;<sup>11</sup> (iii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged or vulnerable; (iv) negative economic and social impacts relating to the involuntary taking of land or restrictions on land use; (v) risks or impacts associated with land and natural resource tenure and use, including (as relevant) potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural

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<sup>8</sup> The ESCP is addressed in Section E.

<sup>9</sup> See OP 10.00 for details on monitoring requirements.

<sup>10</sup> The Environmental, Health, and Safety Guidelines (EHSGs) are technical reference documents with general and industry-specific statements of Good International Industry Practice. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult *the World Bank Group Environmental, Health, and Safety Guidelines*, [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/our+approach/risk+management/ehsguidelines](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines)

<sup>11</sup> Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon whom they depend.



## World Bank Environmental and Social Policy for Investment Project Financing

resources; (vi) impacts on the health, safety and well-being of workers and project-affected communities; and (vii) risks to cultural heritage.

5. Projects supported by the Bank through Investment Project Financing are required to meet the following Environmental and Social Standards:

- Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts;
- Environmental and Social Standard 2: Labor and Working Conditions;
- Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management;
- Environmental and Social Standard 4: Community Health and Safety;
- Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;
- Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;
- Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities;
- Environmental and Social Standard 8: Cultural Heritage;
- Environmental and Social Standard 9: Financial Intermediaries; and
- Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure.

6. The Environmental and Social Standards are designed to help Borrowers to manage the risks and impacts of a project, and improve their environmental and social performance, through a risk and outcomes based approach. The desired outcomes for the project are described in the objectives of each ESS, followed by specific requirements to help Borrowers achieve these objectives through means that are appropriate to the nature and scale of the project and proportionate to the level of environmental and social risks and impacts.

## World Bank Environmental and Social Policy for Investment Project Financing

### Scope of Application

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7. This Policy and the ESSs apply to all projects supported by the Bank through Investment Project Financing.<sup>12 13</sup> The Bank will only support projects that are consistent with, and within the boundaries of, the Bank's Articles of Agreement and are expected to meet the requirements of the ESSs in a manner and within a timeframe acceptable to the Bank.

8. For the purpose of this Policy, the term "project" refers to the activities for which the Bank support referred to in paragraph 7 above is sought by the Borrower, as defined in the project's legal agreement between the Borrower and the Bank.<sup>14</sup> Projects may include new facilities or activities and/or existing facilities or activities, or a combination of the same. Projects may include subprojects.

9. Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies<sup>15</sup>, the Bank will cooperate with such agencies and the Borrower in order to agree on a common approach for the assessment and management of environmental and social risks and impacts of the project. A common approach will be acceptable to the Bank, provided that such approach will enable the project to achieve objectives materially consistent with the ESSs.<sup>16</sup> The Bank will require the Borrower to apply the common approach to the project. The Bank will also coordinate with such agencies so that the Bank and the Borrower may be able to disclose one set of project-related materials for stakeholder engagement.

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<sup>12</sup> These are projects to which OP/BP 10.00, *Investment Project Financing*, applies. The World Bank Environmental and Social Policy for Investment Project Financing does not apply to operations supported by Development Policy lending (for which the environmental and social provisions are set out in OP/BP 8.60, *Development Policy Lending*), or those supported by Program-for-Results Financing (for which the environmental and social provisions are set out in OP/BP 9.00, *Program-for-Results Financing*).

<sup>13</sup> These projects may include technical assistance supported by the Bank through Investment Project Financing, whether provided through a stand-alone project or as part of a project. The requirements set out in paragraphs 14-18 of ESS1 will be applied to technical assistance activities as relevant and appropriate to the nature of the risks and impacts. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so that the advice and other support provided is consistent with ESSs 1-10. Activities implemented by the Borrower following the completion of the project that are not financed by the Bank, or activities that are not directly related to the technical assistance, are not subject to the World Bank Environmental and Social Policy for Investment Project Financing.

<sup>14</sup> The scope of activities for which Investment Project Finance can be provided, together with the approval process, is set out in OP 10.00.

<sup>15</sup> Such agencies will include IFC and MIGA.

<sup>16</sup> In determining whether the common approach, or the requirements referred to in paragraphs 9, 12 and 13 are acceptable, the Bank will take into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies. The measures and actions that have been agreed under the common approach will be included in the ESCP.

## World Bank Environmental and Social Policy for Investment Project Financing

10. This Policy also requires the application of the ESSs to Associated Facilities. Associated Facilities will meet the requirements of the ESSs, to the extent that the Borrower has control or influence over such Associated Facilities.<sup>17</sup>

11. For the purpose of this Policy, the term “Associated Facilities” means facilities or activities that are not funded as part of the project and, in the judgment of the Bank, are: (a) directly and significantly related to the project; and (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed, expanded or conducted if the project did not exist<sup>18</sup>.

12. Where:

- (a) A common approach has been agreed for the project, the common approach will apply to the Associated Facilities;
- (b) Associated Facilities are being funded by other multilateral or bilateral funding agencies, the Bank may agree to apply the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the Associated Facilities, provided that such requirements will enable the project to achieve objectives materially consistent with the ESSs.

13. Where the Bank is providing support to a project involving a Financial Intermediary (FI), and other multilateral or bilateral funding agencies will or have already provided financing to the same FI, the Bank may agree to rely on the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the project, including the institutional arrangements already established by the FI, provided that such requirements will enable the project to achieve objectives materially consistent with the ESSs.

14. Where a Borrower is deemed by the Bank to: (a) be in urgent need of assistance because of a natural or man-made disaster or conflict; or (b) experience capacity constraints because of fragility or specific vulnerabilities (including for small states), the applicable provisions of OP10.00 will apply.<sup>19</sup>

### Bank Requirements

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15. The Bank will require Borrowers to conduct environmental and social assessment of projects proposed for Bank support in accordance with ESS1.<sup>20</sup>

16. The Bank will require the Borrower to prepare and implement projects so that they meet the requirements of the ESSs in a manner and a timeframe acceptable to the Bank. In establishing the manner and an acceptable timeframe, the Bank will take into account the nature and significance of the potential environmental and social risks and impacts, the timing for development and implementation of the

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<sup>17</sup> The Bank will require the Borrower to demonstrate the extent to which it cannot exercise control or influence over the Associated Facilities by providing details of the relevant considerations, which may include legal, regulatory and institutional factors.

<sup>18</sup> For facilities or activities to be Associated Facilities, they must meet all three criteria.

<sup>19</sup> Further details are set out in OP10.00.

<sup>20</sup> See ESS1, paragraph 23.

## World Bank Environmental and Social Policy for Investment Project Financing

project, the capacity of the Borrower and other entities involved in developing and implementing the project, and the specific measures and actions to be put in place or taken by the Borrower to address such risks and impacts.

17. Where the Bank has agreed that the Borrower may plan or take specific measures or actions to avoid, minimize, reduce or mitigate specific risks and impacts of the project over a specified timeframe, the Bank will require that the Borrower commit to not carrying out any activities or taking any actions in relation to the project that may cause material adverse environmental or social risks or impacts until the relevant plans, measures or actions have been completed in accordance with the ESCP.

18. If the project comprises or includes existing facilities or existing activities that do not meet the requirements of the ESSs at the time of approval by the Bank, the Bank will require the Borrower, as part of the ESCP, to adopt and implement measures satisfactory to the Bank so that the material aspects of such facilities or activities meet the requirements of the ESSs within a timeframe acceptable to the Bank. In determining satisfactory measures and an acceptable timeframe, the Bank will take into account the nature and scope of the project and the technical and financial feasibility of the proposed measures.

19. The Bank will require the Borrower to apply the relevant requirements of the EHSGs<sup>21</sup>. The EHSGs contain the performance levels and measures that are normally acceptable and applicable to projects. When host country requirements differ from the levels and measures presented in the EHSGs, the Bank will require the Borrower to achieve or implement whichever is more stringent. If less stringent levels or measures than those provided in the EHSGs are appropriate in view of the Borrower's limited technical or financial constraints or other specific project circumstances, the Bank will require the Borrower to provide full and detailed justification for any proposed alternatives through the environmental and social assessment. This justification must demonstrate, to the satisfaction of the Bank that the choice of any alternative performance level is consistent with the objectives of the ESSs and the applicable EHSGs, and is unlikely to result in any significant environmental or social harm.

### A. Environmental and Social Risk Classification

20. The Bank will classify all projects (including projects involving Financial Intermediaries (FIs)) into one of four classifications: *High Risk*, *Substantial Risk*, *Moderate Risk* or *Low Risk*. In determining the appropriate risk classification, the Bank will take into account relevant issues, such as the type, location, sensitivity, and scale of the project; the nature and magnitude of the potential environmental and social risks and impacts; and the capacity and commitment of the Borrower (including any other entity responsible for the implementation of the project) to manage the environmental and social risks and impacts in a manner consistent with the ESSs. Other areas of risk may also be relevant to the delivery of environmental and social mitigation measures and outcomes, depending on the specific project and the context in which it is being developed. These could include legal and institutional considerations; the nature of the mitigation and technology being proposed; governance structures and legislation; and considerations relating to stability, conflict or security. The Bank will disclose the project's classification and the basis for that classification on the Bank's website and in project documents.

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<sup>21</sup> See footnote 10.

## World Bank Environmental and Social Policy for Investment Project Financing

21. The Bank will review the risk classification assigned to the project on a regular basis, including during implementation, and will change the classification where necessary, to ensure that it continues to be appropriate. Any change to the classification will be disclosed on the Bank's website.

22. Where the Bank is providing support to one or more FIs, the risk classification of the project will be determined by the Bank taking into account the type of financial instrument or product involved to be provided, the nature of the FI's existing portfolio, and the level of risk associated with the proposed subprojects.

### B. Use and Strengthening of Borrower's Environmental and Social Framework

23. The Bank supports the use of the Borrower's ES Framework in the assessment, development and implementation of projects supported through Investment Project Financing, provided this is likely to address the risks and impacts of the project, and enable the project to achieve objectives materially consistent with the ESSs. The use of all, or part, of the Borrower's ES Framework will be agreed between the Bank and the Borrower, following completion of the assessment referred to below<sup>22</sup>.

24. The Borrower's ES Framework will include those aspects of the country's policy, legal and institutional framework, including its national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules and procedures, and implementation capacity, which are relevant to the environmental and social risks and impacts of the project. The aspects that are relevant will vary from project to project, depending on such factors as the type, scale, location and potential environmental and social risks and impacts of the project and the role and authority of different institutions<sup>23</sup>.

25. If the Bank and the Borrower propose to use all, or part, of the Borrower's ES Framework, the Bank will review the Borrower's ES Framework to assess whether such use will meet the requirement of paragraph 23.

26. The Bank will disclose the intention to conduct the assessment as early as possible, specifying the aspects of the Borrower's ES Framework that will be assessed. The Bank will engage with relevant stakeholders, so that their views can inform the assessment. In conducting the assessment, the Bank may consider recent studies, reviews and other assessments conducted by the Bank, other funding agencies, the Borrower or relevant stakeholders, to the extent these are relevant to the proposed project. When an assessment of the Borrower's ES Framework has been completed, the Bank will disclose a summary of the assessment on its website.

27. The Bank will work with the Borrower to identify and agree on measures and actions to address gaps<sup>24</sup> and strengthen the Borrower's ES Framework, to the extent that such measures and actions are

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<sup>22</sup> The decision to use all, or parts, of the Borrower's ES Framework will not relieve the Bank of any of its due diligence obligations set out in Section C of this Policy.

<sup>23</sup> Where there are inconsistencies or lack of clarity within the Borrower's ES Framework as to relevant authorities or jurisdiction, these will be identified.

<sup>24</sup> This may require measures and actions to address specific risks or impacts of the project.

## World Bank Environmental and Social Policy for Investment Project Financing

necessary to meet the requirement of paragraph 23. The agreed measures and actions, together with the timeframes for completion of such measures and actions, will form part of the ESCP.

28. Where the Bank becomes aware of a change in the Borrower's ES Framework that may materially adversely affect the project, the Bank will discuss the change with the Borrower. If, in the opinion of the Bank, such change is inconsistent with paragraph 23 and the ESCP, the Bank will have the right to require revisions to the ESCP as necessary to meet the requirements of the ESSs and take such other measures as the Bank deems appropriate, including applying the Bank's remedies.<sup>25</sup>

29. To support increasing use and strengthening of the Borrower's ES Framework, the Bank may, at the request of the Borrower and where the Bank deems this to be feasible, conduct an overview assessment of the Borrower's existing policy, legal and institutional framework for addressing environmental and social risks and impacts, and related implementation capacity. The overview assessment will identify aspects of the existing framework that can be strengthened, and the capacity-building needed to support this. The overview assessment will not be a prerequisite for the use of all, or part of, the Borrower's ES Framework for a specific project. However, where the overview assessment has been completed, it will inform the Bank's assessment of the Borrower's ES Framework, as referred to in paragraph 26.

### C. Environmental and Social Due Diligence

30. The Bank will conduct environmental and social due diligence of all projects proposed for support through Investment Project Financing. The purpose of the environmental and social due diligence is to assist the Bank in deciding whether to provide support for the proposed project and, if so, the way in which environmental and social risks and impacts will be addressed in the assessment, development and implementation of the project.

31. The Bank's environmental and social due diligence will be appropriate to the nature and scale of the project, and proportionate to the level of environmental and social risks and impacts, with due regard to the mitigation hierarchy.<sup>26</sup> The due diligence will assess whether the project is capable of being developed and implemented in accordance with the ESSs.

32. The Bank's due diligence responsibilities will include, as appropriate: (a) reviewing the information provided by the Borrower relating to the environmental and social risks and impacts of the project,<sup>27</sup> and requesting additional and relevant information where there are gaps that prevent the Bank from completing its due diligence; and (b) providing guidance to assist the Borrower in developing appropriate measures consistent with the mitigation hierarchy to address environmental and social risks and impacts in accordance with the ESSs. The Borrower is responsible for ensuring that all relevant information is provided to the Bank so that the Bank can fulfill its responsibility to undertake environmental and social due diligence in accordance with this Policy.

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<sup>25</sup> OP 10.00 sets out the Bank's recourse and remedies. The Bank's legal remedies are specified in the relevant legal agreement.

<sup>26</sup> The mitigation hierarchy is defined in ESS1, paragraph 27.

<sup>27</sup> For example, pre-feasibility studies, scoping studies, national environmental and social assessments, licenses and permits.

## World Bank Environmental and Social Policy for Investment Project Financing

33. The Bank recognizes that Borrowers may have different levels of information regarding the environmental and social risks and impacts available at the time the Bank carries out its due diligence. In such circumstances, the Bank will assess the risks and impacts of the proposed project based on the information that is available to the Bank, together with an assessment of: (a) the risks and impacts inherent to the type of project and the specific context in which the proposed project will be developed and implemented; and (b) the capacity and commitment of the Borrower to develop and implement the project in accordance with the ESSs. The Bank will assess the significance of the gaps in information, and the potential risk this may present to achieving the objectives of the ESSs. The Bank will reflect this assessment in the relevant project documents at the time the proposed financing is submitted for Board approval.

34. Where the Bank is approached to provide support for a project that is under construction, or where the project has already received national permits, including the approval of local environmental and social impact assessments, the Bank's due diligence will include a gap analysis against the ESSs to identify whether any additional studies and/or mitigation measures are required to meet the Bank's requirements.

35. Depending on the potential significance of environmental and social risks and impacts, the Bank will determine whether the Borrower will be required to retain independent third party specialists to assist in the assessment of environmental and social impacts.

### D. Special Project Types

#### *Projects Involving Multiple Small Subprojects*

36. For projects involving multiple small subprojects<sup>28</sup>, that are identified, prepared and implemented during the course of the project, the Bank will review the adequacy of national environmental and social requirements relevant to the subprojects, and assess the capacity of the Borrower to manage<sup>29</sup> the environmental and social risks and impacts of subprojects as required by paragraph 37. When necessary, the project will include measures to strengthen the capacity of the Borrower.

37. The Bank will require the Borrower to carry out appropriate environmental and social assessment of subprojects, and prepare and implement such subprojects, as follows:

- (a) *High Risk* subprojects, in accordance with the ESSs;

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<sup>28</sup> Paragraphs 36 to 39 apply to a Bank supported project with multiple small subprojects, as in the case of community-driven development projects, projects involving matching grant schemes, or similar projects designated by the Bank.

<sup>29</sup> The Bank will assess the capacity of the Borrower to (a) screen subprojects; (b) obtain the necessary expertise to carry out the environmental and social assessment; (c) review the findings and results of the environmental and social assessment for individual subprojects; (d) implement mitigation measures; and (e) conduct monitoring on the environmental and social performance during project implementation.

## World Bank Environmental and Social Policy for Investment Project Financing

(b) *Substantial Risk, Moderate Risk and Low Risk* subprojects, in accordance with national law and any requirement of the ESSs that the Bank deems relevant to such subprojects<sup>30</sup>.

38. If the Bank is not satisfied that adequate capacity exists on the part of the Borrower, all *High Risk* and, as appropriate, *Substantial Risk* subprojects will be subject to prior review and approval by the Bank until it is established that adequate capacity exists.

39. If the risk rating of a subproject increases to a higher risk rating, the Bank will require the Borrower to apply relevant requirements of the ESSs<sup>31</sup> in a manner agreed with the Bank. The measures and actions agreed will be included in the ESCP, and will be monitored by the Bank.

### *Projects Involving Financial Intermediaries (FI)*

40. Where the Bank is providing support to an FI<sup>32</sup>, the Bank will review the adequacy of national environmental and social requirements relevant to the project, taking into account the type of FI subprojects<sup>33</sup> being undertaken and the level of risk associated with the FI's portfolio and the capacity of the FI to manage environmental and social risks and impacts. The Bank will require FIs to put in place and maintain an Environmental and Social Management System (ESMS) to identify, assess, manage, and monitor the environmental and social risks and impacts of FI subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level. The Bank will review the adequacy of the ESMS.

41. The Bank's requirements and the scope of their application for a project involving an FI will depend on the type of Bank support being provided to the FI, the type of FI subprojects being undertaken and the level of risk associated with the FI's portfolio.

42. The Bank will require that the ESMS of the FI sets out requirements to (a) screen all FI subprojects against any exclusions in the legal agreement; (b) screen all FI subprojects for environmental and social risks and impacts; (c) require that FI subprojects be prepared and implemented in accordance with relevant environmental and social national and local laws and regulations; (d) require specified FI subprojects (as identified in paragraph 44) to apply the relevant requirements of the ESSs; and (e) conduct appropriate environmental and social due diligence of FI subprojects, including environmental and social assessment.

43. The Bank may require the FI to adopt and implement additional or alternative environmental and social requirements, depending on the environmental and social risk and impacts of the potential FI subprojects and the sectors in which the FI is operating.

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<sup>30</sup> Where subprojects are likely to have minimal or no adverse environmental or social risks and impacts, such subprojects do not require further environmental and social assessment following the initial screening.

<sup>31</sup> The 'relevant requirements of the ESSs' will relate to the reasons for which the risk rating has increased.

<sup>32</sup> Such support may be provided directly by the Bank to the FI, or from the Borrower to the FI. Financial intermediation also includes provision of financing or guarantees by FIs to other FIs.

<sup>33</sup> "FI subproject" refers to projects financed by FIs with support from the Bank. Where the project involves on-lending by the FI to another FI, the term "FI subproject" will include the subprojects of each subsequent FI.



## World Bank Environmental and Social Policy for Investment Project Financing

44. Where a project involving an FI is classified by the Bank as *High Risk* or *Substantial Risk* and the Bank is not satisfied that adequate capacity exists for categorizing, carrying out environmental and social assessment or reviewing the results of environmental and social assessment, all FI subprojects that involve resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage will be subject to prior review and approval by the Bank until it is established that adequate capacity within the FI exists.

45. If the risk profile of a FI subproject increases significantly, the Bank will require the FI to (a) notify the Bank; (b) apply relevant requirements of the ESSs<sup>34</sup> in a manner agreed with the Bank as set out in the ESMS; and (c) monitor the measures and actions agreed, and report to the Bank as appropriate.

### E. Environmental and Social Commitment Plan (ESCP)

46. The Bank will agree an ESCP with the Borrower<sup>35</sup>. The ESCP will set out the material measures and actions required for the project to meet the ESSs over a specified timeframe. The ESCP will form part of the legal agreement. The legal agreement will include, as necessary, obligations of the Borrower to support the implementation of the ESCP.

47. The Bank will require the Borrower to implement the measures and actions identified in the ESCP diligently, in accordance with the timeframes specified in the ESCP, and to review the status of implementation of the ESCP as part of its monitoring and reporting. The draft ESCP will be disclosed as early as possible, and before project appraisal.

48. The Bank will require the Borrower to prepare, submit to the Bank for approval and implement a process that allows for adaptive management of proposed project changes or unforeseen circumstances. The agreed adaptive management process will be set out in the ESCP. The process will specify how such changes or circumstances are to be managed and reported, and how any necessary changes will be made to the ESCP and the management tools used by the Borrower.

### F. Information Disclosure

49. The Bank will apply the World Bank Policy on Access to Information with regard to all documents provided to it by the Borrower.

50. The Bank will require the Borrower to provide sufficient information about the potential risks and impacts of the project for the Borrower's consultations with its stakeholders. Such information will be disclosed in a timely manner, in an accessible place, and in a form and language understandable to project-

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<sup>34</sup> The 'relevant requirements of the ESSs' will relate to the reasons for which the risk profile of the FI subproject has increased.

<sup>35</sup> As set out in paragraph 3 of this Policy, the Bank will assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project, and agree with the Borrower the conditions under which the Bank is prepared to support the project, which will be set out in the ESCP.

## World Bank Environmental and Social Policy for Investment Project Financing

affected parties and other interested parties as set out in ESS10, so they can provide meaningful input into project design and mitigation measures.

51. The Bank will disclose documentation relating to the environmental and social risks and impacts of *High Risk* and *Substantial Risk* projects prior to project appraisal. This documentation will reflect the environmental and social assessment of the project, and be provided in draft or final form (if available). The documentation will address, in an adequate manner, the key risks and impacts of the project, and will provide sufficient detail to inform stakeholder engagement and Bank decision-making. Final or updated documentation will be disclosed when available.

52. For *High Risk* and *Substantial Risk* projects, the Bank will indicate in the Project Appraisal Document the project-related documents that will be prepared and disclosed after Board approval. For each key document, the Bank will provide, where possible, the following details: the objectives and proposed content of the document; the rationale for the timing of preparation; the estimated costs associated with the preparation of the document and its implementation; the source of funding; and the arrangements for preparation. These details and timing for delivery of the document will be set out in the ESCP, as appropriate.

### G. Consultation and Participation

53. The Bank recognizes the importance of early and continuing engagement and meaningful consultation with stakeholders. The Bank will require the Borrower to engage with stakeholders, including communities, groups, or individuals affected by proposed projects, and with other interested parties, through information disclosure, consultation, and informed participation in a manner proportionate to the risks to and impacts on affected communities. The Bank will have the right to participate in consultation activities to understand the concerns of affected people, and how such concerns will be addressed by the Borrower in project design and mitigation measures in accordance with ESS10. The Bank will monitor, as part of its due diligence, the implementation of consultation and stakeholder engagement by the Borrower.

54. In order to determine the applicability of ESS7, the Bank will undertake a screening in accordance with the criteria in paragraphs 8 and 9 of ESS7, to determine whether Indigenous Peoples (or as they may be referred to in the national context) are present in, or have collective attachment to, the proposed project area. In conducting this screening, the Bank may seek the technical advice of specialists with expertise on the social and cultural groups in the project area. The Bank will also consult the Indigenous Peoples concerned and the Borrower. The Bank may follow the Borrower's national processes during project screening for identification<sup>36</sup> of Indigenous Peoples, where these processes meet the requirements of ESS7. Where Indigenous Peoples are present in, or have a collective attachment to, the proposed project area, the Bank will require the Borrower to undertake a process of meaningful consultation tailored to Indigenous Peoples in accordance with ESS7<sup>37</sup>. The outcome of the meaningful consultation will be documented. The Bank will undertake the necessary due diligence, ascertain the

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<sup>36</sup> In accordance with paragraphs 8 and 9 of ESS7.

<sup>37</sup> See ESS7, paragraph 23.

## World Bank Environmental and Social Policy for Investment Project Financing

outcome of the meaningful consultation and this will contribute to the Bank's decision making as to whether to proceed with the proposed project or not.

55. In addition, the Bank recognizes that Indigenous Peoples (or as they may be referred to in the national context) may be particularly vulnerable to the loss of, alienation from or exploitation of their land and access to natural and cultural resources. In recognition of this vulnerability, the Bank will require the Borrower to obtain the Free, Prior and Informed Consent (FPIC) of the affected Indigenous Peoples when such circumstances described in ESS7 are present.<sup>38</sup> There is no universally accepted definition of FPIC. It does not require unanimity and may be achieved even when individuals or groups within or among affected Indigenous Peoples explicitly disagree. For the purposes of ESS7, consent refers to the collective support of affected Indigenous Peoples communities for the project activities that affect them, reached through a culturally appropriate process. It may exist even if some individuals or groups object to such project activities. When the Bank is unable to ascertain that such consent is obtained from the affected Indigenous Peoples, the Bank will not proceed further with the aspects of the project that are relevant to those Indigenous Peoples for which FPIC cannot be ascertained. In such cases, the Bank will require the Borrower to ensure that the project will not cause adverse impacts on such Indigenous Peoples.

### H. Monitoring and Implementation Support

56. The Bank will monitor the environmental and social performance of the project in accordance with the requirements of the legal agreement, including the ESCP and will review any revision of the ESCP including changes resulting from changes in the design of a project or project circumstances. The extent and mode of Bank monitoring with respect to environmental and social performance will be proportionate to the potential environmental and social risks and impacts of the project. The Bank will monitor projects on an ongoing basis as required by OP 10.00.<sup>39</sup> A project will not be considered complete until the measures and actions set out in the legal agreement (including the ESCP) have been implemented. To the extent that the Bank evaluation at the time of project completion determines that such measures and actions have not been fully implemented, the Bank will determine whether further measures and actions, including continuing Bank monitoring and implementation support, will be required.

57. The Bank will provide implementation support regarding the environmental and social performance of the project, which will include reviewing the Borrower's monitoring reports on compliance of the project with the requirements of the legal agreement, including the ESCP.

58. Where appropriate and as set out in the ESCP, the Bank will require the Borrower to engage stakeholders and third parties, such as independent experts, local communities or nongovernmental organizations (NGOs), to complement or verify project monitoring information. Where other agencies or third parties are responsible for managing specific risks and impacts and implementing mitigation measures, the Bank will require the Borrower to collaborate with such agencies and third parties to establish and monitor such mitigation measures.

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<sup>38</sup> Further details are set out in ESS7, Section B.

<sup>39</sup> The Bank will monitor and provide implementation support for the time periods stipulated in OP10.00.

## World Bank Environmental and Social Policy for Investment Project Financing

59. Where the Bank has identified and agreed with the Borrower and, as relevant, other agencies<sup>40</sup>, on corrective or preventive measures and actions, all material measures and actions will be included in the ESCP. Such measures and actions will be addressed in accordance with the timeframe set out in the ESCP or, if they are not included in the ESCP, in a reasonable timeframe, in the opinion of the Bank. The Bank will have the right to apply the Bank's remedies if the Borrower fails to implement such measures and actions in the timeframes specified.

### I. Grievance Mechanism and Accountability

60. The Bank will require the Borrower to provide a grievance mechanism, process, or procedure to receive and facilitate resolution of concerns and grievances of project-affected parties arising in connection with the project, in particular about the Borrower's environmental and social performance. The grievance mechanism will be proportionate to the risks and impacts of the project.<sup>41</sup>

61. Project-affected parties may submit complaints regarding a Bank-financed project to the project grievance mechanism, appropriate local grievance mechanism, or the World Bank's corporate Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. After bringing their concerns directly to the World Bank's attention and giving Bank Management a reasonable opportunity to respond, project-affected parties may submit their complaint to the World Bank's independent Inspection Panel to request an inspection to determine whether harm has occurred as a direct result of World Bank non-compliance with its policies and procedures.

### Institutional and Implementation Arrangements

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62. The Bank will allocate responsibilities and appropriate resources to support an effective implementation of this Policy.

63. Projects receiving initial approval by Bank management prior to the entry into force of this Policy will be subject to the Bank's existing Policies identified in footnote 1 of this Policy.

64. The Bank will develop and maintain directives, procedures and appropriate guidance and information tools to assist in implementing this Policy.

65. This Policy will be reviewed on an ongoing basis and will be amended or updated as appropriate, subject to approval by the Board of Directors.

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<sup>40</sup> Where the Bank has agreed on a common approach with other multilateral or bilateral funding agencies, the Bank will review any corrective or preventive measures and actions agreed with the Borrower in accordance with paragraph 9.

<sup>41</sup> The grievance mechanism may utilize existing formal or informal grievance mechanisms, provided they are properly designed and implemented, and deemed suitable for project purposes; these may be supplemented as needed with project-specific arrangements.

**Borrower Requirements –**

**Environmental and Social Standards 1-10**

# Environmental and Social Standard 1.

## Assessment and Management of Environmental and Social Risks and Impacts

### Introduction

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1. ESS1 sets out the Borrower's responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of a project supported by the Bank through Investment Project Financing, in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs).

2. The ESSs are designed to help Borrowers to manage the risks and impacts of a project, and improve their environmental and social performance, through a risk and outcomes based approach. The desired outcomes for the project are described in the objectives of each ESS, followed by specific requirements to help Borrowers achieve these objectives through means that are appropriate to the nature and scale of the project and proportionate to the level of environmental and social risks and impacts.

3. Borrowers<sup>1</sup> will conduct environmental and social assessment of projects proposed for Bank financing to help ensure that projects are environmentally and socially sound and sustainable. The environmental and social assessment will be proportionate to the risks and impacts of the project. It will inform the design of the project, and be used to identify mitigation measures and actions and to improve decision making.

4. Borrowers will manage environmental and social risks and impacts of the project throughout the project life-cycle in a systematic manner, proportionate to the nature and scale of the project and the potential risks and impacts.

5. In assessing, developing and implementing a project supported by Investment Project Financing, the Borrower may, where appropriate, agree with the Bank to use all or part of the Borrower's national environmental and social framework to address the risks and impacts of the project, providing such use will enable the project to achieve objectives materially consistent with the ESSs.

6. ESS1 includes the following annexes, which form part of ESS1, and set out certain requirements in more detail:

- Annex 1: Environmental and Social Assessment;
- Annex 2: Environmental and Social Commitment Plan; and

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<sup>1</sup> It is recognized that the Borrower may not be the entity directly implementing the project. Nevertheless, the Borrower is responsible for ensuring that the project is prepared and implemented so that it meets all applicable requirements of the ESSs in a manner and timeframe agreed with the Bank. The Borrower will ensure that any entity involved in implementing the project supports all obligations and commitments of the Borrower in accordance with the requirements of the ESSs and the specific conditions of the legal agreement, including the ESCP. Contractors retained by or acting on behalf of the Borrower or an implementing agency are considered to be under the direct control of the Borrower.

## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

- Annex 3: Management of Contractors.

### Objectives

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- To identify, evaluate and manage the environment and social risks and impacts of the project in a manner consistent with the ESSs.
- To adopt a mitigation hierarchy approach to:
  - (a) Anticipate and avoid risks and impacts;
  - (b) Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;
  - (c) Once risks and impacts have been minimized or reduced, mitigate; and
  - (d) Where significant residual impacts remain, compensate for or offset them, where technically<sup>2</sup> and financially<sup>3</sup> feasible.
- To adopt differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and they are not disadvantaged in sharing development benefits and opportunities resulting from the project.
- To utilize national environmental and social institutions, systems, laws, regulations and procedures in the assessment, development and implementation of projects, whenever appropriate.
- To promote improved environmental and social performance, in ways which recognize and enhance Borrower capacity.

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<sup>2</sup> Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.

<sup>3</sup> Financial feasibility is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable for the Borrower.

## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

### Scope of Application

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7. ESS1 applies to all projects<sup>4</sup> <sup>5</sup> supported by the Bank<sup>6</sup> through Investment Project Financing.<sup>7</sup>
8. The term “project” refers to the activities for which the Bank financing referred to in paragraph 7 is sought by a Borrower and as defined in the legal agreement between the Borrower and the Bank.<sup>8</sup>
9. Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies<sup>9</sup>, the Borrower will cooperate with the Bank and such agencies in order to agree on a common approach for the assessment and management of environmental and social risks and impacts of the project. A common approach will be acceptable, provided that such approach will enable the project to achieve objectives materially consistent with the ESSs.<sup>10</sup> The Borrower will be required to apply the common approach to the project.
10. ESS1 also applies to all Associated Facilities. Associated Facilities will meet the requirements of the ESSs, to the extent that the Borrower has control or influence over such Associated Facilities.<sup>11</sup>

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<sup>4</sup> These are projects to which OP/BP 10.00 *Investment Project Financing* applies. The World Bank Environmental and Social Policy for Investment Project Financing and ESSs do not apply to operations supported by Development Policy lending (for which the environmental and social provisions are set out in OP/BP 8.60 *Development Policy Lending*), or those supported by Program-for-Results Financing (for which the environmental and social provisions are set out in OP/BP 9.00 *Program-for-Results Financing*).

<sup>5</sup> These projects may include technical assistance supported by the Bank through Investment Project Financing, whether provided through a stand-alone project or as part of a project. The requirements set out in paragraphs 14-18 of ESS1 will be applied to technical assistance activities as relevant and appropriate to the nature of the risks and impacts. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so that the advice and other support provided is consistent with ESSs 1-10. Activities implemented by the Borrower following the completion of the project that are not financed by the Bank, or activities that are not directly related to the technical assistance, are not subject to the World Bank Environmental and Social Policy for Investment Project Financing.

<sup>6</sup> As set out in the World Bank Environmental and Social Policy for Investment Project Financing, paragraph 7, the Bank will only support projects that are consistent with, and within the boundaries of, the Bank’s Articles of Agreement.

<sup>7</sup> Where the project involves the provision of a guarantee under OP 10.00, the scope of application of the ESSs will depend on the activities or commitments covered by the guarantee.

<sup>8</sup> The scope of activities for which Investment Project Finance can be provided, together with the approval process, is set out in OP 10.00.

<sup>9</sup> Such agencies will include IFC and MIGA.

<sup>10</sup> In determining whether the common approach or the requirements referred to in paragraphs 9, 12 and 13 are acceptable, the Bank will take into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies. The measures and actions that have been agreed under the common approach will be included in the ESCP.

<sup>11</sup> The Borrower will be required to demonstrate the extent to which it cannot exercise control or influence over the Associated Facilities by providing details of the relevant considerations, which may include legal, regulatory and institutional factors.



## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

11. For the purpose of this ESS, the term “Associated Facilities” means facilities or activities that are not funded as part of the project and are: (a) directly and significantly related to the project; and (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed, expanded or conducted if the project did not exist<sup>12</sup>.

12. Where:

- (a) A common approach has been agreed for the project, the common approach will apply to the Associated Facilities;
- (b) Associated Facilities are being funded by other multilateral or bilateral funding agencies, the Borrower may agree with the Bank to apply the requirements of such other agencies to the Associate Facilities, provided that such requirements will enable the project to achieve objectives materially consistent with the ESSs.

13. Where the Bank is financing a project involving a Financial Intermediary (FI), and other multilateral or bilateral funding agencies<sup>13</sup> have already provided financing to the same FI, the Borrower may agree with the Bank to rely on the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the project, including the institutional arrangements already established by the FI, provided that, such requirements will enable the project to achieve objectives materially consistent with the ESSs.

### Requirements

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14. The Borrower will assess, manage and monitor the environmental and social risks and impacts of the project throughout the project life-cycle so as to meet the requirements of the ESSs in a manner and within a timeframe acceptable to the Bank.<sup>14</sup>

15. The Borrower will:

- (a) Conduct an environmental and social assessment of the proposed project, including stakeholder engagement;
- (b) Undertake stakeholder engagement and disclose appropriate information in accordance with ESS10;

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<sup>12</sup> For facilities or activities to be Associated Facilities, they must meet all three criteria.

<sup>13</sup> Such agencies will include IFC and MIGA.

<sup>14</sup> In establishing the manner and an acceptable timeframe, the Bank will take into account the nature and significance of the potential environmental and social risks and impacts, the timing for development and implementation of the project, the capacity of the Borrower and other entities involved in developing and implementing the project, and the specific measures and actions to be put in place or taken by the Borrower to address such risks and impacts.

## **ESS1. Assessment and Management of Environmental and Social Risks and Impacts**

- (c) Develop an ESCP, and implement all measures and actions set out in the legal agreement including the ESCP; and
- (d) Conduct monitoring and reporting on the environmental and social performance of the project against the ESSs.

16. Where the ESCP requires the Borrower to plan or take specific measures and actions over a specified timeframe to avoid, minimize, reduce or mitigate specific risks and impacts of the project, the Borrower will not carry out any activities in relation to the project that may cause material adverse environmental or social risks or impacts until the relevant plans, measures or actions have been completed in accordance with the ESCP.

17. If the project comprises or includes existing facilities or existing activities that do not meet the requirements of the ESSs at the time of Board approval, the Borrower will adopt and implement measures satisfactory to the Bank so that specific aspects of such facilities and activities meet the requirements of the ESSs in accordance with the ESCP.

18. The project will apply the relevant requirements of the Environmental Health and Safety Guidelines (EHSGs). When host country requirements differ from the levels and measures presented in the EHSGs, the Borrower will be required to achieve or implement whichever is more stringent. If less stringent levels or measures than those provided in the EHSGs are appropriate in view of the Borrower's limited technical or financial constraints or other specific project circumstances, the Borrower will provide full and detailed justification for any proposed alternatives through the environmental and social assessment. This justification must demonstrate, to the satisfaction of the Bank that the choice of any alternative performance level is consistent with the objectives of the ESSs and the applicable EHSGs, and is unlikely to result in any significant environmental or social harm.

### **A. Use of Borrower's Environmental and Social Framework**

19. When a project is proposed for Bank support, the Borrower and the Bank will consider whether to use all, or part, of the Borrower's ES Framework in the assessment, development and implementation of a project. Such use may be proposed provided this is likely to address the risks and impacts of the project, and enable the project to achieve objectives materially consistent with the ESSs.

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20. If the Borrower and the Bank propose to use all, or part, of the Borrower's ES Framework, the Bank will review the Borrower's ES Framework<sup>15</sup> in accordance with the requirement of paragraph 19. The Borrower will provide information to the Bank in connection with the assessment<sup>16</sup>.

21. If the assessment identifies gaps in the Borrower's ES Framework, the Borrower will work with the Bank to identify measures and actions to address such gaps. Such measures and actions may be implemented during project preparation or project implementation and will include, where necessary, measures and actions to address any capacity development issues pertaining to the Borrower, any relevant national, subnational or sectoral implementing institution, and any implementing agency. The agreed measures and actions, together with the timeframes for their completion, will form part of the ESCP.

22. The Borrower will take all actions necessary to maintain the Borrower's ES Framework, as well as acceptable implementation practices, track record, and capacity, in accordance with the measures and actions identified in the ESCP, throughout the project life-cycle. The Borrower will notify and discuss with the Bank any significant changes in the Borrower's ES Framework that may affect the project.<sup>17</sup> If the Borrower's ES Framework is changed in a manner inconsistent with the requirement of paragraph 19 and the ESCP, the Borrower will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the ESSs, and propose changes, for approval by the Bank, to the ESCP.

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<sup>15</sup> The Borrower's ES Framework will include those aspects of the country's policy, legal and institutional framework, consisting of its national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules and procedures and implementation capacity relevant to the environmental and social risks and impacts of the project. Where there are inconsistencies or lack of clarity within the Borrower's ES Framework as to relevant authorities or jurisdiction, these will be identified and discussed with the Borrower. The aspects of the Borrower's existing ES Framework that are relevant will vary from project to project, depending on such factors as the type, scale, location and potential environmental and social risks and impacts of the project and the role and authority of different institutions.

<sup>16</sup> The information provided by the Borrower will assist in determining whether and to what extent the Borrower's ES Framework can be used to enable the project to address the risks and impacts of the project, and achieve objectives materially consistent with the ESSs. The Borrower will provide to the Bank recent studies and assessments conducted by the Borrower or reputable third parties, including on other projects developed in the country, to the extent these are relevant to the proposed project.

<sup>17</sup> If, in the opinion of the Bank, such changes serve to improve the Borrower's ES Framework, the Borrower will apply such changes to the project.

## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

### B. Environmental and Social Assessment

23. The Borrower will carry out an environmental and social assessment<sup>18</sup> of the project to assess the environmental and social risks and impacts of the project throughout the project life-cycle.<sup>19</sup> The assessment will be proportionate to the potential risks and impacts of the project, and will assess, in an integrated way, all relevant direct<sup>20</sup>, indirect<sup>21</sup> and cumulative<sup>22</sup> environmental and social risks and impacts throughout the project life-cycle, including those specifically identified in ESSs2–10.

24. The environmental and social assessment will be based on current information, including an accurate description and delineation of the project and any associated aspects, and environmental and social baseline data at an appropriate level of detail sufficient to inform characterization and identification of risks and impacts and mitigation measures. The assessment will evaluate the project's potential environmental and social risks and impacts; examine project alternatives; identify ways of improving project selection, siting, planning, design and implementation in order to apply the mitigation hierarchy for adverse environmental and social impacts and seek opportunities to enhance the positive impacts of the project. The environmental and social assessment will include stakeholder engagement as an integral part of the assessment, in accordance with ESS10.

25. The environmental and social assessment will be an adequate, accurate, and objective evaluation and presentation of the risks and impacts, prepared by qualified and experienced persons. For *High and*

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<sup>18</sup> The Borrower, in consultation with the Bank, will identify and use appropriate methods and tools, including scoping, environmental and social analyses, investigations, audits, surveys and studies, to identify and assess the potential environmental and social risks and impacts of the proposed project. These methods and tools will reflect the nature and scale of the project, and will include, as appropriate, a combination (or elements of) the following: environmental and social impact assessment (ESIA); environmental audit; hazard or risk assessment; social and conflict analysis; environmental and social management plan (ESMP); environmental and social management framework (ESMF); regional or sectoral EIA; strategic environmental and social assessment (SESA). Specific features of a project may require the Borrower to utilize specialized methods and tools for assessment, for example a Cultural Heritage Management Plan. Where the project is likely to have sectoral or regional impacts, a sectoral or regional EIA will be required.

<sup>19</sup> This may include preconstruction, construction, operation, decommissioning, closure and reinstatement/restoration.

<sup>20</sup> A direct impact is an impact which is caused by the project, and occurs contemporaneously in the location of the project.

<sup>21</sup> An indirect impact is an impact which is caused by the project and is later in time or farther removed in distance than a direct impact, but is still reasonably foreseeable, and will not include induced impacts.

<sup>22</sup> The cumulative impact of the project is the incremental impact of the project when added to impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. Cumulative impacts can result from individually minor but collectively significant activities taking place over a period of time. The environmental and social assessment will consider cumulative impacts that are recognized as important on the basis of scientific concerns and/or reflect the concerns of project-affected parties. The potential cumulative impacts will be determined as early as possible, ideally as part of project scoping.

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*Substantial Risk* projects, as well as situations in which the Borrower has limited capacity, the Borrower will retain independent specialists to carry out the environmental and social assessment.

26. The Borrower will ensure that the environmental and social assessment takes into account in an appropriate manner all issues relevant to the project, including: (a) the country's applicable policy framework, national laws and regulations, and institutional capabilities (including implementation) relating to environment and social issues; variations in country conditions and project context; country environmental or social studies; national environmental or social action plans; and obligations of the country directly applicable to the project under relevant international treaties and agreements; (b) applicable requirements under the ESSs; and (c) the EHSs, and other relevant Good International Industry Practice (GIIP)<sup>23</sup>. The assessment of the project, and all proposals contained in the assessment, will be consistent with the requirements of this paragraph.

27. The environmental and social assessment will apply a mitigation hierarchy<sup>24</sup>, which will:

- (a) Anticipate and avoid risks and impacts;
- (b) Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;
- (c) Once risks and impacts have been minimized or reduced, mitigate<sup>25</sup>; and
- (d) Where significant residual impacts remain, compensate for or offset them, where technically and financially feasible<sup>26</sup>.

28. The environmental and social assessment, informed by the scoping of the issues, will take into account all relevant environmental and social risks and impacts of the project, including:

- (a) Environmental risks and impacts, including: (i) those defined by the EHSs; (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other transboundary or global risks and impacts;

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<sup>23</sup> Good International Industry Practice (GIIP) is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

<sup>24</sup> The mitigation hierarchy is further discussed and specified in the context of ESSs2-10, where relevant.

<sup>25</sup> The requirement to mitigate impacts may include measures to assist affected parties to improve or at least restore their livelihoods as relevant in a particular project setting.

<sup>26</sup> The Borrower will make reasonable efforts to incorporate the costs of compensating and/or offsetting for the significant residual impacts as part of project costs. The environmental and social assessment will consider the significance of such residual impacts, the long-term effect of these on the environment and project-affected people, and the extent to which they are considered reasonable in the context of the project. Where it is determined that it is not technically or financially feasible to compensate or offset for such residual impacts, the rationale for this determination (including the options that were considered) will be set out in the environmental and social assessment.

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(iv) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services<sup>27</sup> and the use of living natural resources, such as fisheries and forests;

- (b) Social risks and impacts, including: (i) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; (ii) risks that project impacts fall disproportionately on individuals and groups who, because of their particular circumstances, may be disadvantaged or vulnerable;<sup>28</sup> (iii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged or vulnerable; (iv) negative economic and social impacts relating to the involuntary taking of land or restrictions on land use; (v) risks or impacts associated with land and natural resource tenure and use<sup>29</sup>, including (as relevant) potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (vi) impacts on the health, safety and well-being of workers and project-affected communities; and (vii) risks to cultural heritage.

29. Where the environmental and social assessment of the project identifies specific individuals or groups as disadvantaged or vulnerable, the Borrower will propose and implement differentiated measures

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<sup>27</sup> Ecosystem services are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.

<sup>28</sup> Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.

<sup>29</sup> Due to the complexity of tenure issues in many contexts, and the importance of secure tenure for livelihoods, careful assessment and design is needed to help ensure that projects do not inadvertently compromise existing legitimate rights (including collective rights, subsidiary rights and the rights of women) or have other unintended consequences, particularly where the project supports land titling and related issues. In such circumstances, the Borrower will at a minimum demonstrate to the Bank's satisfaction that applicable laws and procedures, along with project design features (a) provide clear and adequate rules for the recognition of relevant land tenure rights; (b) establish fair criteria and functioning, transparent and participatory processes for resolving competing tenure claims; and (c) include genuine efforts to inform affected people about their rights and provide access to impartial advice.

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so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and they are not disadvantaged in sharing any development benefits and opportunities resulting from the project.

30. For projects involving multiple small subprojects<sup>30</sup>, that are identified, prepared and implemented during the course of the project, the Borrower will carry out appropriate environmental and social assessment of subprojects, and prepare and implement such subprojects, as follows:

(a) *High Risk* subprojects, in accordance with the ESSs;

(b) *Substantial Risk, Moderate Risk* and *Low Risk* subprojects, in accordance with national law and any requirements of the ESSs that the Bank deems relevant to such subprojects<sup>31</sup>.

31. If the risk rating of a subproject increases to a higher risk rating, the Borrower will apply the relevant requirements of the ESSs<sup>32</sup> and the ESCP will be updated as appropriate.

32. The environmental and social assessment will also identify and assess, to the extent appropriate, the potential environmental and social risks and impacts of Associated Facilities. The Borrower will address the risks and impacts of Associated Facilities in a manner proportionate to its control or influence over the Associated Facilities. To the extent that the Borrower cannot control or influence the Associated Activities to meet the requirements of the ESSs, the environmental and social assessment will also identify the risks and impacts the Associated Facilities may present to the project.

33. For projects that are *High Risk* or contentious, or that involve serious multidimensional environmental or social risks or impacts, the Borrower may be required to engage one or more internationally recognized independent experts. Such experts may, depending on the project, form part of an advisory panel or be otherwise employed by the Borrower, and will provide independent advice and oversight to the project<sup>33</sup>.

34. The environmental and social assessment will also consider risks and impacts associated with the primary suppliers<sup>34</sup> as required by ESS2 and ESS6. The Borrower will address such risks and impacts in a

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<sup>30</sup> Paragraphs 30 to 31 apply to a Bank-supported project with multiple small subprojects, as in the case of community-driven development projects, projects involving matching grant schemes, or similar projects designated by the Bank. These provisions do not apply to FI subprojects which are addressed in ESS9.

<sup>31</sup> Where subprojects are likely to have minimal or no adverse environmental or social risks and impacts, such subprojects do not require further environmental and social assessment following the initial scoping.

<sup>32</sup> The 'requirements of the ESSs' will relate to the reasons for which the risk rating has increased.

<sup>33</sup> This requirement relates to independent advice and oversight of such projects, and is not related to circumstances in which the Borrower will be required to retain independent specialists to carry out environmental and social assessment, set out in paragraph 25.

<sup>34</sup> Primary suppliers are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

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manner proportionate to the Borrower's control or influence over its primary suppliers as set out in ESS2 and ESS6.

35. The environmental and social assessment will consider potentially significant project related transboundary and global risks and impacts, such as impacts from effluents and emissions, increased use or contamination of international waterways, emissions of short and long-lived climate pollutants<sup>35</sup>, climate change mitigation, adaptation and resilience issues, and impacts on threatened or depleted migratory species and their habitats.

### C. Environmental and Social Commitment Plan

36. The Borrower will develop and implement an ESCP, which will set out measures and actions required for the project to achieve compliance with the ESSs over a specified timeframe<sup>36</sup>. The ESCP will be agreed with the Bank and will form part of the legal agreement. The draft ESCP will be disclosed as early as possible, and before project appraisal.

37. The ESCP will take into account the findings of the environmental and social assessment, the Bank's environmental and social due diligence, and the results of engagement with stakeholders. It will be an accurate summary of the material measures and actions required to avoid, minimize, reduce or otherwise mitigate the potential environmental and social risks and impacts of the project.<sup>37</sup> A completion date for each action will be specified in the ESCP.

38. Where a common approach<sup>38</sup> has been agreed, the ESCP will include all measures and actions that have been agreed by the Borrower to enable the project to meet the common approach.

39. The ESCP will set out a process that allows for adaptive management of proposed project changes or unforeseen circumstances. The process will set out how such changes or circumstances will be managed and reported and any necessary changes will be made to the ESCP and relevant management tools.

40. The Borrower will implement diligently the measures and actions identified in the ESCP in accordance with the timeframes specified, and will review the status of implementation of the ESCP as part of its monitoring and reporting.<sup>39</sup>

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<sup>35</sup> This includes all greenhouse gases (GHGs) and black carbon (BC).

<sup>36</sup> The Bank will assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project, and developing the ESCP.

<sup>37</sup> This will include any mitigation and performance improvement measures and actions already developed; actions that may be completed prior to approval by the Bank Board of Directors; actions required by national law and regulation that satisfy the requirements of the ESSs; actions to address gaps in the Borrower's ES Framework; and any other actions that are considered necessary for the project to achieve compliance with the ESSs. The gaps will be assessed by reference to what would be required in the relevant ESS.

<sup>38</sup> See paragraph 9.

<sup>39</sup> See Section D.



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41. The ESCP will describe the different management tools<sup>40</sup> that the Borrower will use to develop and implement the agreed measures and actions. These management tools will include, as appropriate, environmental and social management plans, environmental and social management frameworks, operational policies, operational manuals, management systems, procedures, practices and capital investments. All management tools will apply the mitigation hierarchy, and incorporate measures so that the project will meet the requirements of applicable laws and regulations and the ESSs<sup>41</sup> in accordance with the ESCP throughout the project life-cycle.

42. The management tools will define desired outcomes in measurable terms (for example, against baseline conditions) to the extent possible, with elements such as targets and performance indicators that can be tracked over defined time periods.

43. Recognizing the dynamic nature of the project development and implementation process, the management tools will take a long-term and phased approach, and be designed to be responsive to changes in project circumstances, unforeseen events, regulatory changes and the results of monitoring and review.

44. The Borrower will notify the Bank promptly of any proposed changes to the scope, design, implementation or operation of the project that are likely to cause an adverse change in the environmental or social risks or impacts of the project. The Borrower will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the ESSs, and propose changes, for approval by the Bank, to the ESCP and relevant management tools, as appropriate, in accordance with the findings of such assessments and consultation. The updated ESCP will be disclosed.

### **D. Project Monitoring and Reporting**

45. The Borrower will monitor the environmental and social performance of the project in accordance with the legal agreement (including the ESCP). The extent and mode of monitoring will be agreed upon with the Bank, and will be proportionate to the nature of the project, the project's environmental and social risks and impacts, and compliance requirements. The Borrower will ensure that adequate institutional arrangements, systems, resources and personnel are in place to carry out monitoring. Where appropriate and as set out in the ESCP, the Borrower will engage stakeholders and third parties, such as independent experts, local communities or NGOs, to complement or verify its own monitoring activities. Where other agencies or third parties are responsible for managing specific risks and impacts and implementing mitigation measures, the Borrower will collaborate with such agencies and third parties to establish and monitor such mitigation measures.

46. Monitoring will normally include recording information to track performance, and establishing relevant operational controls to verify and compare compliance and progress. Monitoring will be adjusted

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<sup>40</sup> The level of detail and complexity of the management tools will be proportionate to the project's risks and impacts, and the measures and actions identified to address such risks and impacts. They will take into account the experience and capacity of the parties involved with the project, including the implementing agencies, project-affected communities and other interested parties, and aim to support improved environmental and social performance.

<sup>41</sup> Including relevant GIIP.

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according to performance experience, as well as actions requested by relevant regulatory authorities and feedback from stakeholders such as community members. The Borrower will document monitoring results.

47. The Borrower will provide regular reports as set out in the ESCP (in any event, no less than annually) to the Bank of the results of the monitoring. Such reports will provide an accurate and objective record of project implementation, including compliance with the ESCP and the requirements of the ESSs. Such reports will include information on stakeholder engagement conducted during project implementation in accordance with ESS10. The Borrower, and the agencies implementing the project, will designate senior officials to be responsible for reviewing the reports.

48. Based on the results of the monitoring, the Borrower will identify any necessary corrective and preventive actions, and will incorporate these in an amended ESCP or the relevant management tool, in a manner acceptable to the Bank. The Borrower will implement the agreed corrective and preventive actions in accordance with the amended ESCP or relevant management tool, and monitor and report on these actions.

49. The Borrower will facilitate site visits by Bank staff or consultants acting on the Bank's behalf.

50. The Borrower will notify the Bank promptly of any incident or accident relating to the project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers. The notification will provide sufficient detail regarding such incident or accident, including any fatalities or serious injuries. The Borrower will take immediate measures to address the incident or accident and to prevent any recurrence, in accordance with national law and the ESSs.

### E. Stakeholder Engagement and Information Disclosure

51. As set out in ESS10, the Borrower will continue to engage with, and provide sufficient information to stakeholders throughout the life-cycle of the project, in a manner appropriate to the nature of their interests and the potential environmental and social risks and impacts of the project.

52. For *High Risk* and *Substantial Risk* projects, the Borrower will provide to the Bank and disclose documentation, as agreed with the Bank, relating to the environmental and social risks and impacts of the project prior to project appraisal<sup>42</sup>. The documentation will address, in an adequate manner, the key risks and impacts of the project, and will provide sufficient detail to inform stakeholder engagement and Bank decision-making. The Borrower will provide to the Bank and disclose final or updated documentation as specified in the ESCP.

53. If there are significant changes to the project that result in additional risks and impacts, particularly where these will impact project-affected parties, the Borrower will provide information on

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<sup>42</sup> In agreeing with the Borrower the documentation to be provided and disclosed prior to project appraisal and following Board approval, the Bank will take into account paragraphs 51 and 52 of the Policy.

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such risks and impacts and consult with project-affected parties as to how these risks and impacts will be mitigated. The Borrower will disclose an updated ESCP, setting out the mitigation measures.

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### ESS1 – ANNEX 1. ENVIRONMENTAL AND SOCIAL ASSESSMENT

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#### A. General

1. The Borrower will undertake an environmental and social assessment to assess the environmental and social risks and impacts of a project throughout the project life-cycle. The term ‘environmental and social assessment’ is a generic term that describes the process of analysis and planning used by the Borrower to ensure the environmental and social impacts and risks of a project are identified, avoided, minimized, reduced or mitigated.
2. The environmental and social assessment is the primary means of ensuring projects are environmentally and socially sound and sustainable, and will be used to inform decision making. The environmental and social assessment is a flexible process, that can use different tools and methods depending on the details of the project and the circumstances of the Borrower (see paragraph 5 below).
3. The environmental and social assessment will be conducted in accordance with ESS1, and will consider, in an integrated way, all relevant direct, indirect and cumulative environmental and social risks and impacts of the project, including those specifically identified in ESS1-10. The breadth, depth, and type of analysis undertaken as part of the environmental and social assessment will depend on the nature and scale of the project, and the potential environmental and social risks and impacts that could result. The Borrower will undertake the environmental and social assessment at the scale and level of detail appropriate to the potential risks and impacts.<sup>1</sup>
4. The manner in which the environmental and social assessment will be conducted and the issues to be addressed will vary for each project. The Borrower will consult with the Bank to determine the process to be used, taking into account a number of activities, including scoping, stakeholder engagement, potential environmental and social issues and any specific issues raised between the Bank and Borrower. The environmental and social assessment will include and take into account coordination and consultation with affected people and other interested parties, particularly at an early stage, to ensure that all potentially significant environmental and social risks and impacts are identified and addressed.
5. The different methods and tools used by the Borrower to carry out the environmental and social assessment and to document the results of such assessment, including the mitigation measures to be implemented, will reflect the nature and scale of the project<sup>2</sup>. As specified in ESS1<sup>3</sup>, these will include, as appropriate, a combination or elements of the following:
  - a. ***Environmental and Social Impact Assessment (ESIA)***

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<sup>1</sup> See ESS1 Section B.

<sup>2</sup> These will also reflect national regulatory requirements, which may be relied on by the Borrower to the extent they meet the requirements of the ESSs.

<sup>3</sup> See ESS1, paragraph 23.

## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

*Environmental and social impact assessment (ESIA)* is an instrument to identify and assess the potential environmental and social impacts of a proposed project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.

### **b. Environmental and Social Audit**

*Environmental and social audit* is an instrument to determine the nature and extent of all environmental and social areas of concern at an existing project or activities. The audit identifies and justifies appropriate measures and actions to mitigate the areas of concern, estimates the cost of the measures and actions, and recommends a schedule for implementing them. For certain projects, the environmental and social assessment may consist of an environmental or social audit alone; in other cases, the audit forms part of the environmental and social assessment.

### **c. Hazard or Risk Assessment**

*Hazard or risk assessment* is an instrument for identifying, analyzing, and controlling hazards associated with the presence of dangerous materials and conditions at a project site. The Bank requires a hazard or risk assessment for projects involving certain inflammable, explosive, reactive, and toxic materials when they are present in quantities above a specified threshold level. For certain projects, the environmental and social assessment may consist of the hazard or risk assessment alone; in other cases, the hazard or risk assessment forms part of the environmental and social assessment.

### **d. Cumulative Impact Assessment**

*Cumulative Impact Assessment* is an instrument to consider cumulative impacts of the project in combination with impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location.

### **e. Social and Conflict Analysis**

*Social and conflict analysis* is an instrument that assesses the degree to which the project may (a) exacerbate existing tensions and inequality within society (both within the communities affected by the project and between these communities and others); (b) have a negative effect on stability and human security; (c) be negatively affected by existing tensions, conflict and instability, particularly in circumstances of war, insurrection and civil unrest.

### **f. Environmental and Social Management Plan (ESMP)**

*Environmental and social management plan (ESMP)* is an instrument that details (a) the measures to be taken during the implementation and operation of a project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures.

### **g. Environmental and Social Management Framework (ESMF)**

*Environmental and social management framework (ESMF)* is an instrument that examines the risks and impacts when a project consists of a program and/or series of sub-projects, and the risks and impacts cannot be determined until the program or sub-project details have been identified. The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental

## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

and social risks and impacts. It contains measures and plans to reduce, mitigate and/or offset adverse risks and impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project risks and impacts, including on its capacity to manage environmental and social risks and impacts. It includes adequate information on the area in which subprojects are expected to be sited, including any potential environmental and social vulnerabilities of the area; and on the potential impacts that may occur and mitigation measures that might be expected to be used.

### ***h. Regional ESIA***

*Regional ESIA* examines environmental and social risks and impacts, and issues, associated with a particular strategy, policy, plan, or program, or with a series of projects, for a particular region (e.g., an urban area, a watershed, or a coastal zone); evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the risks, impacts and issues; and recommends broad measures to strengthen environmental and social management in the region. Regional ESIA pays particular attention to potential cumulative risks and impacts of multiple activities in a region but may not include the site-specific analyses of a specific project, in which case the Borrower must develop supplemental information.

### ***i. Sectoral ESIA***

*Sectoral ESIA* examines environmental and social risks and impacts, and issues, associated with a particular sector in a region or across a nation; evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the risks and impacts; and recommends broad measures to strengthen environmental and social management in the region. Sectoral ESIA also pays particular attention to potential cumulative risks and impacts of multiple activities. A Sectoral ESIA may need to be supplemented with project- and site-specific information.

### ***j. Strategic Environmental and Social Assessment (SESA)***

*Strategic environmental and social assessment (SESA)* is a systematic examination of environmental and social risks and impacts, and issues, associated with a policy, plan or program, typically at the national level but also in smaller areas. The examination of environmental and social risks and impacts will include consideration of the full range of environmental and social risks and impacts incorporated in ESS 1 through 10. SESAs are typically not location-specific. They are therefore prepared in conjunction with project and site -specific studies that assess the risks and impacts of the project.

6. Specific features of a project may require the Borrower to utilize specialized methods and tools for assessment, such as a Resettlement Plan, Livelihood Restoration Plan, Indigenous Peoples Plan, Biodiversity Action Plan, Cultural Heritage Management Plan, and other plans as agreed with the Bank.
7. Borrowers should initiate the environmental and social assessment as early as possible in project processing. Borrowers will consult with the Bank as early as possible so the environmental and social assessment is designed from the outset to meet the requirements of the ESSs.

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8. The environmental and social assessment will be closely integrated with the project's economic, financial, institutional, social, and technical analyses so that environmental and social considerations are taken into consideration in project selection, siting, and design decisions. The Borrower will take measures to ensure that when individuals or entities are engaged to carry out environmental and social assessment, any conflict of interest is avoided. The environmental and social assessment will not be carried out by the consultants who prepare the engineering design, unless the Borrower can demonstrate that no conflict of interest exists and such consultants include qualified environmental and social specialists.
9. When the Borrower has completed or partially completed environmental and social assessment prior to the Bank's involvement in a project, the environmental and social assessment is subject to the Bank's review to ensure that it meets the requirements of the ESSs. If appropriate, the Borrower is required to conduct additional work, including public consultation and disclosure.

### B. Institutional Capacity

10. Environmental and social assessment can provide opportunities for coordinating environmental and social-related responsibilities and actions in the host country in a way that goes beyond project boundaries/responsibilities and, as a result, where feasible should be linked to other environmental and social strategies and action plans, and free-standing projects. The environmental and social assessment for a specific project can thereby help strengthen environmental and social management capability in the country and both Borrowers and the Bank are encouraged to take advantage of opportunities to use it for that purpose.
11. The Borrower may include components in the project to strengthen its legal or technical capacity to carry out key environmental and social assessment functions. If the Bank concludes that the Borrower has inadequate legal or technical capacity to carry out such functions, the Bank may require strengthening programs to be included as part of the project. If the project includes one or more elements of capacity strengthening, these elements will be subject to periodic monitoring and evaluation as required by ESS1.

### C. Other requirements for certain projects

12. Where relevant, the environmental and social assessment will take into account the requirements of OP 7.50 for projects on international waterways and OP 7.60 for projects in disputed areas.

### D. Indicative Outline of ESIA

13. Where an environmental and social impact assessment is prepared as part of the environmental and social assessment, it will include the following:

(A) ***Executive summary***

- Concisely discusses significant findings and recommended actions.

(B) ***Legal and institutional framework***

## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

- Analyzes the legal and institutional framework for the project, within which the environmental and social assessment is carried out, including the issues set out in ESS1, paragraph 26<sup>4</sup>.
- Compare the Borrower's existing environmental and social framework and the ESSs and identify the gaps between them.
- Identifies and assesses the environmental and social requirements of any co-financiers.

### (C) *Project description*

- Concisely describes the proposed project and its geographic, environmental, social, and temporal context, including any offsite investments that may be required (e.g., dedicated pipelines, access roads, power supply, water supply, housing, and raw material and product storage facilities), as well as the project's primary suppliers.
- Through consideration of the details of the project, indicates the need for any plan to meet the requirements of ESS 1 through 10.
- Includes a map of sufficient detail, showing the project site and the area that may be affected by the project's direct, indirect, and cumulative impacts.

### (D) *Baseline data*

- Sets out in detail the baseline data that is relevant to decisions about project location, design, operation, or mitigation measures. This should include a discussion of the accuracy, reliability, and sources of the data as well as information about dates surrounding project identification, planning and implementation.
- Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions;
- Based on current information, assesses the scope of the area to be studied and describes relevant physical, biological, and socioeconomic conditions, including any changes anticipated before the project commences.
- Takes into account current and proposed development activities within the project area but not directly connected to the project.

### (E) *Environmental and social risks and impacts*

- Takes into account all relevant environmental and social risks and impacts of the project. This will include the environmental and social risks and impacts specifically identified in ESS2 – 8, and any other environmental and social risks and impacts arising as a consequence of the

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<sup>4</sup> ESS1, paragraph 26, states that the environmental and social assessment takes into account in an appropriate manner all issues relevant to the project, including: (a) the country's applicable policy framework, national laws and regulations, and institutional capabilities (including implementation) relating to environment and social issues; variations in country conditions and project context; country environmental or social studies; national environmental or social action plans; and obligations of the country directly applicable to the project under relevant international treaties and agreements; (b) applicable requirements under the ESSs; and (c) the EHSs, and other relevant GIIP.



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specific nature and context of the project, including the risks and impacts identified in ESS1, paragraph 28.

### (F) *Mitigation measures*

- Identifies mitigation measures and significant residual negative impacts that cannot be mitigated and, to the extent possible, assesses the acceptability of those residual negative impacts.
- Identifies differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable.
- assesses the feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of proposed mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the proposed mitigation measures.
- specifies issues that do not require further attention, providing the basis for this determination.

### (G) *Analysis of alternatives*

- systematically compares feasible alternatives to the proposed project site, technology, design, and operation--including the "without project" situation--in terms of their potential environmental and social impacts;
- assesses the alternatives' feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of alternative mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the alternative mitigation measures.
- For each of the alternatives, quantifies the environmental and social impacts to the extent possible, and attaches economic values where feasible.

### (H) *Design measures*

- sets out the basis for selecting the particular project design proposed and specifies the applicable ESHGs or if the ESHGs are determined to be inapplicable, justifies recommended emission levels and approaches to pollution prevention and abatement that are consistent with GIIP.

### (I) *Key measures and actions for the Environmental and Social Commitment Plan (ESCP)*

- Summarizes key measures and actions and the timeframe required for the project to meet the requirements of the ESSs. This will be used in developing the Environmental and Social Commitment Plan (ESCP).

### (J) *Appendices*

- (i) List of the individuals or organizations that prepared or contributed to the environmental and social assessment.

## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

- (ii) References—setting out the written materials both published and unpublished, that have been used.
- (iii) Record of meetings, consultations and surveys with stakeholders, including those with affected people and other interested parties. The record specifies the means of such stakeholder engagement that were used to obtain the views of affected people and other interested parties.
- (iv) Tables presenting the relevant data referred to or summarized in the main text.
- (v) List of associated reports or plans.

### E. Indicative Outline of ESMP

14. An ESMP consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation of a project to eliminate adverse environmental and social risks and impacts, offset them, or reduce them to acceptable levels. The ESMP also includes the measures and actions needed to implement these measures. The Borrower will (a) identify the set of responses to potentially adverse impacts; (b) determine requirements for ensuring that those responses are made effectively and in a timely manner; and (c) describe the means for meeting those requirements.
15. Depending on the project, an ESMP may be prepared as a stand-alone document<sup>5</sup> or the content may be incorporated directly into the ESCP. The content of the ESMP will include the following:

#### (A) *Mitigation*

-The ESMP identifies measures and actions in accordance with the mitigation hierarchy that reduce potentially adverse environmental and social impacts to acceptable levels. The plan will include compensatory measures, if applicable. Specifically, the ESMP:

- (i) identifies and summarizes all anticipated adverse environmental and social impacts (including those involving indigenous people or involuntary resettlement);
- (ii) describes--with technical details--each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;
- (iii) estimates any potential environmental and social impacts of these measures; and

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<sup>5</sup> This may be particularly relevant where the Borrower is engaging contractors, and the ESMP sets out the requirements to be followed by contractors. In this case the ESMP should be incorporated as part of the contract between the Borrower and the contractor, together with appropriate monitoring and enforcement provisions.

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- (iv) takes into account, and is consistent with, other mitigation plans required for the project (e.g., for involuntary resettlement, indigenous peoples, or cultural heritage).

### (B) *Monitoring*

- The ESMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the environmental and social assessment and the mitigation measures described in the ESMP<sup>6</sup>. Specifically, the monitoring section of the ESMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

### (C) *Capacity development and training*

- To support timely and effective implementation of environmental and social project components and mitigation measures, the ESMP draws on the environmental and social assessment of the existence, role, and capability of responsible parties on site or at the agency and ministry level.
- Specifically, the ESMP provides a specific description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g. for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training).
- To strengthen environmental and social management capability in the agencies responsible for implementation, the ESMP recommends the establishment or expansion of the parties responsible, the training of staff and any additional measures that may be necessary to support implementation of mitigation measures and any other recommendations of the environmental and social assessment.

### (D) *Implementation schedule and cost estimates*

- For all three aspects (mitigation, monitoring, and capacity development), the ESMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the

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<sup>6</sup> Monitoring during project implementation provides information about key environmental and social aspects of the project, particularly the environmental and social impacts of the project and the effectiveness of mitigation measures. Such information enables the Borrower and the Bank to evaluate the success of mitigation as part of project supervision, and allows corrective action to be taken when needed.

## **ESS1. Assessment and Management of Environmental and Social Risks and Impacts**

capital and recurrent cost estimates and sources of funds for implementing the ESMP. These figures are also integrated into the total project cost tables.

### **(E) *Integration of ESMP with project***

- The Borrower's decision to proceed with a project, and the Bank's decision to support it, are predicated in part on the expectation that the ESMP (either stand alone or as incorporated into the ESCP) will be executed effectively. Consequently, each of the measures and actions to be implemented will be clearly specified, including the individual mitigation and monitoring measures and actions and the institutional responsibilities relating to each, and the costs of so doing will be integrated into the project's overall planning, design, budget, and implementation.

### **F. Indicative Outline of Environmental and Social Audit**

16. The aim of the audit is to identify significant environmental and social issues in the existing project or activities, and assess their current status, specifically in terms of meeting the requirements of the ESSs.

#### **(A) *Executive summary***

- Concisely discusses significant findings and set out recommended measures and actions and timeframes.

#### **(B) *Legal and institutional framework***

- Analyzes the legal and institutional framework for the existing project or activities, including the issues set out in ESS1, paragraph 26, and (where relevant) any applicable environmental and social requirements of existing financiers.

#### **(C) *Project description***

- Concisely describes the existing project or activities, and the geographic, environmental, social, and temporal context and any Associated Facilities.
- Identifies the existence of any plans already developed to address specific environmental and social risks and impacts (e.g. land acquisition or resettlement plan, cultural heritage plan, biodiversity plan)
- Includes a map of sufficient detail, showing the site of the existing project or activities and the proposed site for the proposed project.

#### **(D) *Environmental and social Issues associated with the existing project or activities***

- The review will consider the key risks and impacts relating to the existing project or activities. This will cover the risks and impacts identified in ESSs1-10, as relevant to the existing project or

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activities. The audit will also review issues not covered by the ESSs, to the extent that they represent key risks and impacts in the circumstances of the project.

### **(E) *Environmental and social analysis***

- The audit will also assess (i) the potential impacts of the proposed project (taking into account the findings of the audit with regard to the existing project or activities); and (ii) the ability of the proposed project to meet the requirements of the ESSs.

### **(F) *Proposed environmental and social measures***

- Based on the findings of the audit, this section will set out the suggested measures to address such findings. These measures will be included in the Environmental and Social Commitment Plan (ESCP) for the proposed Project. Measures typically covered under this section include the following:

- specific actions required to meet the requirements of the ESSs
- corrective measures and actions to mitigate potentially significant environmental and/or social risks and impacts associated with the existing project or activities
- measures to avoid or mitigate any potential adverse environmental and social risks or impacts associated with the proposed project

## ESS1. Assessment and Management of Environmental and Social Risks and Impacts

### ESS1 – ANNEX 2. ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

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#### A. Introduction

1. The Borrower will agree on an Environmental and Social Commitment Plan (**ESCP**) with the Bank. The ESCP forms part of the legal agreement. It is designed to consolidate into one summary document the material measures and actions that are required for the project to achieve compliance with the ESSs over a specified timeframe in a manner satisfactory to the Bank.
2. The ESCP will be developed as information regarding the potential risks and impacts of the project becomes known. It will take into account the findings of the environmental and social assessment, the Bank's environmental and social due diligence and the results of engagement with stakeholders. Preparation of the ESCP will start as early as possible, normally at the time of project scoping, and will serve as a tool to facilitate the identification of potential environmental and social risks and impacts and mitigation measures. The draft ESCP will be disclosed as early as possible, and before project appraisal.

#### B. Content of an ESCP

3. The ESCP will be an accurate summary of the material measures and actions to address the potential environmental and social risks and impacts of the project in accordance with the mitigation hierarchy. It will form the basis for monitoring the environmental and social performance of the project. All requirements will be set out clearly, so that there is no ambiguity around compliance, timing and monitoring. Depending on the project, the ESCP may specify funding to be made available for completion of a measure or action, and include other details relevant to completion.
4. The ESCP will also include a process that allows for adaptive management of proposed project changes or unforeseen circumstances. The process will set out how such changes or circumstances will be managed and reported and any necessary changes will be made to the ESCP and relevant management tools.
5. The ESCP will also set out a summary of the organizational structure that the Borrower will establish and maintain to implement the actions agreed in the ESCP. The organizational structure will take into account the different roles and responsibilities of the Borrower and the agencies responsible for implementing the project, and identify specific personnel with clear lines of responsibility and authority.
6. The ESCP will set out a summary of the training that the Borrower will provide to address the specific actions required under the ESCP, identifying the recipients of such training and the required human and financial resources.
7. The ESCP will set out the systems, resources and personnel that the Borrower will put in place to carry out monitoring, and will identify any third parties that will be used to complement or verify the Borrower's monitoring activities.

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8. The content of an ESCP will differ from project to project. For some projects, the ESCP will capture all relevant obligations of the Borrower, and there will be no requirement for additional plans. For other projects, the ESCP will refer to other plans, either plans that already exist or plans to be prepared (e.g. an ESMP, a resettlement plan, a hazardous waste plan) which set out detailed project requirements. In such circumstances, the ESCP will summarize key aspects of the plans. Where plans are to be developed, the ESCP will set out timeframes for completion of such plans.
9. Where, and to the extent that, the project is relying on use of the Borrower's existing environmental and social framework, the ESCP will identify the specific aspects of the national framework with reference to the relevant ESSs.

### **C. Implementation of ESCP**

10. The Borrower will implement diligently the measures and actions identified in the ESCP in accordance with the timeframes specified, and will review the status of implementation of the ESCP as part of its monitoring and reporting.<sup>1</sup>
11. The Borrower will maintain, and strengthen as necessary throughout the project life-cycle, the organizational structure established to oversee environmental and social aspects of the project. Key social and environmental responsibilities will be well-defined, and communicated to all personnel involved. Sufficient high-level commitment, and human and financial resources, will be provided on an ongoing basis to implement the ESCP.
12. The Borrower will ensure that persons with direct responsibility for activities relevant to the implementation of the ESCP are adequately qualified and trained so that they have the knowledge and skills necessary to perform their work. The Borrower, either directly or through agencies responsible for implementing the project, will provide training to address the specific measures and actions required by the ESCP, and to support effective and continuous social and environmental performance.
13. The Borrower will notify the Bank promptly of any proposed changes to the scope, design, implementation or operation of the project that are likely to cause an adverse change in the environmental or social risks or impacts of the project. The Borrower will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the ESSs, and propose changes, for approval by the Bank, to the ESCP and relevant management tools, as appropriate, in accordance with the findings of such assessments and consultation. The updated ESCP will be disclosed.

### **D. Timing for conducting project activities**

14. If the Borrower is required to plan or take specific measures and actions over a specified timeframe to avoid, minimize, reduce or mitigate specific risks and impacts of the project, the Borrower may not carry out any activities in relation to the project that may cause material adverse environmental or social risks or impacts, until the relevant plans, measures or actions have been completed in

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<sup>1</sup> See ESS1 Section D.

## **ESS1. Assessment and Management of Environmental and Social Risks and Impacts**

accordance with the ESCP, including satisfying applicable requirements on consultation and disclosure.



## **ESS1. Assessment and Management of Environmental and Social Risks and Impacts**

### **ESS1 – ANNEX 3. MANAGEMENT OF CONTRACTORS**

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The Borrower will require that all contractors engaged on the project operate in a manner consistent with the requirements of the ESSs, including the specific requirements set out in the ESCP. The Borrower will manage all contractors in an effective manner, including:

- (a) Assessing the environmental and social risks and impacts associated with such contracts;
- (b) Ascertaining that contractors engaged in connection with the project are legitimate and reliable enterprises, and have knowledge and skills to perform their project tasks in accordance with their contractual commitments;
- (c) Incorporating all relevant aspects of the ESCP into tender documents;
- (d) Contractually requiring contractors to apply the relevant aspects of the ESCP and the relevant management tools, and including appropriate and effective non-compliance remedies;
- (e) Monitoring contractor compliance with their contractual commitments; and
- (f) In the case of subcontracting, requiring contractors to have equivalent arrangements with their subcontractors.

## Environmental and Social Standard 2. Labor and Working Conditions

### Introduction

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1. ESS2 recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Borrowers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the project fairly and providing safe and healthy working conditions.

### Objectives

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- To promote safety and health at work.
- To promote the fair treatment, non-discrimination and equal opportunity of project workers.
- To protect project workers, including vulnerable workers such as women, persons with disabilities, children (of working age, in accordance with this ESS) and migrant workers, contracted workers, community workers and primary supply workers, as appropriate.
- To prevent the use of all forms of forced labor and child labor<sup>1</sup>.
- To support the principles of freedom of association and collective bargaining of project workers in a manner consistent with national law.
- To provide project workers with accessible means to raise workplace concerns.

### Scope of Application

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2. The applicability of ESS2 is established during the environmental and social assessment described in ESS1.<sup>2</sup>

3. The scope of application of ESS2 depends on the type of employment relationship between the Borrower and the project workers. The term “**project worker**” refers to:

- (a) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (**direct workers**);
- (b) people employed or engaged through third parties<sup>3</sup> to perform work related to core functions<sup>4</sup> of the project, regardless of location (**contracted workers**);

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<sup>1</sup> Paragraphs 17 to 19 specify the circumstances in which a child may be employed or engaged in connection with a project.

<sup>2</sup> In conducting the environmental and social assessment and depending on the significance of the potential issues in the project relating to labor and working conditions, the views of representative workers’ and employers organizations may be sought.

<sup>3</sup> ‘Third parties’ may include contractors, subcontractors, brokers, agents or intermediaries.

<sup>4</sup> ‘Core functions’ of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

## ESS2. Labor and Working Conditions

- (c) people employed or engaged by the Borrower's primary suppliers<sup>5</sup> (**primary supply workers**);
- (d) people employed or engaged in providing community labor<sup>6</sup> (**community workers**).

ESS2 applies to project workers including full-time, part-time, temporary, seasonal and migrant workers.<sup>7</sup>

### Direct Workers

- 4. The requirements of paragraphs 9 to 30 of this ESS will apply to direct workers.

### Contracted Workers

- 5. The requirements of paragraphs 9 to 33 of this ESS will apply to contracted workers, as specified in Section E.

### Community Workers

- 6. The requirements of paragraphs 34 to 38 of this ESS will apply to community workers, as specified in Section F.

### Primary Supply Workers

- 7. The requirements of paragraphs 39 to 42 of this ESS will apply to primary supply workers, as specified in Section G.
- 8. Where government civil servants are working in connection with the project, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project<sup>8</sup>. ESS2 will not apply to such government civil servants, except for the provisions of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety).

## Requirements

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### A. Working Conditions and Management of Worker Relationships

- 9. The Borrower will develop and implement written labor management procedures applicable to the project. These procedures will set out the way in which project workers will be managed, in accordance with the requirements of national law and this ESS.<sup>9</sup> The procedures will address the way in

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<sup>5</sup> 'Primary suppliers' are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project.

<sup>6</sup> See paragraph 34.

<sup>7</sup> 'Migrant workers' are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.

<sup>8</sup> Such transfer will be conducted in accordance with all legal requirements and transferred workers will be subject to all requirements of this ESS.

<sup>9</sup> To the extent that provisions of national law are relevant to project activities and satisfy the requirements of this ESS, the Borrower will not be required to duplicate such provisions in labor management procedures.

## ESS2. Labor and Working Conditions

which this ESS will apply to different categories of project workers including direct workers, and the way in which the Borrower will require third parties to manage their workers in accordance with paragraphs 31-33.

### *Terms and Conditions of Employment*

10. Project workers will be provided with information and documentation that is clear and understandable regarding their terms and conditions of employment. The information and documentation will set out their rights under national labor and employment law (which will include any applicable collective agreements), including their rights related to hours of work, wages, overtime, compensation and benefits, as well as those arising from the requirements of this ESS. This information and documentation will be provided at the beginning of the working relationship and when any material changes to the terms or conditions of employment occur.

11. Project workers will be paid on a regular basis as required by national law and labor management procedures. Deductions from payment of wages will only be made as allowed by national law or the labor management procedures, and project workers will be informed of the conditions under which such deductions will be made. Project workers will be provided with adequate periods of rest per week, annual holiday and sick, maternity and family leave, as required by national law and labor management procedures.

12. Where required by national law or the labor management procedures, project workers will receive written notice of termination of employment and details of severance payments in a timely manner<sup>10</sup>. All wages that have been earned, social security benefits, pension contributions and any other entitlements will be paid on or before termination of the working relationship, either directly to the project workers or where appropriate, for the benefit of the project workers. Where payments are made for the benefit of project workers, project workers will be provided with evidence of such payments.

### *Non-Discrimination and Equal Opportunity*

13. Decisions relating to the employment or treatment of project workers will not be made on the basis of personal characteristics unrelated to inherent job requirements. The employment of project workers will be based on the principle of equal opportunity and fair treatment, and there will be no discrimination with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment<sup>11</sup>, access to training, job assignment, promotion, termination of employment or retirement, or disciplinary practices. The labor management procedures will set out measures to prevent and address harassment, intimidation and/or exploitation. Where national law is inconsistent with this paragraph, the project will seek to carry out project activities in a manner that is consistent with the requirements of this paragraph to the extent possible.

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<sup>10</sup> Entitlement to such payments will depend on the nature of the employment relationship, including whether the project workers are employed on a fixed term contract, or are full-time, part-time, temporary or seasonal.

<sup>11</sup> The Borrower will consider, to the extent technically and financially feasible, reasonable measures to adapt the workplace in relation to project workers with disabilities.

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14. Special measures of protection and assistance to remedy discrimination or selection for a particular job based on the inherent requirements of the job or the objectives of the project<sup>12</sup> will not be deemed as discrimination, provided they are consistent with national law.

15. The Borrower will provide appropriate measures of protection and assistance to address the vulnerabilities of project workers, including specific groups of workers, such as women, people with disabilities, migrant workers and children (of working age in accordance with this ESS). Such measures may be necessary only for specific periods of time, depending on the circumstances of the project worker and the nature of the vulnerability.

### *Worker's Organizations*

16. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing and to bargain collectively without interference, the project will be implemented in accordance with national law. In such circumstances, the role of legally established workers' organizations and legitimate workers' representatives will be respected, and they will be provided with information needed for meaningful negotiation in a timely manner. Where national law restricts workers' organizations, the project will not restrict project workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. The Borrower should not seek to influence or control these alternative mechanisms. The Borrower will not discriminate or retaliate against project workers who participate, or seek to participate, in such workers' organizations and collective bargaining or alternative mechanisms.

## **B. Protecting the Work Force**

### *Child Labor and Minimum Age*

17. A child under the minimum age established in accordance with this paragraph will not be employed or engaged in connection with the project. The labor management procedures will specify the minimum age for employment or engagement in connection with the project, which will be the age of 14 unless national law specifies a higher age.

18. A child over the minimum age and under the age of 18 may be employed or engaged in connection with the project only under the following specific conditions:

- (a) the work does not fall within paragraph 19 below;
- (b) an appropriate risk assessment is conducted prior to the work commencing; and
- (c) the Borrower conducts regular monitoring of health, working conditions, hours of work and the other requirement of this ESS.

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<sup>12</sup> For example, where the project or a component of the project is designed to target a specific group or set of individuals, such as in projects with a local hiring requirement, social safety net projects or work for peace projects. This may also include positive affirmative measures as required by national law.

## ESS2. Labor and Working Conditions

19. A child over the minimum age and under the age of 18 will not be employed or engaged in connection with the project in a manner that is likely to be hazardous<sup>13</sup> or interfere with the child's education or be harmful to the child's health or physical, mental, spiritual, moral or social development.

### **Forced Labor**

20. Forced labor, which consists of any work or service not voluntarily<sup>14</sup> performed that is exacted from an individual under threat of force or penalty, will not be used in connection with the project. This prohibition covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements. No trafficked persons will be employed in connection with the project.<sup>15</sup>

### **C. Grievance Mechanism**

21. A grievance mechanism will be provided for all direct workers and contracted workers<sup>16</sup> (and, where relevant, their organizations) to raise workplace concerns<sup>17</sup>. Such workers will be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against any reprisal for its use. Measures will be put in place to make the grievance mechanism easily accessible to all such project workers.

22. The grievance mechanism will be proportionate to the nature and scale and the potential risks and impacts of the project. It will be designed to address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned in a language they understand, without any retribution, and will operate in an independent and objective manner. The grievance mechanism may utilize existing grievance mechanisms, providing that they are properly designed and implemented, address concerns promptly, and are readily accessible to such project workers. Existing grievance mechanisms may be supplemented as needed with project-specific arrangements.

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<sup>13</sup> Work considered hazardous for children is work that, by its nature or the circumstances in which it is carried out, is likely to jeopardize the health, safety, or morals of children. Examples of hazardous work activities prohibited for children include work: (a) with exposure to physical, psychological or sexual abuse; (b) underground, underwater, working at heights or in confined spaces; (c) with dangerous machinery, equipment or tools, or involving handling or transport of heavy loads; (d) in unhealthy environments exposing children to hazardous substances, agents, or processes, or to temperatures, noise or vibration damaging to health; or (e) under difficult conditions such as work for long hours, during the night or in confinement on the premises of the employer.

<sup>14</sup> Work is on a voluntary basis when it is done with the free and informed consent of a worker. Such consent must exist throughout the employment relationship and the worker must have the possibility to revoke freely given consent. In particular, there can be no "voluntary offer" under threat or other circumstances of restriction or deceit. To assess the authenticity of a free and informed consent, it is necessary to ensure that no external constraint or indirect coercion has been carried out, either by an act of the authorities or by an employer's practice.

<sup>15</sup> Trafficking in persons is defined as the recruitment, transportation, transfer, harboring or receipt of persons by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purposes of exploitation. Women and children are particularly vulnerable to trafficking practices.

<sup>16</sup> For community workers, see paragraph 36.

<sup>17</sup> This grievance mechanism will be provided separately from the grievance mechanism required under ESS10.

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23. The grievance mechanism will not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

### D. Occupational Health and Safety (OHS)

24. Measures relating to occupational health and safety will be applied to the project. The OHS measures will include the requirements of this Section, and will take into account the General EHSs and, as appropriate, the industry-specific EHSs and other GIIP. The OHS measures applying to the project will be set out in the legal agreement and the ESCP.<sup>18</sup>

25. The OHS measures will be designed and implemented to address: (a) identification of potential hazards to project workers, particularly those that may be life-threatening; (b) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (c) training of project workers and maintenance of training records; (d) documentation and reporting of occupational accidents, diseases and incidents; (e) emergency prevention and preparedness and response arrangements to emergency situations<sup>19</sup>; and (f) remedies for adverse impacts such as occupational injuries, deaths, disability and disease.<sup>20</sup>

26. All parties who employ or engage project workers will develop and implement procedures to establish and maintain a safe working environment, including that workplaces, machinery, equipment and processes under their control are safe and without risk to health, including by use of appropriate measures relating to chemical, physical and biological substances and agents. Such parties will actively collaborate and consult with project workers in promoting understanding, and methods for, implementation of OHS requirements, as well as in providing information to project workers, training on occupational safety and health, and provision of personal protective equipment without expense to the project workers.

27. Workplace processes will be put in place for project workers to report work situations that they believe are not safe or healthy, and to remove themselves from a work situation which they have reasonable justification to believe presents an imminent and serious danger to their life or health. Project workers who remove themselves from such situations will not be required to return to work until necessary remedial action to correct the situation has been taken. Project workers will not be retaliated against or otherwise subject to reprisal or negative action for such reporting or removal.

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<sup>18</sup> Section 2 of the General Environmental Health and Safety Guidelines (EHSs) on Occupational Health and Safety applies to all projects and can be found at

<http://www.ifc.org/wps/wcm/connect/9aef2880488559a983acd36a6515bb18/2%2BOccupational%2BHealth%2Band%2BSafety.pdf?MOD=AJPERES>. Each of the industry-specific guidelines addresses the OHS issues relevant to the particular industry. Links to each of these guidelines can be found at

[http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/our+approach/risk+management/ehsguidelines](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines)

<sup>19</sup> These arrangements will be coordinated with the Emergency Preparedness and Response measures established under ESS4.

<sup>20</sup> Such remedies should take into account, as applicable, the wage level and age of the project worker, the degree of adverse impact, and the number and age of dependents concerned.

## ESS2. Labor and Working Conditions

28. Project workers will be provided with facilities appropriate to the circumstances of their work, including access to canteens, hygiene facilities, and appropriate areas for rest. Where accommodation services<sup>21</sup> are provided to project workers, policies will be put in place and implemented on the management and quality of accommodation to protect and promote the health, safety, and well-being of the project workers, and to provide access to or provision of services that accommodate their physical, social and cultural needs.

29. Where project workers are employed or engaged by more than one party and are working together in one location, the parties who employ or engage the workers will collaborate in applying the OSH requirements, without prejudice to the responsibility of each party for the health and safety of its own workers.

30. A system for regular review of occupational safety and health performance and the working environment will be put in place and include identification of safety and health hazards and risks, implementation of effective methods for responding to identified hazards and risks, setting priorities for taking action, and evaluation of results.

### E. Contracted Workers

31. The Borrower will make reasonable efforts to ascertain that third parties<sup>22</sup> who engage contracted workers are legitimate and reliable entities and have in place labor management procedures applicable to the project that will allow them to operate in accordance with the requirements of this ESS, except for paragraphs 34-42.

32. The Borrower will establish procedures for managing and monitoring the performance of such third parties in relation to the requirements of this ESS. In addition, the Borrower will incorporate the requirements of this ESS into contractual agreements with such third parties, together with appropriate non-compliance remedies. In the case of subcontracting, the Borrower will require such third parties to include equivalent requirements and non-compliance remedies in their contractual agreements with subcontractors.

33. Contracted workers will have access to a grievance mechanism. In cases where the third party employing or engaging the workers is not able to provide a grievance mechanism to such workers, the Borrower will make the grievance mechanism provide under Section C of this ESS available to the contracted workers.

### F. Community Workers

34. Projects may include the use of community workers in a number of different circumstances, including where labor is provided by the community as a contribution to the project, or where projects are designed and conducted for the purpose of fostering community-driven development, providing a social safety net<sup>23</sup> or providing targeted assistance in fragile and conflict-affected situations. Given the nature and objectives of such projects, the application of all requirements of ESS2 may not be appropriate.

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<sup>21</sup> Those services might be provided either directly by the Borrower or by third parties.

<sup>22</sup> See footnote 3: this may include contractors, subcontractors, brokers, agents or intermediaries.

<sup>23</sup> For example, food-for-work programs and public works as safety nets programs.



## ESS2. Labor and Working Conditions

In all such circumstances, the Borrower will require measures<sup>24</sup> to be implemented to ascertain whether such labor is or will be provided on a voluntary basis as an outcome of individual or community agreement<sup>25</sup>.

35. Accordingly, where the project includes the provision of labor by community workers, the Borrower will apply the relevant provisions of this ESS in a manner which reflects and is proportionate to:

- (a) the nature and scope of the project;
- (b) the specific project activities in which the community workers are engaged; and
- (c) the nature of the potential risks and impacts to the community workers.

Paragraphs 9 to 15 (Working Conditions) and paragraphs 24 to 30 (Occupational Health and Safety) will be assessed in relation to community labor, and will be applied in a manner which reflects (a) to (c) above. The way in which these requirements will apply in the circumstances of the project will be set out in the labor management procedures.

36. In preparing the labor management procedures, the Borrower will clearly identify the terms and conditions on which community labor will be engaged, including amount and method of payment (if applicable) and times of work. The labor management procedures will also specify the way in which community workers can raise grievances in relation to the project. The Borrower will assess the potential risks and impacts of the activities to be conducted by community workers and, at a minimum, apply the relevant requirements of the General EHSs and industry-specific EHSs.

37. The Borrower will assess whether there is a risk of child labor or forced labor within community labor, identifying those risks consistent with paragraphs 17 to 20 above. The labor management procedures will set out roles and responsibilities for monitoring community workers. If cases of child labor or forced labor are identified, the Borrower will take appropriate steps to remedy them.

38. The review system established pursuant to paragraph 30 will take into account the provision of labor by community workers in the project, and that adequate training is provided to such workers, tailored to their particular needs and the potential risks and impacts of the project.

### G. Primary Supply Workers

39. As part of the environmental and social assessment, the Borrower will identify potential risks of child labor, forced labor and serious safety issues which may arise in relation to primary suppliers.

40. Where there is a significant risk of child labor or forced labor related to primary supply workers, the Borrower will require the primary supplier to identify those risks consistent with paragraphs 17 to 20 above. The labor management procedures will set out roles and responsibilities for monitoring primary

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<sup>24</sup> These measures will be documented in the labor management procedures.

<sup>25</sup> See footnote 14.

## ESS2. Labor and Working Conditions

suppliers. If child labor or forced labor cases are identified, the Borrower will require the primary supplier to take appropriate steps to remedy them.

41. Additionally, where there is a significant risk of serious safety issues related to primary supply workers, the Borrower will require the relevant primary supplier to introduce procedures and mitigation measures to address such safety issues. Such procedures and mitigation measures will be reviewed periodically to ascertain their effectiveness.

42. The ability of the Borrower to address these risks will depend upon the Borrower's level of control or influence over its primary suppliers. Where remedy is not possible, the Borrower will, within a reasonable period, shift the project's primary suppliers to suppliers that can demonstrate that they are meeting the relevant requirements of this ESS.

## **Environmental and Social Standard 3.**

### **Resource Efficiency and Pollution Prevention and Management**

#### **Introduction**

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1. ESS3 recognizes that economic activity and urbanization often generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. The current and projected atmospheric concentration of greenhouse gases (GHG) threatens the welfare of current and future generations. At the same time, more efficient and effective resource use, pollution prevention and GHG emission avoidance, and mitigation technologies and practices have become more accessible and achievable.
2. This ESS sets out the requirements to address resource efficiency and pollution<sup>1</sup> prevention and management<sup>2</sup> throughout the project life-cycle consistent with GIIP.

#### **Objectives**

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- To promote the sustainable use of resources, including energy, water and raw materials.
- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.
- To avoid or minimize project-related emissions of short and long-lived climate pollutants<sup>3</sup>.
- To avoid or minimize generation of hazardous and non-hazardous waste.
- To minimize and manage the risks and impacts associated with pesticide use.

#### **Scope of Application**

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3. The applicability of this ESS is established during the environmental and social assessment described in ESS1.

#### **Requirements**

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4. The Borrower will consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention measures in accordance with the mitigation hierarchy. The measures will be proportionate to the risks and impacts associated with the project and consistent with GIIP, in the first instance the EHSs.

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<sup>1</sup> The term “pollution” is used to refer to both hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as thermal discharge to water, emissions of short- and long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

<sup>2</sup> Unless otherwise noted in this ESS, “pollution management” includes measures designed to avoid or minimize emissions of pollutants, including short- and long-lived climate pollutants, given that measures which tend to encourage reduction in energy and raw material use, as well as emissions of local pollutants, also generally result in encouraging a reduction of emissions of short- and long-lived climate pollutants.

<sup>3</sup> This includes all GHGs and black carbon (BC).

## ESS3. Resource Efficiency and Pollution Prevention and Management

### Resource Efficiency

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5. The Borrower will implement technically and financially feasible measures for improving efficient consumption of energy, water and raw materials, as well as other resources. Such measures will integrate the principles of cleaner production into product design and production processes to conserve raw materials, energy and water, as well as other resources. Where benchmarking data are available, the Borrower will make a comparison to establish the relative level of efficiency.

#### A. Energy Use

6. The efficient use of energy is an important way in which the Borrower can contribute to sustainable development. When the project is a potentially significant user of energy, in addition to applying the resource efficiency requirements of this ESS, the Borrower will adopt measures specified in the EHSs to optimize energy usage, to the extent technically and financially feasible.

#### B. Water Use

7. When the project is a potentially significant user of water or will have potentially significant impacts on water quality, in addition to applying the resource efficiency requirements of this ESS, the Borrower will adopt measures, to the extent technically and financially feasible, that avoid or minimize water usage so that the project's water use does not have significant adverse impacts on communities, other users and the environment. These measures include, but are not limited to, the use of additional technically feasible water conservation measures within the Borrower's operations, the use of alternative water supplies, water consumption offsets to maintain total demand for water resources within the available supply, and evaluation of alternative project locations.

8. For projects with a high water demand that have potentially significant adverse impacts on communities, other users or the environment, the following will apply:

- A detailed water balance will be developed, maintained, monitored and reported periodically;
- Opportunities for improvement in water use efficiency will be identified and implemented;
- Specific water use (measured by volume of water used per unit production) will be assessed; and
- Operations must be benchmarked to available industry standards of water use efficiency.

9. The Borrower will assess, as part of the environmental and social assessment, the potential cumulative impacts of water use upon communities, other users and the environment and will identify and implement appropriate mitigation measures.

## ESS3. Resource Efficiency and Pollution Prevention and Management

### C. Raw Material Use

10. When the project is a potentially significant user of raw materials, in addition to applying the resource efficiency requirements of this ESS, the Borrower will adopt measures<sup>4</sup> specified in the EHSs and other GIIP to support efficient use of raw materials, to the extent technically and financially feasible.

### Pollution Prevention and Management

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11. The Borrower will avoid the release of pollutants or, when avoidance is not feasible, minimize and control the concentration and mass flow of their release using the performance levels and measures specified in national law or the EHSs, whichever is most stringent. This applies to the release of pollutants to air, water and land due to routine, non-routine, and accidental circumstances, and with the potential for local, regional, and transboundary impacts.

12. Where the project involves historical pollution,<sup>5</sup> the Borrower will establish a process to identify the responsible party. If the historical pollution could pose a significant risk to human health or the environment, the Borrower will undertake a health and safety risk assessment<sup>6</sup> of the existing pollution which may affect communities, workers and the environment. Any remediation of the site will be appropriately undertaken in accordance with national law and GIIP, whichever is most stringent.<sup>7</sup>

13. To address potential adverse project impacts on human health and the environment,<sup>8</sup> the Borrower will consider relevant factors, including, for example: (a) existing ambient conditions; (b) in areas already impacted by pollution, the remaining assimilative capacity<sup>9</sup> of the environment; (c) existing and future land use; (d) the project's proximity to areas of importance to biodiversity; (e) the potential for cumulative impacts with uncertain and/or irreversible consequences; and (f) impacts of climate change.

14. In addition to applying resource efficiency and pollution control measures as required in this ESS, when the project has the potential to constitute a significant source of emissions in an already degraded area, the Borrower will consider additional strategies and adopt measures that avoid or minimize negative effects. These strategies include, but are not limited to, evaluation of project location alternatives.

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<sup>4</sup> These measures can include reuse or recycling of materials. The Borrower will seek to reduce or eliminate the use of toxic or hazardous raw materials.

<sup>5</sup> In this context historical pollution is defined as pollution from past activities affecting land and water resources for which no party has assumed or been assigned responsibility to address and carry out the required remediation.

<sup>6</sup> Such assessment will follow a risk-based approach consistent with GIIP, in the first instance the EHSs.

<sup>7</sup> If one or more third parties are responsible for the historical pollution, the Borrower will consider seeking recourse from such parties so that such pollution is appropriately remediated. The Borrower will implement adequate measures so that historical pollution at the site does not pose a significant risk to the health and safety of workers and communities.

<sup>8</sup> Such as air, surface and groundwater and soils.

<sup>9</sup> Assimilative capacity refers to the capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.

## ESS3. Resource Efficiency and Pollution Prevention and Management

### A. Management of Air Pollution<sup>10</sup>

15. In addition to the resource efficiency measures described above, the Borrower will consider alternatives and implement technically and financially feasible and cost-effective<sup>11</sup> options<sup>12</sup> to avoid or minimize project-related air emissions during the design, construction and operation of the project.

16. As part of the environmental and social assessment of the project, the Borrower will characterize and estimate sources of air pollution related to the project<sup>13</sup>. This will include an estimate of gross GHG emissions resulting from the project, providing that such estimation is technically and financially feasible. Where the Borrower does not have the capacity to develop the estimate of GHG emissions, the Bank will provide assistance to the Borrower<sup>14</sup>. For projects that have diverse and small sources of emissions (for example, community-driven development projects) or where emissions are not likely to be significant (for example, projects in education and social protection), GHG estimations will not be required.

### B. Management of Hazardous and Non-hazardous Wastes

17. The Borrower will avoid the generation of hazardous and non-hazardous waste<sup>15</sup>. Where waste generation cannot be avoided, the Borrower will minimize the generation of waste, and reuse, recycle and recover waste in a manner that is safe for human health and the environment. Where waste cannot be reused, recycled or recovered, the Borrower will treat, destroy, or dispose of it in an environmentally sound and safe manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material.

18. If the generated waste is considered hazardous,<sup>16</sup> the Borrower will comply with existing requirements for management (including storage, transportation and disposal) of hazardous wastes including national legislation and applicable international conventions, including those relating to

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<sup>10</sup> 'Air pollution' refers to the release of air pollutants (often associated with the combustion of fossil fuels), such as nitrogen oxides (NOx), sulfur dioxide (SO<sub>2</sub>), carbon monoxide(CO), particulate matter (PM), as well as other contaminants including GHGs.

<sup>11</sup> Cost-effectiveness is determined according to the capital and operational cost and financial benefits of the options considered over the life of the project.

<sup>12</sup> The options for reducing or preventing air pollution may include a combination of approaches such as: enhancing energy efficiency, process modification, selection of fuels or other materials with less polluting emissions, and application of emissions control techniques. Options for reducing GHG emissions may include alternative project locations; adoption of renewable or low carbon energy sources; alternatives to refrigerants with high global warming potential; more sustainable agricultural, forestry and livestock management practices; the reduction of fugitive emissions and gas flaring; and carbon sequestration and storage; sustainable transport alternatives; and proper waste management practices.

<sup>13</sup> For the purposes of such estimate, the Borrower may utilize national methodologies accepted in the context of international agreements on climate change, with the agreement of the Bank.

<sup>14</sup> Depending on the capacity of the Borrower, the type of the project and the basis on which financing is being provided to the Borrower, this assistance may involve the Bank carrying out the GHG estimation on behalf of the Borrower, for example relating to IDA or FCS projects, working with Borrower counterparts and using project information provided by the Borrower. The Bank can also provide technical assistance to the Borrower in the use of the methodologies established by the Bank so that Borrower competency is strengthened in this respect.

<sup>15</sup> These wastes may include municipal waste, e-waste and animal waste.

<sup>16</sup> As defined by the EHSs and relevant national law.

## ESS3. Resource Efficiency and Pollution Prevention and Management

transboundary movement. Where such requirements are absent, the Borrower will adopt GIP alternatives for its environmentally sound and safe management and disposal. When hazardous waste management is conducted by third parties, the Borrower will use contractors that are reputable and legitimate enterprises licensed by the relevant government regulatory agencies and, with respect to transportation and disposal, obtain chain of custody documentation to the final destination. The Borrower will ascertain whether licensed disposal sites are being operated to acceptable standards and where they are, the Borrower will use these sites. Where licensed sites are not being operated to acceptable standards, the Borrower will minimize waste sent to such sites and consider alternative disposal options, including the possibility of developing its own recovery or disposal facilities at the project site or elsewhere.

### C. Management of Chemicals and Hazardous Materials

19. The Borrower will avoid the manufacture, trade and use of chemicals and hazardous materials subject to international bans, restrictions or phase-outs unless for an acceptable purpose as defined by the conventions or protocols or if an exemption has been obtained by the Borrower, consistent with Borrower government commitments under the applicable international agreements.

20. The Borrower will minimize and control the release and use of hazardous materials<sup>17</sup>. The production, transportation, handling, storage, and use of hazardous materials for project activities will be assessed through the environmental and social assessment. The Borrower will consider less hazardous substitutes where hazardous materials are intended to be used in manufacturing processes or other operations.

### D. Management of Pesticides

21. Where projects involve recourse to pest management measures, the Borrower will give preference to integrated pest management (IPM)<sup>18</sup> or integrated vector management (IVM)<sup>19</sup> approaches using combined or multiple tactics.

22. In the procurement of any pesticide the Borrower will assess the nature and degree of associated risks, taking into account the proposed use and the intended users.<sup>20</sup> The Borrower will not use any pesticides or pesticide products or formulations unless such use is in compliance with the EHSGs. In addition, the Borrower will also not use any pesticide products that contain active ingredients that are restricted under applicable international conventions or their protocols or that are listed in, or meeting, the criteria of their annexes, unless for an acceptable purpose as defined by such conventions, their protocols or annexes, or if an exemption has been obtained by the Borrower under such conventions, their protocol or annexes, consistent with Borrower commitments under these and other applicable international agreements. The Borrower will also not use any formulated pesticide products that meet

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<sup>17</sup> These materials may include chemical fertilizer, soil amendments and chemicals other than pesticides.

<sup>18</sup> IPM refers to a mix of farmer-driven, ecologically based pest control practices that seeks to reduce reliance on synthetic chemical pesticides. It involves: (a) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (b) integrating multiple methods (relying, to the extent possible, on nonchemical measures) to keep pest populations low; and (c) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment.

<sup>19</sup> IVM "is a rational decision-making process for the optimal use of resources for vector control. The approach seeks to improve the efficacy, cost-effectiveness, ecological soundness and sustainability of disease-vector control."

<sup>20</sup> This assessment is made in the context of the environmental and social impact assessment.

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the criteria of carcinogenicity, mutagenicity, or reproductive toxicity as set forth by relevant international agencies. For any other pesticide products that poses other potentially serious risk to human health or the environment and that are identified in internationally recognized classification and labelling systems, the Borrower will not use pesticide formulations of products if: (a) the country lacks restrictions on their distribution, management and use; or (b) they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly.

23. The following additional criteria apply to the selection and use of such pesticides: (a) they will have negligible adverse human health effects; (b) they will be shown to be effective against the target species; (c) they will have minimal effect on non-target species and the natural environment. The methods, timing, and frequency of pesticide application are aimed to minimize damage to natural enemies. Pesticides used in public health programs will be demonstrated to be safe for inhabitants and domestic animals in the treated areas, as well as for personnel applying them; (d) their use will take into account the need to prevent the development of resistance in pests; (e) where registration is required, all pesticides will be registered or otherwise authorized for use on the crops and livestock, or for the use patterns, for which they are intended under the project.

24. The Borrower will ensure that all pesticides used will be manufactured, formulated, packaged, labeled, handled, stored, disposed of, and applied according to relevant international standards and codes of conduct, as well as the EHSGs.

25. For any project involving significant pest management issues<sup>21</sup> or any project contemplating activities that may lead to significant pest and pesticide management issues,<sup>22</sup> the Borrower will prepare a Pest Management Plan (PMP)<sup>23</sup>. A pest management plan will also be prepared when proposed financing of pest control products represents a large component of the project.<sup>24</sup>

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<sup>21</sup> Such issues would include: (a) migratory locust control; (b) mosquito or other disease vector control; (c) bird control; (d) rodent control, etc.

<sup>22</sup> Such as: (a) new land-use development or changed cultivation practices in an area; (b) significant expansion into new areas; (c) diversification into new crops in agriculture; (d) intensification of existing low-technology systems; (e) proposed procurement of relatively hazardous pest control products or methods; or (f) specific environmental or health concerns (e.g., proximity of protected areas or important aquatic resources; worker safety).

<sup>23</sup> Depending on the nature and the scale of the risks and impacts of the project, the elements of a PMP may be included as part of the ESCP and preparation of a stand-alone PMP may not be necessary.

<sup>24</sup> This is when financing of substantial quantities of pesticides is envisaged. A pest management plan is not required for the procurement or use of impregnated bednets for malaria control, or of insecticides for intradomestic spraying for malaria control identified in internationally recognized classification systems.



## **Environmental and Social Standard 4. Community Health and Safety**

### **Introduction**

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1. ESS4 recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration or intensification of impacts due to project activities.
2. ESS4 addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of Borrowers to avoid or minimize such risks and impacts, with particular attention to people who, because of their particular circumstances, may be vulnerable.

### **Objectives**

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- To anticipate and avoid adverse impacts on the health and safety of project-affected communities during the project life-cycle from both routine and non-routine circumstances.
- To promote quality and safety, and considerations relating to climate change, in the design and construction of infrastructure, including dams.
- To avoid or minimize community exposure to project-related traffic and road safety risks, diseases and hazardous materials.
- To have in place effective measures to address emergency events.
- To ensure that the safeguarding of personnel and property is carried out in a manner that avoids or minimizes risks to the project-affected communities.

### **Scope of Application**

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3. The applicability of this ESS is established during the environmental and social assessment described in ESS1.
4. This ESS addresses potential risks and impacts on communities that may be affected by project activities. Occupational health and safety (OHS) requirements for project workers are set out in ESS2, and measures to avoid or minimize impacts on human health and the environment due to existing or potential pollution are set out in ESS3.

### **Requirements**

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#### **A. Community Health and Safety**

5. The Borrower will evaluate the risks and impacts of the project on the health and safety of the affected communities during the project life-cycle, including those who, because of their particular circumstances, may be vulnerable. The Borrower will identify risks and impacts and propose mitigation measures in accordance with the mitigation hierarchy.

#### **Infrastructure and Equipment Design and Safety**

6. The Borrower will design, construct, operate, and decommission the structural elements of the project in accordance with national legal requirements, the EHSs and other GIIP, taking into

## ESS4. Community Health and Safety

consideration safety risks to third parties and affected communities. Structural elements of a project will be designed and constructed by competent professionals, and certified or approved by competent authorities or professionals<sup>1</sup>. Structural design will take into account climate change considerations, as appropriate.

7. Where the project includes new buildings and structures that will be accessed by members of the public, the Borrower will consider the incremental risks of the public's potential exposure to operational accidents or natural hazards, including extreme weather events. Where technically and financially feasible, the Borrower will also apply the concept of universal access<sup>2</sup> to the design and construction of such new buildings and structures.

8. When structural elements or components of a project are situated in high-risk locations, including those with risk of extreme weather or slow onset events, and their failure or malfunction may threaten the safety of communities, the Borrower will engage one or more independent experts with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, construction, operation, and decommissioning. Where the project involves a new or existing dam, the Borrower will provide sufficient resources to apply the requirements on safety of dams, as set out in Annex 1.

### *Safety of Services*

9. Where the project involves provision of services to communities, the Borrower will establish and implement appropriate quality management systems to anticipate and minimize risks and impacts that such services may have on community health and safety. In such circumstances, the Borrower will also apply the concept of universal access, where technically and financially feasible.

### *Traffic and Road Safety*

10. The Borrower will identify, evaluate and monitor the potential traffic<sup>3</sup> and road safety risks to workers, affected communities and road users throughout the project life-cycle and, where appropriate, will develop measures and plans to address them. The Borrower will incorporate technically and financially feasible road safety measures into the project design to prevent and mitigate potential road safety risks to road users and affected communities.

11. Where appropriate, the Borrower will undertake a road safety assessment for each phase of the project, and will monitor incidents and accidents, and prepare regular reports of such monitoring. The Borrower will use the reports to identify negative safety issues, and establish and implement measures to resolve them.

12. For vehicles or fleets of vehicles for the purposes of the project (owned or leased), the Borrower will put in place appropriate processes, including driver training, to improve driver and vehicle safety, as

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<sup>1</sup> This may include, where appropriate, third-party life and fire safety audits for existing buildings that are used for communal purposes and for new buildings prior to their commissioning or use.

<sup>2</sup> The concept of universal access means unimpeded access for people of all ages and abilities in different situations and under various circumstances, as set out in GIIP.

<sup>3</sup> May include all motorized transportation relevant to the project.

## ESS4. Community Health and Safety

well as systems for monitoring and enforcement. The Borrower will consider the safety record or rating of vehicles in purchase or leasing decisions and require regular maintenance of all project vehicles.

13. For projects that operate construction and other equipment on public roads or where the use of project equipment could have an impact on public roads or other public infrastructure, the Borrower will take appropriate safety measures to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment.

### *Ecosystem Services*

14. The project's direct impacts on ecosystem services may result in adverse health and safety risks to and impacts on affected communities<sup>4</sup>. With respect to this ESS, ecosystem services are limited to provisioning and regulating services as defined in ESS1. Where appropriate and feasible, the Borrower will identify the project's potential risks and impacts on ecosystem services that may be exacerbated by climate change. Adverse impacts will be avoided, and if they are unavoidable, the Borrower will implement appropriate mitigation measures.

### *Community Exposure to Health Issues*

15. The Borrower will avoid or minimize the potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and communicable and non-communicable diseases that could result from project activities, taking into consideration differentiated exposure to and higher sensitivity of vulnerable groups. Where specific diseases<sup>5</sup> are endemic in communities in the project area, the Borrower is encouraged to explore opportunities during the project life-cycle to improve environmental conditions that could help minimize their incidence.

16. The Borrower will take measures to avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor.

### *Management and Safety of Hazardous Materials*

17. The Borrower will avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be life-threatening, the Borrower will exercise special care to avoid or minimize their exposure by modifying, substituting, or eliminating the condition or material causing the potential hazards. Where hazardous materials are part of existing project infrastructure or components, the Borrower will exercise due care during construction and implementation of the project, including decommissioning, to avoid exposure to the community.

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<sup>4</sup> For example, land use changes or the loss of natural buffer areas, such as wetlands, mangroves and upland forests, which mitigate the effects of natural hazards such as flooding, landslides and fire, may result in increased vulnerability and community safety-related risks and impacts. The diminution or degradation of natural resources, such as adverse impacts on the quality, quantity, and availability of freshwater, may result in health-related risks and impacts.

<sup>5</sup> Such as malaria.

## ESS4. Community Health and Safety

18. The Borrower will implement measures and actions to control the safety of deliveries of hazardous materials, and of storage, transportation and disposal of hazardous materials and wastes, and will implement measures to avoid or control community exposure to such hazardous material.

### *Emergency Preparedness and Response*

19. The Borrower will identify and implement measures to address emergency events. An emergency event is an unanticipated incident, arising from both natural and man-made hazards, typically in the form of fire, explosions, leaks or spills, which may occur for a variety of different reasons, including failure to implement operating procedures that are designed to prevent their occurrence, extreme weather or lack of early warning. The measures will be designed to address the emergency event in a coordinated and expeditious manner, to prevent it from injuring the health and safety of the community, and to minimize, mitigate and compensate for any impacts that may occur.

20. Borrowers engaged in projects having the potential to generate emergency events will conduct a risk hazard assessment (RHA), as part of the environmental and social assessment undertaken pursuant to ESS1. Based on the results of the RHA, the Borrower will prepare an Emergency Response Plan (ERP) in coordination with the relevant local authorities and the affected community, and will take into account the emergency prevention, preparedness and response arrangements put into place with project workers under ESS2.<sup>6</sup>

21. An ERP will include, as appropriate: (a) engineering controls (such as containment, automatic alarms, and shut-off systems) proportionate to the nature and scale of the hazard; (b) identification of and secure access to emergency equipment available on-site and nearby; (c) notification procedures for designated emergency responders; (d) diverse media channels for notification of the affected community and other stakeholders; (e) a training program for emergency responders including drills at regular intervals; (f) public evacuation procedures; (g) designated coordinator for ERP implementation; and (h) measures for restoration and clean-up of the environment following any major accident.

22. The Borrower will document its emergency preparedness and response activities, resources, and responsibilities, and will disclose appropriate information, as well as any subsequent material changes thereto, to affected communities, relevant government agencies, or other relevant parties. The Borrower will assist and collaborate with affected communities, relevant government agencies and other relevant parties in their preparations to respond effectively to an emergency event, especially where their participation and collaboration will be an important part of an effective response.

23. The Borrower will review the ERP on a regular basis, and confirm that it is still capable of addressing the potential range of emergency events that might arise in connection with the project. The Borrower will support affected communities, relevant government agencies and other relevant parties through training and collaboration, and will conduct such training in conjunction with the training provided to project workers as part of the OHS requirements under ESS2.

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<sup>6</sup> ESS2, paragraph 25.

## ESS4. Community Health and Safety

### B. Security Personnel

24. When the Borrower retains direct or contracted workers to provide security to safeguard its personnel and property, it will assess risks posed by these security arrangements to those within and outside the project site. In making such arrangements, the Borrower will be guided by the principles of proportionality and GIIP, and by applicable law, in relation to hiring, rules of conduct, training, equipping, and monitoring of such security workers. The Borrower will not sanction any use of force by direct or contracted workers in providing security except when used for preventive and defensive purposes in proportion to the nature and extent of the threat.

25. The Borrower will seek to ensure that government security personnel deployed to provide security services act in a manner consistent with paragraph 24 above, and encourage the relevant authorities to disclose the security arrangements for the Borrower's facilities to the public, subject to overriding security concerns.

26. The Borrower will (i) make reasonable inquiries to verify that the direct or contracted workers retained by the Borrower to provide security are not implicated in past abuses; (ii) train them adequately (or determine that they are properly trained) in the use of force (and where applicable, firearms), and appropriate conduct toward workers and affected communities; and (iii) require them to act within the applicable law and any requirements set out in the ESCP.

27. The Borrower will review all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence and, where necessary, report unlawful and abusive acts to the relevant authorities.

## ESS4. Community Health and Safety

### ESS4 – ANNEX 1. SAFETY OF DAMS

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#### A. New Dams

1. The Borrower will engage experienced and competent professionals for the supervision of the design and construction of new dams<sup>1</sup>, and require the owner of the dam to adopt and implement dam safety measures during the design, bid tendering, construction, operation, and maintenance of the dam and associated works.
2. The dam safety requirements set out in this Annex apply to:
  - (a) “Large dams” which are defined as dams with a height of 15 meters or greater from the lowest foundation to crest or dams between 5 meters and 15 meters impounding more than 3 million cubic meters;
  - (b) All other dams regardless of size or retention capacity (referred to as “small dams”) that (i) could cause safety risks, such as an unusually large flood-handling requirement, location in a zone of high seismicity, foundations that are complex and difficult to prepare, retention of toxic materials, or potential for significant downstream impacts or (ii) are expected to become large dams during their operating life.
3. The dams referred to in paragraph 2 require:
  - (a) Reviews by an independent panel of experts (the Panel) of the investigation, design, and construction of the dam and the start of operations;
  - (b) Preparation and implementation of the following detailed plans, as further described in Section C<sup>2</sup>: a plan for construction supervision and quality assurance, an instrumentation plan, an operation and maintenance plan, and an emergency preparedness plan.;
  - (c) Prequalification of bidders during procurement and bid tendering; and
  - (d) Periodic safety inspections of the dam after completion, and implementation of measures required to address safety deficiencies.
4. The risks associated with a dam are design and situation specific, and will vary depending on structural components, socioeconomic factors and the environment within which the dam is being

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<sup>1</sup> Dams include, for example, a water storage dam for a hydropower, water supply, irrigation, flood control, or multipurpose project, a tailings or a slimes dam, or an ash impoundment dam.

<sup>2</sup> As part of established dam safety practices in certain countries, the Operation and Maintenance (O&M) Plan includes the Instrumentation Plan and the Emergency Preparedness Plan as specific sections of the O&M Plan. This method will be acceptable provided the relevant sections of the O&M Plan contain the details, and are prepared in accordance with the timing, set out in Section C below.

## ESS4. Community Health and Safety

constructed and will operate. Application of the requirements set out in paragraph 3 will reflect these considerations, and be proportionate to the size, complexity and potential risk of the dam.

5. Where a dam does not fall into the categories set out in paragraph 2, dam safety measures designed by qualified engineers in accordance with GIIP will be adopted and implemented.<sup>3</sup>
6. The Panel referred to in paragraph 3 above consists of three or more experts, appointed by the Borrower and acceptable to the Bank, with expertise in the various technical fields relevant to the safety aspects of the particular dam.<sup>4</sup> The Panel will review and advise the Borrower on matters relative to dam safety and other critical aspects of the dam, its appurtenant structures, the catchment area, the area surrounding the reservoir, and downstream areas. The Borrower will normally extend the Panel's composition and terms of reference beyond dam safety, to cover such areas as project formulation; technical design; construction procedures; and, for water storage dams, associated works such as power facilities, river diversion during construction, ship lifts, and fish ladders.
7. The Borrower will contract the services of the Panel and will provide administrative support for its activities. Beginning as early in project preparation as possible, the Borrower will arrange for periodic Panel meetings and reviews, which will continue through the investigation, design, construction, and initial filling and start-up phases of the dam.<sup>5</sup> The Borrower will inform the Bank in advance of the Panel meetings<sup>6</sup>. After each meeting, the Panel will provide the Borrower with a written report of its conclusions and recommendations, signed by each participating member; the Borrower will provide a copy of the Panel's report to the Bank. Following the filling of the reservoir and start-up of the dam, the Bank will review the Panel's findings and recommendations. If no significant difficulties are encountered in the filling and start-up of the dam, the Borrower may disband the Panel.

### B. Existing Dams and Dams under Construction (DUC)

8. Where a project relies or may rely on the performance of an existing dam or a dam under construction (DUC) in the Borrower's territory, the Borrower will arrange for one or more independent dam specialists to: (a) inspect and evaluate the safety status of the existing dam or DUC, its appurtenances, and its performance history; (b) review and evaluate the owner's operation and maintenance procedures; and (c) provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade the existing dam or DUC to an acceptable standard of safety.
9. Such projects include, for example, power stations or water supply systems that draw directly from a reservoir controlled by an existing dam or a DUC; diversion dams or hydraulic structures downstream

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<sup>3</sup> In such circumstances, the Borrower will confirm, through the environmental and social assessment, that there will be no or negligible risk of significant adverse impacts due to potential failure of the dam structure to local communities and assets, including assets to be financed as part of the proposed project. Such dams could include farm ponds, local silt retention dams and low embankment tanks.

<sup>4</sup> The number, professional breadth, technical expertise, and experience of Panel members are appropriate to the size, complexity, and hazard potential of the dam under consideration. For high-hazard dams, in particular, the Panel members will possess recognized international expertise in their field.

<sup>5</sup> If the Bank's involvement begins at a later stage than project preparation, the Panel is constituted as soon as possible and reviews any aspects of the project that have already been carried out.

<sup>6</sup> The Bank will normally send an observer to these meetings.

## ESS4. Community Health and Safety

from an existing dam or a DUC, where failure of the upstream dam could cause extensive damage to or failure of the project facilities; and irrigation or water supply projects that will depend on the storage and operation of an existing dam or a DUC for their supply of water and could not function if the dam failed. They also include projects that require increases in the capacity of an existing dam, or changes in the characteristics of the impounded materials, where failure of the existing dam could cause extensive damage to or failure of project facilities.

10. The Borrower may use a previously prepared dam safety assessment or recommendations for improvements needed in an existing dam or DUC, if: (a) an effective dam safety program is already in operation; and (b) full-level inspections and dam safety assessments of the existing dam or DUC have already been conducted and documented, and are satisfactory to the Bank.
11. For projects that include additional dam safety measures or require remedial work, the Borrower will require that: (a) the dam is designed and its construction is supervised by competent professionals; and (b) the reports and plans required for a new dam (specified in paragraph 3 (b)) are prepared and implemented. For high-hazard cases involving significant and complex remedial work, the Borrower will also employ a panel of independent experts on the same basis as for a new dam (see paragraphs 3 (a) and 6 of this Annex).
12. When the owner of the existing dam or DUC is an entity other than the Borrower, the Borrower will enter into agreements or arrangements providing for the measures set out in paragraphs 8 to 11 of this Annex to be undertaken by the owner.
13. Where appropriate, the Borrower may discuss with the Bank any measures necessary to strengthen the institutional, legislative and regulatory frameworks for dam safety programs in the country.

### C. Dam Safety Reports

14. Dam safety reports will contain the information set out below and be prepared as follows:
  - (a) *Plan for construction supervision and quality assurance.* This plan will set out details of the organization, staffing levels, procedures, equipment and qualifications for supervision of the construction of a new dam or of remedial work on an existing dam. For a dam other than a water storage dam<sup>7</sup>, this plan takes into account the usual long construction period, covering the supervision requirements as the dam grows in height—with any accompanying changes in construction materials or the characteristics of the impounded material—over a period of years. This plan will be prepared and submitted to the Bank during project preparation.
  - (b) *Instrumentation plan.* This is a detailed plan for the installation of instruments to monitor and record dam behavior and the related hydrometeorological, structural and seismic factors. This plan will be prepared and submitted to the Panel and Bank before bid tendering.

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<sup>7</sup> For example, tailings dam or ash impoundment dam.



## ESS4. Community Health and Safety

- (c) *Operation and maintenance (O&M) plan*. This plan will set out details of the organizational structure, staffing, technical expertise and training required; equipment and facilities needed to operate and maintain the dam; O&M procedures; and arrangements for funding O&M, including long-term maintenance and safety inspections. The O&M plan for a dam other than a water storage dam, in particular, will reflect changes in the dam's structure or in the nature of the impounded material that may be expected over a period of years. Elements required to finalize the plan and initiate operations are normally financed under the project. A preliminary plan will be prepared and provided to the Bank during project preparation. The plan will be refined and completed during project implementation. The final plan will be completed not less than six months prior to the start of the initial filling of the reservoir. Elements required to finalize the plan and initiate operations are normally financed under the project.
- (d) *Emergency preparedness plan*. This plan will specify the roles of responsible parties when dam failure is considered imminent, or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels. It will include the following: clear statements on the responsibility for decision-making relating to dam operations and for the related emergency communications; maps outlining inundation levels for various emergency conditions; flood warning system characteristics; and procedures for evacuating threatened areas and mobilizing emergency forces and equipment. The plan for emergency communication will include the mechanism through which potentially affected downstream communities will be informed. The broad framework plan and an estimate of funds needed to prepare the plan in detail will be prepared and provided to the Bank during project preparation. The plan itself will be prepared during implementation and is provided to the Panel and Bank for review not later than one year before the projected date of initial filling of the reservoir.

## Environmental and Social Standard 5

### Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

#### Introduction

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1. ESS5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition<sup>1</sup> or restrictions on land use<sup>2</sup> may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood),<sup>3</sup> or both. The term “involuntary resettlement” refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

2. Experience and research indicate that physical and economic displacement, if unmitigated, may give rise to severe economic, social and environmental risks: production systems may be dismantled; people face impoverishment if their productive resources or other income sources are lost; people may be relocated to environments where their productive skills are less applicable and the competition for resources greater; community institutions and social networks may be weakened; kin groups may be dispersed; and cultural identity, traditional authority, and the potential for mutual help may be diminished or lost. For these reasons, involuntary resettlement should be avoided.<sup>4</sup> Where involuntary resettlement is unavoidable, it will be minimized and appropriate measures to mitigate adverse impacts on displaced persons (and on host communities receiving displaced persons) will be carefully planned and implemented.

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<sup>1</sup> “*Land acquisition*” refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies.

<sup>2</sup> “*Restrictions on land use*” refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, restrictions on land use within utility easements or safety zones.

<sup>3</sup> “*Livelihood*” refers to the full range of means that individuals, families and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade and bartering.

<sup>4</sup> Avoidance is the preferred approach in accordance with the mitigation hierarchy in ESS1. It is especially important to avoid physical or economic displacement of those socially or economically vulnerable to hardship as a result. However, avoidance may not be the preferred approach in situations where public health or safety would be adversely affected as a result. There may also be situations where resettlement can provide direct development opportunities for households or communities, including improved housing and public health conditions, strengthened security of tenure or other improvements to local living standards.

## ESS5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

### Objectives

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- To avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives.
- To avoid forced eviction.<sup>5</sup>
- To mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by: (a) providing timely compensation for loss of assets at replacement cost<sup>6</sup> and (b) assisting displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
- To improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure.<sup>7</sup>
- To conceive and execute resettlement activities as sustainable development programs, providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant.
- To ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.

### Scope of Application

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3. The applicability of ESS5 is established during the environmental and social assessment described in ESS1.

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<sup>5</sup> See paragraph 31.

<sup>6</sup> "Replacement cost" is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labor for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.

<sup>7</sup> "Security of tenure" means that resettled individuals or communities are resettled to a site that they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate. In no event will resettled persons be provided tenure rights that are in effect weaker than the rights they had to the land or assets from which they have been displaced.

## ESS5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

4. This ESS applies to permanent or temporary physical and economic displacement resulting from the following types of land acquisition or restrictions on land use undertaken or imposed in connection with project implementation:

- (a) Land rights or land use rights acquired or restricted through expropriation or other compulsory procedures in accordance with national law;
- (b) Land rights or land use rights acquired or restricted through negotiated settlements with property owners or those with legal rights to the land, if failure to reach settlement would have resulted in expropriation or other compulsory procedures;<sup>8</sup>
- (c) Restrictions on land use and access to natural resources that cause a community or groups within a community to lose access to resource usage where they have traditional or customary tenure, or recognizable usage rights. This may include situations where legally designated protected areas, forests, biodiversity areas or buffer zones are established in connection with the project;<sup>9</sup>
- (d) Relocation of people without formal, traditional, or recognizable usage rights, who are occupying or utilizing land prior to a project-specific cut-off date;
- (e) Displacement of people as a result of project impacts that render their land unusable or inaccessible;
- (f) Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, fresh water, medicinal plants, hunting and gathering grounds and grazing and cropping areas;
- (g) Land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation;<sup>10</sup> and

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<sup>8</sup> Notwithstanding the application of this ESS to such situations, the Borrower is encouraged to seek negotiated settlements with affected persons in a manner meeting the requirements of this ESS in order to help avoid administrative or judicial delays associated with formal expropriation, and to the extent possible to reduce the impacts on affected persons associated with formal expropriation.

<sup>9</sup> In such situations, affected persons frequently do not have formal ownership. This may include freshwater and marine environments. This ESS does not apply to restrictions of access to natural resources under community-based natural resource management projects, i.e. where the community using the resources collectively decides to restrict access to these resources, provided that an assessment satisfactory to the Bank establishes that the community decision-making process is adequate and reflects voluntary, informed consensus, and that appropriate measures have been agreed and put in place to mitigate adverse impacts, if any, on the vulnerable members of the community.

<sup>10</sup> In some circumstances, it may be proposed that part or all of the land to be used by the project is donated on a voluntary basis without payment of full compensation. Subject to prior Bank approval, this may be acceptable providing the Borrower demonstrates that: (a) the potential donor or donors have been appropriately informed and consulted about the project and the choices available to them; (b) potential donors are aware that refusal is an

## ESS5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

(h) Land acquisition or land use restrictions occurring prior to the project, but which were undertaken or initiated in anticipation of, or in preparation for, the project.

5. This ESS does not apply to impacts on incomes or livelihoods that are not a direct result of land acquisition or land use restrictions imposed by the project. Such impacts will be addressed in accordance with ESS 1.

6. This ESS does not apply to voluntary, legally recorded market transactions in which the seller is given a genuine opportunity to retain the land and to refuse to sell it, and is fully informed about available choices and their implications. However, where such voluntary land transactions may result in the displacement of persons, other than the seller, who occupy, use or claim rights to the land in question, this ESS will apply.<sup>11</sup>

7. Where a project supports land titling or other activities intended to confirm, regularize or determine land rights, a social, legal and institutional assessment will be required under ESS 1<sup>12</sup>. The assessment aims to identify potential risks and impacts, as well as appropriate design measures to minimize and mitigate adverse economic and social impacts, especially those that affect poor and vulnerable groups<sup>13</sup>. This ESS does not apply to disputes between private parties in land titling or related contexts. However, where persons are required to vacate land as a direct result of a project-supported determination that the land in question is state land, this ESS will apply (in addition to the relevant provisions of ESS 1 mentioned above).

8. This ESS does not apply to land use planning or the regulation of natural resources to promote their sustainability on a regional, national or subnational level (including watershed management, groundwater management, fisheries management, and coastal zone management). Where a project supports such activities, the Borrower will be required to conduct a social, legal and institutional

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option, and have confirmed in writing their willingness to proceed with the donation; (c) the amount of land being donated is minor and will not reduce the donor's remaining land area below that required to maintain the donor's livelihood at current levels; (d) no household relocation is involved; (e) the donor is expected to benefit directly from the project; and (f) for community or collective land, donation can only occur with the consent of individuals using or occupying the land. The Borrower will maintain a transparent record of all consultations and agreements reached.

<sup>11</sup> This may include situations where a project supports voluntary transactions between communities, governments and investors involving significant areas of land (for example where a project involves support to commercial investment in agricultural land). In such cases, in applying the relevant provisions of this ESS, special care must be taken to ensure: (a) that all tenure rights and claims (including those of customary and informal users) affecting the land in question are systematically and impartially identified; (b) that potentially affected individuals, groups or communities are meaningfully consulted, informed of their rights, and provided reliable information concerning environmental, economic, social and food security impacts of the proposed investment; (c) that community stakeholders are enabled to negotiate fair value and appropriate conditions for the transfer; (d) that appropriate compensation, benefit-sharing and grievance redress mechanisms are put in place; (e) that terms and conditions of the transfer are transparent, and (f) mechanisms are put in place for monitoring compliance with those terms and conditions.

<sup>12</sup> ESS 1, para. 28(b).

<sup>13</sup> See ESS 1, footnote 28.

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assessment under ESS 1, in order to identify potential economic and social risks and impacts of the planning or regulation, and appropriate measures to minimize and mitigate them, in particular those that affect poor and vulnerable groups.

9. This ESS does not apply to management of refugees from, or persons internally displaced by, natural disasters, conflict, crime or violence.

### Requirements

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#### A. General

##### *Eligibility Classification*

10. Affected persons may be classified as persons:
- (a) Who have formal legal rights to land or assets;
  - (b) Who do not have formal legal rights to land or assets, but have a claim to land or assets that is recognized or recognizable under national law;<sup>14</sup> or
  - (c) Who have no recognizable legal right or claim to the land or assets they occupy or use.

The census described in paragraph 20 will establish the status of the affected persons.

##### *Project Design*

11. The Borrower will demonstrate that involuntary land acquisition or restrictions on land use are limited to direct project requirements for clearly specified project purposes within a clearly specified period of time. The Borrower will consider feasible alternative project designs to avoid or minimize land acquisition or restrictions on land use, especially where this would result in physical or economic displacement, while balancing environmental, social, and financial costs and benefits, and paying particular attention to gender impacts and impacts on the poor and vulnerable.

##### *Compensation and Benefits for Affected Persons*

12. When land acquisition or restrictions on land use (whether permanent or temporary) cannot be avoided, the Borrower will offer affected persons compensation at replacement cost, and other assistance as may be necessary to help them improve or at least restore their standards of living or livelihoods, subject to the provisions of paragraph 26 through 36 of this ESS.<sup>15</sup>

13. Compensation standards for categories of land and fixed assets will be disclosed and applied consistently. Compensation rates may be subject to upward adjustment where negotiation strategies are

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<sup>14</sup> Such claims could be derived from adverse possession or from customary or traditional tenure arrangements.

<sup>15</sup> At the request of affected persons, it may be necessary to acquire entire land parcels if partial acquisition would render the remainder economically unviable, or make the remaining parcel unsafe or inaccessible for human use or occupancy.

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employed. In all cases, a clear basis for calculation of compensation will be documented, and compensation distributed in accordance with transparent procedures.

14. Where livelihoods of displaced persons are land-based,<sup>16</sup> or where land is collectively owned, the Borrower will offer the displaced persons an option for replacement land in accordance with paragraph 35(a), unless it can be demonstrated to the Bank's satisfaction that equivalent replacement land is unavailable. As the nature and objectives of the project may allow, the Borrower will also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project. In the case of affected persons under paragraph 10 (c), resettlement assistance will be provided in lieu of compensation for land, as described in paragraphs 29 and 34 (c).

15. The Borrower will take possession of acquired land and related assets only after compensation in accordance with this ESS has been made available and, where applicable, displaced people have been resettled and moving allowances have been provided to the displaced persons in addition to compensation. In addition, livelihood restoration and improvement programs will commence in a timely fashion in order to ensure that affected persons are sufficiently prepared to take advantage of alternative livelihood opportunities as the need to do so arises.

16. In certain cases there may be significant difficulties related to the payment of compensation to particular affected persons, for example, where repeated efforts to contact absentee owners have failed, where project affected persons have rejected compensation that has been offered to them in accordance with the approved plan, or where competing claims to the ownership of lands or assets are subject to lengthy legal proceedings. On an exceptional basis, with prior agreement of the Bank, and where the Borrower demonstrates that all reasonable efforts to resolve such matters have been taken, the Borrower may deposit compensation funds as required by the plan (plus a reasonable additional amount for contingencies) into an interest-bearing escrow or other deposit account and proceed with the relevant project activities. Compensation placed in escrow will be made available to eligible persons in a timely manner as issues are resolved.

### Community Engagement

17. The Borrower will engage with affected communities, including host communities, through the process of stakeholder engagement described in ESS10. Decision-making processes related to resettlement and livelihood restoration will include options and alternatives from which affected persons may choose. Disclosure of relevant information and meaningful participation of affected communities and persons will take place during the consideration of alternative project designs referred to in paragraph 11, and thereafter throughout the planning, implementation, monitoring, and evaluation of the compensation process, livelihood restoration activities, and relocation process. Additional provisions apply to consultations with displaced Indigenous Peoples, in accordance with ESS7.

18. The consultation process should ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation. Addressing livelihood impacts may require intra-household analysis in cases where women's and men's livelihoods are affected

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<sup>16</sup> The term "land-based" includes livelihood activities such as rotational cropping and grazing of livestock as well as the harvesting of natural resources.

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differently. Women's and men's preferences in terms of compensation mechanisms, such as replacement land or alternative access to natural resources rather than in cash, should be explored.

### *Grievance Mechanism*

19. The Borrower will ensure that a grievance mechanism for the project is in place, in accordance with ESS10 as early as possible in project development to address specific concerns about compensation, relocation or livelihood restoration measures raised by displaced persons (or others) in a timely fashion. Where possible, such grievance mechanisms will utilize existing formal or informal grievance mechanisms suitable for project purposes, supplemented as needed with project-specific arrangements designed to resolve disputes in an impartial manner.

### *Planning and Implementation*

20. Where land acquisition or restrictions on land use are unavoidable, the Borrower will, as part of the environmental and social assessment, conduct a census to identify the persons who will be affected by the project, to establish an inventory of land and assets to be affected,<sup>17</sup> to determine who will be eligible for compensation and assistance,<sup>18</sup> and to discourage ineligible persons, such as opportunistic settlers, from claiming benefits. The social assessment will also address the claims of communities or groups who, for valid reasons, may not be present in the project area during the time of the census, such as seasonal resource users. In conjunction with the census, the Borrower will establish a cut-off date for eligibility. Information regarding the cut-off date will be well documented and will be disseminated throughout the project area at regular intervals in written and (as appropriate) non-written forms and in relevant local languages. This will include posted warnings that persons settling in the project area after the cutoff date may be subject to removal.

21. To address the issues identified in the environmental and social assessment, the Borrower will prepare a plan<sup>19</sup> proportionate to the risks and impacts associated with the project:

- (a) For projects with minor land acquisition or restrictions on land use, as a result of which there will be no significant impact on incomes or livelihoods, the plan will establish eligibility criteria for affected persons, set out procedures and standards for compensation, and incorporate arrangements for consultations, monitoring and addressing grievances;
- (b) For projects causing physical displacement, the plan will set out the additional measures relevant to relocation of affected persons;

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<sup>17</sup> See Annex 1. Such inventory should include a detailed account, derived through a consultative, impartial and transparent process, of the full range of rights held or asserted by affected people, including those based on custom or practice, secondary rights such as rights of access or use for livelihoods purposes, rights held in common, etc.

<sup>18</sup> Documentation of ownership or occupancy and compensation payments should be issued in the names of both spouses or single heads of households as relevant, and other resettlement assistance, such as skills training, access to credit, and job opportunities, should be equally available to women and adapted to their needs. Where national law and tenure systems do not recognize the rights of women to hold or contract in property, measures should be considered to provide women as much protection as possible with the objective to achieve equity with men.

<sup>19</sup> See Annex 1.



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- (c) For projects involving economic displacement with significant impacts on livelihoods or income generation, the plan will set out the additional measures relating to livelihood improvement or restoration; and
- (d) For projects that may impose changes in land use that restrict access to resources in legally designated parks or protected areas or other common property resources on which local people may depend for livelihood purposes, the plan will establish a participatory process for determining appropriate restrictions on use and set out the mitigation measures to address adverse impacts on livelihoods that may result from such restrictions.

22. The Borrower's plan will establish the roles and responsibilities relating to financing and implementation, and include arrangements for contingency financing to meet unanticipated costs, as well as arrangements for timely and coordinated response to unforeseen circumstances impeding progress toward desired outcomes.<sup>20</sup> The full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project; and any net benefits to resettlers (as compared to the "without-project" circumstances) are added to the benefits stream of the project.

23. The Borrower will establish procedures to monitor and evaluate the implementation of the plan and will take corrective action as necessary during implementation to achieve the objectives of this ESS. The extent of monitoring activities will be proportionate to the project's risks and impacts. For all projects with significant involuntary resettlement impacts, the Borrower will retain competent resettlement professionals to monitor the implementation of resettlement plans, design corrective actions as necessary, provide advice on compliance with this ESS and produce periodic monitoring reports. Affected persons will be consulted during the monitoring process. Periodic monitoring reports will be prepared and affected persons will be informed about monitoring results in a timely manner.

24. Implementation of the Borrower's plan will be considered completed when the adverse impacts of resettlement have been addressed in a manner that is consistent with the relevant plan as well as the objectives of this ESS. For all projects with significant involuntary resettlement impacts, the Borrower will commission an external completion audit of the plan when all mitigation measures have been substantially completed. The completion audit will be undertaken by competent resettlement professionals, will assess whether livelihoods and living standards have been improved or at least restored and, as necessary, will propose corrective actions to meet objectives not yet achieved.

25. Where the likely nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown during project preparation, the Borrower will develop a framework establishing general principles and procedures compatible with this ESS. Once the individual project components are defined and the necessary information becomes available, such a framework will be expanded into one or more specific plans

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<sup>20</sup> For projects with significant resettlement impacts and complex mitigation measures, the Borrower may consider preparing a stand-alone resettlement project for Bank support.

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proportionate to potential risks and impacts. No physical and/or economic displacement will occur until plans required by this ESS have been finalized and approved by the Bank.

### B. Displacement

#### *Physical Displacement*

26. In the case of physical displacement, the Borrower will develop a plan that covers, at a minimum, the applicable requirements of this ESS regardless of the number of people affected. The plan will be designed to mitigate the negative impacts of displacement and, as warranted, to identify development opportunities. It will include a resettlement budget and implementation schedule, and establish the entitlements of all categories of affected persons (including host communities). Particular attention will be paid to gender aspects and the needs of the poor and the vulnerable. The Borrower will document all transactions to acquire land rights, provision of compensation and other assistance associated with relocation activities.

27. If people living in the project area are required to move to another location, the Borrower will: (a) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation; and (b) provide relocation assistance suited to the needs of each group of displaced persons. New resettlement sites will offer living conditions at least equivalent to those previously enjoyed, or consistent with prevailing minimum codes or standards, whichever set of standards is higher. If new resettlement sites are to be prepared, host communities will be consulted regarding planning options, and resettlement plans will ensure continued access, at least at existing levels or standards, for host communities to facilities and services. The displaced persons' preferences with respect to relocating in preexisting communities and groups will be respected wherever possible. Existing social and cultural institutions of the displaced persons and any host communities will be respected.

28. In the case of physically displaced persons under paragraph 10 (a) or (b), the Borrower will offer the choice of replacement property of equal or higher value, with security of tenure, equivalent or better characteristics, and advantages of location, or cash compensation at replacement cost. Compensation in kind should be considered in lieu of cash.<sup>21</sup>

29. In the case of physically displaced persons under paragraph 10 (c), the Borrower will provide arrangements to allow them to obtain adequate housing with security of tenure. Where these displaced persons own structures, the Borrower will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at replacement cost.<sup>22</sup> Based on consultation with such

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<sup>21</sup> Payment of cash compensation for lost land and other assets may be appropriate where: (a) livelihoods are not land-based; (b) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (c) active markets for land, housing, and labor exist, displaced persons use such markets, there is sufficient supply of land and housing, and the Borrower has demonstrated to the satisfaction of the Bank that insufficient replacement land is available.

<sup>22</sup> Where the Borrower demonstrates that an affected person derives substantial income from multiple illegal rental units, the compensation and other assistance that would otherwise be available to such person for non-land assets and livelihood restoration under this paragraph may be reduced with the prior agreement of the Bank, to better reflect the objectives of this ESS.

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displaced persons, the Borrower will provide relocation assistance in lieu of compensation for land sufficient for them to restore their standards of living at an adequate alternative site.<sup>23</sup>

30. The Borrower is not required to compensate or assist those who encroach on the project area after the cut-off date for eligibility, provided the cut-off date has been clearly established and made public.

31. The Borrower will not resort to forced evictions of affected persons. “Forced eviction” is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in this ESS. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower will not be considered to be forced eviction providing it complies with the requirements of national law and the provisions of this ESS, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).

32. As an alternative to displacement, the Borrower may consider negotiating in situ land development arrangements by which those to be affected may elect to accept a partial loss of land or localized relocation in return for improvements that will increase the value of their property after development. Any person not wishing to participate will be allowed to opt instead for full compensation and other assistance as required in this ESS.

### *Economic Displacement*

33. In the case of projects affecting livelihoods or income generation, the Borrower’s plan will include measures to allow affected persons to improve, or at least restore, their incomes or livelihoods. The plan will establish the entitlements of affected persons and/or communities, paying particular attention to gender aspects and the needs of vulnerable segments of communities, and will ensure that these are provided in a transparent, consistent, and equitable manner. The plan will incorporate arrangements to monitor the effectiveness of livelihood measures during implementation, as well as evaluation once implementation is completed. The mitigation of economic displacement will be considered complete when the completion audit concludes that affected persons or communities have received all of the assistance for which they are eligible, and have been provided with adequate opportunity to reestablish their livelihoods.

34. Economically displaced persons who face loss of assets or access to assets will be compensated for such loss at replacement cost:

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<sup>23</sup> Relocation of informal settlers in urban areas may involve trade-offs. For example, the relocated families may gain security of tenure, but they may lose locational advantages that may be essential to livelihoods, especially among the poor or vulnerable. Changes in location that may affect livelihood opportunities should be addressed in accordance with the relevant provisions of this ESS (see in particular paragraph 34 (c)).

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- (a) In cases where land acquisition or restrictions on land use affect commercial enterprises,<sup>24</sup> affected business owners will be compensated for the cost of identifying a viable alternative location; for lost net income during the period of transition; for the cost of the transfer and reinstallation of the plant, machinery, or other equipment; and for reestablishing commercial activities. Affected employees will receive assistance for temporary loss of wages and, if necessary, assistance in identifying alternative employment opportunities;
  - (b) In cases affecting persons with legal rights or claims to land that are recognized or recognizable under national law (see paragraph 10 (a) and (b)), replacement property (e.g., agricultural or commercial sites) of equal or greater value will be provided, or, where appropriate, cash compensation at replacement cost; and
  - (c) Economically displaced persons who are without legally recognizable claims to land (see paragraph 10(c)) will be compensated for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at replacement cost. Additionally, the Borrower will provide assistance in lieu of land compensation sufficient to provide such persons with an opportunity to reestablish livelihoods elsewhere. The Borrower is not required to compensate or assist persons who encroach on the project area after the cut-off date for eligibility.
35. Economically displaced persons will be provided opportunities to improve, or at least restore, their means of income-earning capacity, production levels, and standards of living:
- (a) For persons whose livelihoods are land-based, replacement land that has a combination of productive potential, locational advantages, and other factors at least equivalent to that being lost will be offered where feasible.;
  - (b) For persons whose livelihoods are natural resource-based and where project-related restrictions on access envisaged in paragraph 4 apply, measures will be implemented to either allow continued access to affected resources or to provide access to alternative resources with equivalent livelihood-earning potential and accessibility. Where common property resources are affected, benefits and compensation associated with restrictions on natural resource usage may be collective in nature; and
  - (c) If it is demonstrated that replacement land or resources are unavailable, the Borrower will offer economically displaced persons options for alternative income earning opportunities, such as credit facilities, skills training, business start-up assistance, employment opportunities, or cash assistance additional to compensation for assets. Cash assistance alone, however, frequently fails to provide affected persons with the productive means or skills to restore livelihoods.

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<sup>24</sup> This includes shops, restaurants, services, manufacturing facilities and other enterprises, regardless of size and whether licensed or unlicensed.

## **ESS5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

36. Transitional support will be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.

### **C. Collaboration with Other Responsible Agencies or Subnational Jurisdictions**

37. The Borrower will establish means of collaboration between the agency or entity responsible for project implementation and any other governmental agencies, subnational jurisdictions or entities that are responsible for any aspects of land acquisition, resettlement planning, or provision of necessary assistance. In addition, where the capacity of other responsible agencies is limited, the Borrower will actively support resettlement planning, implementation, and monitoring. If the procedures or standards of other responsible agencies do not meet the relevant requirements of this ESS, the Borrower will prepare supplemental arrangements or provisions for inclusion in the resettlement plan to address identified shortcomings. The plan will also specify financial responsibilities for each of the agencies involved, appropriate timing and sequencing for implementation steps, and coordination arrangements for addressing financial contingencies or responding to unforeseen circumstances.

### **D. Technical and Financial Assistance**

38. The Borrower may request technical assistance from the Bank to strengthen Borrower capacity, or the capacity of other responsible agencies, for resettlement planning, implementation and monitoring. Such forms of assistance may include staff training, assistance in formulating new regulations or policies relating to land acquisition or other aspects of resettlement, financing for assessments or other investment costs associated with physical or economic displacement, or other purposes.

39. The Borrower may request the Bank to finance either a component of the main investment causing displacement and requiring resettlement, or a free-standing resettlement project with appropriate cross-conditionalities, processed and implemented in parallel with the investment that causes the displacement. The Borrower may also request the Bank to finance resettlement even though it is not financing the main investment that makes resettlement necessary.

## ESS5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

### ESS5 – ANNEX 1. INVOLUNTARY RESETTLEMENT INSTRUMENTS

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1. This Annex describes the elements of the plans addressing physical and/or economic displacement described in paragraph 21 of ESS 5. For purposes of this Annex, these plans shall be referred to as “resettlement plans”. Resettlement plans include measures to address physical and/or economic displacement, depending on the nature of the impacts expected from a project. Projects may use alternative nomenclature, depending on the scope of the resettlement plan – for example, where a project involves only economic displacement, the resettlement plan may be called a “livelihood plan” or where restrictions on access to legally designated parks and protected areas are involved, the plan may take the form of a “process framework.” This Annex also describes the framework referred to paragraph 25 of ESS 5.

#### A. Resettlement Plan

2. The scope of requirements and level of detail of the resettlement plan vary with the magnitude and complexity of resettlement. The plan is based on up-to-date and reliable information about (a) the proposed project and its potential impacts on the displaced persons and other adversely affected groups, (b) appropriate and feasible mitigation measures, and (c) the legal and institutional arrangements required for effective implementation of resettlement measures.

#### *Minimum Elements of a Resettlement Plan*

3. *Description of the project.* General description of the project and identification of the project area.

4. *Potential impacts.* Identification of:

- (a) the project components or activities that give rise to displacement, explaining why the selected land must be acquired for use within the timeframe of the project;
- (b) the zone of impact of such components or activities;
- (c) the scope and scale of land acquisition and impacts on structures and other fixed assets;
- (d) any project-imposed restrictions on use of, or access to, land or natural resources;
- (e) alternatives considered to avoid or minimize displacement and why those were rejected; and
- (f) the mechanisms established to minimize displacement, to the extent possible, during project implementation.

5. *Objectives.* The main objectives of the resettlement program.

6. *Census survey and baseline socio-economic studies.* The findings of a household-level census identifying and enumerating affected persons, and, with the involvement of affected persons, surveying land, structures and other fixed assets to be affected by the project. The census survey also serves other essential functions:

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- (a) identifying characteristics of displaced households, including a description of production systems, labor, and household organization; and baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;
- (b) information on vulnerable groups or persons for whom special provisions may have to be made;
- (c) identifying public or community infrastructure, property or services that may be affected;
- (d) providing a basis for the design of, and budgeting for, the resettlement program;
- (e) in conjunction with establishment of a cut-off date, providing a basis for excluding ineligible people from compensation and resettlement assistance; and
- (f) establishing baseline conditions for monitoring and evaluation purposes.

As the Bank may deem relevant, additional studies on the following subjects may be required to supplement or inform the census survey:

- (g) land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems (including fishing, grazing, or use of forest areas) governed by local recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area;
- (h) the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project; and
- (i) social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities.

7. *Legal framework.* The findings of an analysis of the legal framework, covering

- (a) the scope of the power of compulsory acquisition and imposition of land use restriction and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;
- (b) the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process and the normal timeframe for such procedures, and any available grievance redress mechanisms that may be relevant to the project;
- (c) laws and regulations relating to the agencies responsible for implementing resettlement activities; and

## ESS5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

- (d) gaps, if any, between local laws and practices covering compulsory acquisition, imposition of land use restrictions and provision of resettlement measures and ESS 5, and the mechanisms to bridge such gaps.

8. *Institutional Framework*. The findings of an analysis of the institutional framework covering
  - (a) the identification of agencies responsible for resettlement activities and NGOs/CSOs that may have a role in project implementation, including providing support for displaced persons;
  - (b) an assessment of the institutional capacity of such agencies and NGOs/CSOs; and
  - (c) any steps that are proposed to enhance the institutional capacity of agencies and NGOs/CSOs responsible for resettlement implementation.
9. *Eligibility*. Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.
10. *Valuation of and compensation for losses*. The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation for land, natural resources and other assets under local law and such supplementary measures as are necessary to achieve replacement cost for them.
11. *Community participation*. Involvement of displaced persons (including host communities, where relevant)
  - (a) a description of the strategy for consultation with, and participation of, displaced persons in the design and implementation of the resettlement activities;
  - (b) a summary of the views expressed and how these views were taken into account in preparing the resettlement plan;
  - (c) a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them; and
  - (d) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous people, ethnic minorities, the landless, and women are adequately represented.
12. *Implementation schedule*. An implementation schedule providing anticipated dates for displacement, and estimated initiation and completion dates for all resettlement plan activities. The schedule should indicate how the resettlement activities are linked to the implementation of the overall project.
13. *Costs and budget*. Tables showing categorized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures;



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sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.

14. *Grievance redress mechanism.* The plan describes affordable and accessible procedures for third-party settlement of disputes arising from displacement or resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.
15. *Monitoring and evaluation.* Arrangements for monitoring of displacement and resettlement activities by the implementing agency, supplemented by third-party monitors as considered appropriate by the Bank, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of results for a reasonable period after all resettlement activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.
16. *Arrangements for adaptive management.* The plan should include provisions for adapting resettlement implementation in response to unanticipated changes in project conditions, or unanticipated obstacles to achieving satisfactory resettlement outcomes.

### *Additional Planning Requirements where Resettlement Involves Physical Displacement*

17. When project circumstances require the physical relocation of residents (or businesses), resettlement plans require additional information and planning elements. Additional requirements include:
  18. *Transitional assistance.* The plan describes assistance to be provided for relocation of household members and their possessions (or business equipment and inventory). The plan describes any additional assistance to be provided for households choosing cash compensation and securing their own replacement housing, including construction of new housing. If planned relocation sites (for residences or businesses) are not ready for occupancy at the time of physical displacement, the plan establishes a transitional allowance sufficient to meet temporary rental expenses and other costs until occupancy is available.
  19. *Site selection, site preparation, and relocation.* When planned relocation sites are to be prepared, the resettlement plan describes the alternative relocation sites considered and explains sites selected, covering
    - (a) institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is better or at least comparable to the advantages of the old sites, with an estimate of the time needed to acquire and transfer land and ancillary resources;
    - (b) identification and consideration of opportunities to improve local living standards by supplemental investment (or through establishment of project benefit-sharing arrangements) in infrastructure, facilities or services;

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- (c) any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites;
  - (d) procedures for physical relocation under the project, including timetables for site preparation and transfer; and
  - (e) legal arrangements for regularizing tenure and transferring titles to those resettled, including provision of security of tenure for those previously lacking full legal rights to land or structures.
20. *Housing, infrastructure, and social services.* Plans to provide (or to finance local community provision of) housing, infrastructure (e.g., water supply, feeder roads), and social services (e.g., schools, health services); plans to maintain or provide a comparable level of services to host populations; any necessary site development, engineering, and architectural designs for these facilities.
21. *Environmental protection and management.* A description of the boundaries of the planned relocation sites; and an assessment of the environmental impacts of the proposed resettlement and measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement).
22. *Consultation on relocation arrangements.* The plan describes methods of consultation with physically displaced persons on their preferences regarding relocation alternatives available to them, including, as relevant, choices related to forms of compensation and transitional assistance, to relocating as individual households families or with preexisting communities or kinship groups, to sustaining existing patterns of group organization, and for relocation of, or retaining access to, cultural property (e.g. places of worship, pilgrimage centers, cemeteries).
23. *Integration with host populations.* Measures to mitigate the impact of planned relocation sites on any host communities, including
- (a) consultations with host communities and local governments;
  - (b) arrangements for prompt tendering of any payment due the hosts for land or other assets provided in support of planned relocation sites;
  - (c) arrangements for identifying and addressing any conflict that may arise between those resettled and host communities; and
  - (d) any measures necessary to augment services (e.g., education, water, health, and production services) in host communities to meet increased demands upon them, or to make them at least comparable to services available within planned relocation sites.

### **Additional Planning Requirements where Resettlement Involves Economic Displacement**

24. If land acquisition or restrictions on use of, or access to, land or natural resources may cause significant economic displacement, arrangements to provide displaced persons with sufficient opportunity to

## ESS5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

improve, or at least restore, their livelihoods are also incorporated into the resettlement plan, or into a separate livelihoods improvement plan. These include:

25. *Direct land replacement.* For those with agricultural livelihoods, the resettlement plan provides for an option to receive replacement land of equivalent productive value, or demonstrates that sufficient land of equivalent value is unavailable. Where replacement land is available, the plan describes methods and timing for its allocation to displaced persons.
26. *Loss of access to land or resources.* For those whose livelihood is affected by loss of land or resource use or access, including common property resources, the resettlement plan describes means to obtain substitutes or alternative resources, or otherwise provides support for alternative livelihoods.
27. *Support for alternative livelihoods.* For all other categories of economically displaced persons, the resettlement plan describes feasible arrangements for obtaining employment or for establishing a business, including provision of relevant supplemental assistance including skills training, credit, licenses or permits, or specialized equipment. As warranted, livelihood planning provides special assistance to women, minorities or vulnerable groups who may be disadvantaged in securing alternative livelihoods.
28. *Consideration of economic development opportunities.* The resettlement plan identifies and assesses any feasible opportunities to promote improved livelihoods as a result of resettlement processes. This may include, for example, preferential project employment arrangements, support for development of specialized products or markets, preferential commercial zoning and trading arrangements, or other measures. Where relevant, the plan should also assess the feasibility of prospects for financial distributions to communities, or directly to displaced persons, through establishment of project-based benefit-sharing arrangements.
29. *Transitional support.* The resettlement plan provides transitional support to those whose livelihoods will be disrupted. This may include payment for lost crops and lost natural resources, payment of lost profits for businesses, or payment of lost wages for employees affected by business relocation. The plan provides that the transitional support continues for the duration of the transition period.

### B. Resettlement Framework

30. The purpose of the resettlement framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation (see ESS5, para. 25). Once the subproject or individual project components are defined and the necessary information becomes available, such a framework will be expanded into a specific plan proportionate to potential risks and impacts. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.
31. The resettlement policy framework covers the following elements:

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- (a) a brief description of the project and components for which land acquisition and resettlement are required, and an explanation of why a resettlement policy framework rather than a resettlement plan is being prepared;
- (b) principles and objectives governing resettlement preparation and implementation;
- (c) a description of the process for preparing and approving resettlement plans;
- (d) estimated displacement impacts and estimated numbers and categories of displaced persons, to the extent feasible;
- (e) eligibility criteria for defining various categories of displaced persons;
- (f) a legal framework reviewing the fit between borrower laws and regulations and Bank policy requirements and measures proposed to bridge any gaps between them;
- (g) methods of valuing affected assets;
- (h) organizational procedures for delivery of compensation and other resettlement assistance, including, for projects involving private sector intermediaries, the responsibilities of the financial intermediary, the government, and the private developer;
- (i) a description of the implementation process, linking resettlement implementation to civil works;
- (j) a description of grievance redress mechanisms;
- (k) a description of the arrangements for funding resettlement, including the preparation and review of cost estimates, the flow of funds, and contingency arrangements;
- (l) a description of mechanisms for consultations with, and participation of, displaced persons in planning, implementation, and monitoring; and
- (m) arrangements for monitoring by the implementing agency and, if required, by third-party monitors.

### C. Process Framework

32. A process framework is prepared when Bank-supported projects may cause restrictions in access to natural resources in legally designated parks and protected areas. The purpose of the process framework is to establish a process by which members of potentially affected communities participate in design of project components, determination of measures necessary to achieve the objectives of this ESS, and implementation and monitoring of relevant project activities.
33. Specifically, the process framework describes participatory processes by which the following activities will be accomplished

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- (a) *Project components will be prepared and implemented.* The document should briefly describe the project and components or activities that may involve new or more stringent restrictions on natural resource use. It should also describe the process by which potentially displaced persons participate in project design.
- (b) *Criteria for eligibility of affected persons will be determined.* The document should establish that potentially affected communities will be involved in identifying any adverse impacts, assessing of the significance of impacts, and establishing of the criteria for eligibility for any mitigating or compensating measures necessary.
- (c) *Measures to assist affected persons in their efforts to improve their livelihoods or restore them, in real terms, to pre-displacement levels, while maintaining the sustainability of the park or protected area will be identified.* The document should describe methods and procedures by which communities will identify and choose potential mitigating or compensating measures to be provided to those adversely affected, and procedures by which adversely affected community members will decide among the options available to them.
- (d) *Potential conflicts or grievances within or between affected communities will be resolved.* The document should describe the process for resolving disputes relating to resource use restrictions that may arise between or among affected communities, and grievances that may arise from members of communities who are dissatisfied with the eligibility criteria, community planning measures, or actual implementation.

Additionally, the process framework should describe arrangements relating to the following

- (e) *Administrative and legal procedures.* The document should review agreements reached regarding the process approach with relevant administrative jurisdictions and line ministries (including clear delineation for administrative and financial responsibilities under the project).
- (f) *Monitoring arrangements.* The document should review arrangements for participatory monitoring of project activities as they relate to (beneficial and adverse) impacts on persons within the project impact area, and for monitoring the effectiveness of measures taken to improve (or at minimum restore) incomes, livelihoods and living standards.

## Environmental and Social Standard 6.

# Biodiversity Conservation and Sustainable Management of Living Natural Resources

### Introduction

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1. ESS6 recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development. Biodiversity is defined as the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems. Biodiversity often underpins ecosystem services valued by humans. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services.<sup>1</sup>
2. ESS6 recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. Habitat is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. All habitats support complexities of living organisms and vary in terms of species diversity, abundance and importance.
3. This ESS also addresses sustainable management of primary production<sup>2</sup> and harvesting<sup>3</sup> of living natural resources.
4. ESS6 recognizes the need to consider the livelihood of project-affected parties, including Indigenous Peoples, whose access to, or use of, biodiversity or living natural resources may be affected by a project. The potential, positive role of project-affected parties, including Indigenous Peoples, in biodiversity conservation and sustainable management of living natural resources is also considered.

### Objectives

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- To protect and conserve biodiversity and habitats.
- To apply the mitigation hierarchy<sup>4</sup> and the precautionary approach in the design and implementation of projects that could have an impact on biodiversity.
- To promote the sustainable management of living natural resources.
- To support livelihoods of local communities, including Indigenous Peoples, and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities.

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<sup>1</sup> Requirements related to ecosystem services are set out in ESS1.

<sup>2</sup> Primary production of living natural resources is cultivation or rearing of plants or animals, including annual and perennial crop farming, animal husbandry (including livestock), aquaculture, plantation forestry, etc.

<sup>3</sup> Harvesting of living natural resources, such as fish and all other types of aquatic and terrestrial organisms and timber, refers to productive activities that include extraction of these resources from natural and modified ecosystems and habitats.

<sup>4</sup> As set out in ESS1.

## ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

### Scope of Application

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5. The applicability of this ESS is established during the environmental and social assessment described in ESS1.
6. Based on the environmental and social assessment, the requirements of this ESS are applied to all projects that potentially affect biodiversity or habitats, either positively or negatively, directly or indirectly, or that depend upon biodiversity for their success.
7. This ESS also applies to projects that involve primary production and/or harvesting of living natural resources.

### Requirements

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#### A. General

8. The environmental and social assessment as set out in ESS1 will consider direct, indirect and cumulative project-related impacts on habitats and the biodiversity they support. This assessment will consider threats to biodiversity, for example habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, pollution and incidental take, as well as projected climate change impacts. It will determine the significance of biodiversity or habitats based on their vulnerability and irreplaceability at a global, regional or national level and will also take into account the differing values attached to biodiversity and habitats by project-affected parties and other interested parties.
9. The Borrower will avoid adverse impacts on biodiversity and habitats. When avoidance of adverse impacts is not possible, the Borrower will implement measures to minimize adverse impacts and restore biodiversity in accordance with the mitigation hierarchy provided in ESS1 and with the requirements of this ESS. The Borrower will ensure that competent biodiversity expertise is utilized to conduct the environmental and social assessment and the verification of the effectiveness and feasibility of mitigation measures. Where significant risks and adverse impacts on biodiversity have been identified, the Borrower will develop and implement a Biodiversity Management Plan<sup>5</sup>.

#### *Assessment of Risks and Impacts*

10. Through the environmental and social assessment, the Borrower will identify the potential project-related risks to and impacts on habitats and the biodiversity that they support. In accordance with the mitigation hierarchy, the Borrower will make the initial assessment of project risks and impacts

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<sup>5</sup> Depending on the nature and the scale of the risks and impacts of the project, the Biodiversity Management Plan may be a stand-alone document or it may be included as part of the ESCP prepared under ESS1.

## ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

without taking into account the possibility of biodiversity offsets.<sup>6</sup> The assessment undertaken by the Borrower will include identification of the types of habitats potentially affected and consideration of potential risks to and impacts on the ecological function of the habitats. The assessment will encompass any areas of potential biodiversity importance that may be affected by the project, whether or not they are protected under national law. The extent of the assessment will be proportionate to the risks and impacts, based on their likelihood, significance and severity, and will reflect the concerns of project-affected parties and other interested parties.

11. The Borrower's assessment will include characterization of baseline conditions to a degree that is proportional and specific to the anticipated risk and significance of impacts. In planning and undertaking environmental and social assessment related to the biodiversity baseline, the Borrower will follow relevant GIIP utilizing desktop review, consultation with experts, and field-based approaches, as appropriate. Where further investigations are needed to evaluate the significance of potential impacts, the Borrower will carry out additional investigation and/or monitoring before undertaking any project-related activities, and before taking irrevocable decisions about project design that could cause significant adverse impacts to potentially affected habitats and the biodiversity that they support.

12. Where the environmental and social assessment has identified potential risks and impacts on biodiversity or habitats, the Borrower will manage those risks and impacts in accordance with the mitigation hierarchy and GIIP. The Borrower will adopt a precautionary approach and apply adaptive management practices in which the implementation of mitigation and management measures are responsive to changing conditions and the results of project monitoring.

### *Conservation of Biodiversity and Habitats*

13. "Habitat" is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. Habitats vary in their significance for conserving globally, regionally and nationally important biodiversity, their sensitivity to impacts and in the significance different stakeholders attribute to them. Because, in most instances, habitat loss, degradation or fragmentation represents the greatest threat to biodiversity, much of the focus of biodiversity conservation actions is on maintaining or restoring suitable habitats.

14. This ESS requires a differentiated risk management approach to habitats based on their sensitivity and values. This ESS addresses all habitats, categorized as 'modified habitat', 'natural habitat', and 'critical habitat', along with 'legally protected and internationally and regionally recognized areas of biodiversity value' which may encompass habitat in any or all of these categories.

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<sup>6</sup> Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken. Therefore, potential offsets should not be considered in determining inherent risks of the project.



## ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

15. For the protection and conservation of habitats and the biodiversity they support, the mitigation hierarchy includes biodiversity offsets. Offsets will be considered as a last resort, only if significant residual adverse impacts remain after all technically and financially feasible avoidance, minimization, and restoration measures have been considered.

16. A biodiversity offset will be designed and implemented to achieve measurable, additional, and long-term conservation outcomes<sup>7</sup> that can reasonably be expected to result in no net loss<sup>8</sup> and preferably a net gain<sup>9</sup> of biodiversity. In the case of an offset used as mitigation for residual adverse impacts on any area of critical habitat, a net gain is required. The design of a biodiversity offset will adhere to the “like-for-like or better” principle<sup>10</sup> and will be carried out in alignment with GIIP.

17. When a Borrower is considering the development of an offset as part of the mitigation strategy, stakeholders and qualified experts with demonstrated knowledge in offset design and implementation will be involved. The Borrower will demonstrate the long-term technical and financial feasibility of undertaking the offset. When offsets are proposed for residual adverse impacts on critical habitat, the Borrower will engage one or more independent internationally recognized experts to advise as to whether the proposed offset is feasible and whether, in their professional opinion, it can be reasonably expected to result in a sustainable net gain of biodiversity values for which the critical habitat was designated.

18. Certain residual adverse impacts cannot be offset, particularly if the affected area is unique and irreplaceable from a biodiversity standpoint. In such cases, the Borrower will not undertake the project unless it is redesigned to avoid the need for such offset, and to meet the requirements of this ESS.

### **Modified Habitat**

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<sup>7</sup> Measurable conservation outcomes for biodiversity will be demonstrated *in situ* (in natural conditions, not in captivity or depository) and on an appropriate geographic scale (e.g., at the local, national or regional level).

<sup>8</sup> ‘No net loss’ is defined as the point at which project-related biodiversity losses are balanced by gains resulting from measures taken to avoid and minimize these impacts, to undertake on-site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale.

<sup>9</sup> ‘Net gains’ are additional conservation outcomes that can be achieved for the biodiversity values for which the natural or critical habitat was designated. Net gains may be achieved through full application of the mitigation hierarchy that may include the development of a biodiversity offset and/or, in instances where the Borrower could meet the requirements of paragraph 24 of this ESS without a biodiversity offset, through the implementation of additional programs *in situ* to enhance habitat, and protect and conserve biodiversity.

<sup>10</sup> The principle of “like-for-like or better” means that in most cases biodiversity offsets should be designed to conserve the same biodiversity values that are being affected by the project (an “in kind” offset). In certain situations, however, areas of biodiversity to be affected by the project may be neither a national nor a local priority, and there may be other areas of biodiversity with like values that are a higher priority for conservation and sustainable use and under imminent threat or in need of protection or effective management. In these situations, it may be appropriate to consider an “out-of-kind” offset that involves “trading up” (i.e., where the offset targets biodiversity of higher priority than that affected by the project). Regardless of type, any areas considered as offsets for residual adverse impacts in critical habitats will also be critical habitats, meeting the criteria of paragraph 24 of this ESS.

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19. Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area's primary ecological functions and species composition<sup>11</sup>. Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed<sup>12</sup> coastal zones, and reclaimed wetlands.

20. This ESS applies to those areas of modified habitat that include significant biodiversity value, as determined by the environmental and social assessment required in ESS1. The Borrower will avoid or minimize impacts on such biodiversity and implement mitigation measures as appropriate.

### ***Natural Habitat***

21. Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.

22. If natural habitats are identified as part of the assessment, the Borrower will seek to avoid adverse impacts on them in accordance with the mitigation hierarchy. Where natural habitats have the potential to be adversely affected by the project, the Borrower will not implement any project related activities unless:

- (a) There are no technically and financially feasible alternatives; and
- (b) Appropriate mitigation measures are put in place, in accordance with the mitigation hierarchy, to achieve no net loss and, where feasible, preferably a net gain of biodiversity over the long term. When residual impacts remain despite best efforts to avoid, minimize and mitigate impacts, and where appropriate and supported by relevant stakeholders, mitigation measures may include biodiversity offsets adhering to the principle of "like-for-like or better".

### ***Critical Habitat***

23. Critical habitat is defined as areas with high biodiversity importance or value, including:

- (a) habitat of significant importance to Critically Endangered or Endangered species, as listed in the IUCN Red List of threatened species or equivalent national approaches;
- (b) habitat of significant importance to endemic or restricted-range species;
- (c) habitat supporting globally or nationally significant concentrations of migratory or congregatory species;

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<sup>11</sup> A habitat will not be deemed to be a modified habitat where it has been converted in anticipation of the project.

<sup>12</sup> Reclamation as used in this context is the process of creating new land from sea or other aquatic areas for productive use.

## ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

- (d) highly threatened or unique ecosystems;
- (e) ecological functions or characteristics that are needed to maintain the viability of the biodiversity values described above in (a) to (d).

24. In areas of critical habitat, the Borrower will not implement any project activities that have potential adverse impacts unless all of the following conditions are met:

- (a) No other viable alternatives within the region exist for development of the project in habitats of lesser biodiversity value;
- (b) All due process required under international obligations or national law that is a prerequisite to a country granting approval for project activities in or adjacent to a critical habitat has been complied with;
- (c) The potential adverse impacts, or likelihood of such, on the habitat will not lead to measurable net reduction or negative change in those biodiversity values for which the critical habitat was designated;
- (d) The project is not anticipated to lead to a net reduction in the population<sup>13</sup> of any Critically Endangered, Endangered, or restricted-range species, over a reasonable time period;<sup>14</sup>
- (e) The project will not involve significant conversion or significant degradation of critical habitats. In circumstances where the project involves new or renewed forestry or agricultural plantations, it will not convert or degrade any critical habitat;
- (f) The project's mitigation strategy will be designed to achieve net gains of those biodiversity values for which the critical habitat was designated; and
- (g) A robust and appropriately designed, long-term biodiversity monitoring and evaluation program aimed at assessing the status of the critical habitat is integrated into the Borrower's management program.

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<sup>13</sup> Net reduction is a singular or cumulative loss of individuals that affects the species' ability to persist at the global and/or regional/national scales for many generations or over a long period of time. The scale (i.e., global and/or regional/national) of the potential net reduction is determined based on the species' listing on either the (global) IUCN Red List and/or on regional/national lists. For species listed on both the (global) IUCN Red List and the national/regional lists, the net reduction will be based on the national/regional population.

<sup>14</sup> The timeframe in which Borrowers will demonstrate "no net reduction" of Critically Endangered and Endangered, endemic and /or restricted-range species will be determined on a case-by-case basis and, where appropriate, in consultation with qualified experts and taking into account the species' biology.

## ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

25. Where a Borrower has satisfied the conditions set out in paragraph 24, the project's mitigation strategy will be described in a Biodiversity Management Plan and set out in the legal agreement (including the ESCP).

### *Legally Protected and Internationally Recognized Areas of High Biodiversity Value*

26. Where the project occurs within or has the potential to adversely affect an area that is legally protected<sup>15</sup>, designated for protection, or regionally or internationally recognized,<sup>16</sup> the Borrower will ensure that any activities undertaken are consistent with the area's legal protection status and management objectives. The Borrower will also identify and assess potential project-related adverse impacts and apply the mitigation hierarchy so as to prevent or mitigate adverse impacts from projects that could compromise the integrity, conservation objectives or biodiversity importance of such an area.

27. The Borrower will meet the requirements of paragraphs 13 through 25 of this ESS, as applicable. In addition, the Borrower will:

- (a) Demonstrate that the proposed development in such areas is legally permitted;
- (b) Act in a manner consistent with any government recognized management plans for such areas;
- (c) Consult and involve protected area sponsors and managers, project-affected parties including Indigenous Peoples, and other interested parties on planning, designing, implementing, monitoring, and evaluating the proposed project, as appropriate; and
- (d) Implement additional programs, as appropriate, to promote and enhance the conservation aims and effective management of the area.

### *Invasive Alien Species*

28. Intentional or accidental introduction of alien, or non-native, species of flora and fauna into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and destroying or out-competing native species.

29. The Borrower will not intentionally introduce any new alien species (not currently established in the country or region of the project) unless this is carried out in accordance with the existing regulatory framework for such introduction. Notwithstanding the above, the Borrower will not deliberately introduce any alien species with a high risk of invasive behavior regardless of whether such introductions are

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<sup>15</sup> This ESS recognizes legally protected areas that meet the following definition: "A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values." For the purpose of this ESS, this includes areas proposed by governments for such designation.

<sup>16</sup> Internationally recognized areas of high biodiversity value include World Heritage Natural Sites, Biosphere Reserves, Ramsar Wetlands of International Importance, Key Biodiversity Areas, Important Bird Areas, and Alliance for Zero Extinction Sites, among others.

## ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

permitted under the existing regulatory framework. All introductions of alien species will be subject to a risk assessment (as part of the Borrower's environmental and social assessment) to determine the potential for invasive behavior. The Borrower will implement measures to avoid the potential for accidental or unintended introductions including the transportation of substrates and vectors (such as soil, ballast, and plant materials) that may harbor alien species.

30. Where alien species are already established in the country or region of the proposed project, the Borrower will exercise diligence in not spreading them into areas in which they have not already become established. Where feasible, the Borrower will take measures to eradicate such species from the natural habitats over which the Borrower has management control.

### *Sustainable Management of Living Natural Resources*

31. The Borrower with projects involving primary production and harvesting of living natural resources will assess the overall sustainability of these activities, as well as their potential impacts on local, nearby or ecologically linked habitats, biodiversity and communities, including Indigenous Peoples.

32. The Borrower will manage living natural resources in a sustainable manner, through the application of good management practices and available technologies. Where such primary production practices are codified in standards that are globally, regionally, or nationally recognized, particularly for industrial-scale operations, the Borrower and the Bank will agree on the standards to be applied. In the absence of relevant standards for the particular living natural resources in the country concerned, the Borrower will apply GIIP.

33. For projects involving small scale producers<sup>17</sup>, the Borrower will require producers to operate in a sustainable manner and to gradually improve their practices where such opportunities exist. Where the project consists of a large number of small producers in the same geographical area, the Borrower will assess the potential for cumulative risks and impacts.

34. Where the project includes commercial agriculture and forestry plantations (particularly projects involving land clearing or afforestation), the Borrower will locate such projects on land that is already converted or highly degraded (excluding any land that has been converted in anticipation of the project). In view of the potential for plantation projects to introduce invasive alien species and threaten biodiversity, such projects will be designed to prevent and mitigate these potential threats to natural habitats. When the Borrower invests in production forestry in natural forests, these forests will be managed sustainably.

35. Where projects involve harvesting of living natural resources, the Borrower will require that these resources are managed in a sustainable manner. In particular, forests and aquatic systems are principal providers of these resources, and need to be managed as specified below.

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<sup>17</sup> Small scale can be determined by the national context of a given country and is generally relative to the average size of household landholdings.

## ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

- (a) For projects involving industrial-scale commercial forest harvesting operations, the Borrower will ensure such operations are certified under an independent forest certification system<sup>18</sup> or adhere to a time-bound phased action plan acceptable to the Bank for achieving certification to such a system.
- (b) For projects involving forest harvesting operations conducted by small-scale producers, by local communities under community forest management, or by such entities under joint forest management arrangements, where such operations are not directly associated with an industrial-scale operation, the Borrower will ensure that they: (i) have achieved a standard of sustainable forest management developed with the meaningful participation of project-affected parties including Indigenous Peoples, consistent with the principles and criteria of sustainable forest management, even if not formally certified; or (ii) adhere to a time-bound action plan to achieve such a standard. The action plan will be developed with the meaningful participation of project-affected parties and be acceptable to the Bank. The Borrower will ensure that all such operations are monitored with the meaningful participation of project-affected parties.
- (c) For projects involving industrial-scale harvesting of fish populations and all other types of marine and freshwater organisms, the Borrower will demonstrate that their activities are being undertaken in a sustainable manner, consistent with the principles and criteria for sustainable harvesting.

36. For projects that do not involve primary production or harvesting of living natural resources and entail salvage logging, for example in areas to be inundated, the Borrower will limit cleared areas to a minimum and justified by the project's technical requirements, and that relevant national legislation is being followed.

37. The Borrower involved in the industrial production of crops and animal husbandry will follow GIIP to avoid or minimize adverse risks or impacts. The Borrower involved in large-scale commercial farming, including breeding, rearing, housing, transport, and slaughter, of animals for meat or other animal products (such as milk, eggs, wool) will employ GIIP<sup>19</sup> in animal husbandry techniques, with due consideration for religious and cultural principles.

### B. Primary Suppliers

38. Where a Borrower is purchasing natural resource commodities, including food, timber and fiber, that are known to originate from areas where there is a risk of significant conversion or significant

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<sup>18</sup> An independent forest certification system will require independent, third-party assessment of forest management performance. It will be cost-effective and based on objective and measurable performance standards that are defined at the national level and are compatible with internationally accepted principles and criteria of sustainable forest management.

<sup>19</sup> Such as the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations.

## ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

degradation of natural or critical habitats, the Borrower's environmental and social assessment will include an evaluation of the systems and verification practices used by the primary suppliers.<sup>20</sup>

39. The Borrower will establish systems and verification practices which will:
- (a) identify where the supply is coming from and the habitat type of the source area;
  - (b) where possible, limit procurement to those suppliers that can demonstrate<sup>21</sup> that they are not contributing to significant conversion or degradation of natural or critical habitats; and
  - (c) where possible and within a reasonable period, shift the Borrower's primary suppliers to suppliers that can demonstrate that they are not significantly adversely impacting these areas.
40. The ability of the Borrower to fully address these risks will depend upon the Borrower's level of control or influence over its primary suppliers.

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<sup>20</sup> Primary suppliers are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

<sup>21</sup> This may be demonstrated by delivery of certified products or achieving compliance with one or more credible standards for sustainable management of living natural resources in respect of certain commodities or locations. This will include, where appropriate, compliance with independent certification systems or progress towards achieving compliance.

## Environmental and Social Standard 7.

### Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

#### Introduction

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1. This ESS applies to a distinct social and cultural group identified in accordance with paragraphs 8 and 9 of this ESS. The terminology used for such groups varies from country to country, and often reflects national considerations. ESS7 uses the term “*Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities*”<sup>1</sup>, recognizing that groups identified under paragraphs 8 and 9 may be referred to in different countries by different terms. Such terms include “Sub-Saharan African historically underserved traditional local communities”, “indigenous ethnic minorities”, “aboriginals”, “hill tribes”, “vulnerable and marginalized groups”, “minority nationalities”, “scheduled tribes”, “first nations” or “tribal groups”. ESS7 applies to all such groups, providing they meet the criteria set out in paragraphs 8 and 9. For the purposes of this ESS, the term “Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities” includes all such alternative terminology.
  
2. ESS7 contributes to poverty reduction and sustainable development by ensuring that projects supported by the Bank enhance opportunities for Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities to participate in, and benefit from, the development process in ways that do not threaten their unique cultural identities and well-being.<sup>2</sup>
  
3. This ESS recognizes that Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities have identities and aspirations that are distinct from mainstream groups in national societies and often are disadvantaged by traditional models of development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. Their economic, social, and legal status frequently limits their capacity to defend their rights to, and interests in, land, territories and natural and cultural resources, and may restrict their ability to participate in and benefit from development projects. In many cases, they do not receive equitable access to project benefits, or benefits are not devised or delivered in a form that is culturally appropriate, and they may not always be adequately consulted about the design or implementation of projects that would profoundly affect their lives or communities. This ESS recognizes that the roles of men and women in indigenous cultures are often different from those in the mainstream groups, and that women and children have frequently been marginalized both within their own communities and as a result of external developments, and may have specific needs.

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<sup>1</sup> ESS7 applies to a distinct social and cultural group, which has been identified as set out in paragraphs 8 and 9. The use of the terms “*Indigenous Peoples*”, “*Sub-Saharan African Historically Underserved Traditional Local Communities*” and any other alternative terminology does not broaden the scope of application of this ESS, in particular the criteria in paragraphs 8 and 9.

<sup>2</sup> This ESS recognizes that Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities have their own understanding and vision of their well-being and that, broadly, this is a holistic concept that relates to their intrinsic relationship to lands and traditional practices and is reflective of their way of life. This captures their core principles and aspirations of reaching harmony with their surroundings, and achieving solidarity, complementarity and communal living.



## ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

4. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities are inextricably linked to the land on which they live and the natural resources on which they depend. They are therefore particularly vulnerable if their land and resources are transformed, encroached upon, or significantly degraded. Projects may also undermine language use, cultural practices, institutional arrangements, and religious or spiritual beliefs that Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities view as essential to their identity or well-being. However, projects may also create important opportunities for Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities to improve their quality of life and well-being. A project may create improved access to markets, schools, clinics and other services that seek to improve living conditions. Projects can create opportunities for Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities to participate in, and benefit from project-related activities that may help them fulfill an aspiration to play an active and meaningful role as citizens and partners in development. Furthermore, this ESS recognizes that Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities play a vital role in sustainable development.

5. This ESS recognizes that the situation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities varies from region to region and from country to country. The particular national and regional contexts and the different historical and cultural backgrounds will form part of the environmental and social assessment of the project. In this way, the assessment is intended to support identification of measures to address concerns that project activities may exacerbate tensions between different ethnic or cultural groups.

### Objectives

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- To ensure that the development process fosters full respect for the human rights, dignity, aspirations, identity, culture, and natural resource-based livelihoods of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.
- To avoid adverse impacts of projects on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, or when avoidance is not possible, to minimize, mitigate and/or compensate for such impacts.
- To promote sustainable development benefits and opportunities for Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities in a manner that is accessible, culturally appropriate and inclusive.
- To improve project design and promote local support by establishing and maintaining an ongoing relationship based on meaningful consultation with the Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities affected by a project throughout the project's life-cycle.
- To obtain the Free, Prior, and Informed Consent (FPIC)<sup>3</sup> of affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities in the three circumstances described in this ESS.

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<sup>3</sup> For the purposes of this ESS, FPIC is defined in paragraphs 25 and 26.

## ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

- To recognize, respect and preserve the culture, knowledge, and practices of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, and to provide them with an opportunity to adapt to changing conditions in a manner and in a timeframe acceptable to them.

### Scope of Application

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6. This ESS applies to a distinct social and cultural group identified in accordance with paragraphs 8 and 9 of this ESS. In some countries, such groups are referred to as 'Indigenous Peoples'. In other countries they may be referred to by other terms, such as "Sub-Saharan African historically underserved traditional local communities", "indigenous ethnic minorities", "aboriginals", "hill tribes", "vulnerable and marginalized groups", "minority nationalities", "scheduled tribes", "first nations", or "tribal groups." As the applicability of the term "Indigenous Peoples" varies widely from country to country, the Borrower may request the Bank to use an alternative terminology for the Indigenous Peoples as appropriate to the national context of the Borrower<sup>4</sup>. Regardless of which terminology is used, the requirements of this ESS will apply to all such groups. This ESS uses the term "Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities" in recognition of the different terminology which may be used to refer to Indigenous Peoples in the national context.

7. This ESS applies whenever Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities (as they may be referred to in the national context) are present in, or have collective attachment to a proposed project area, as determined during the environmental and social assessment. This ESS applies regardless of whether Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities are affected positively or negatively, and regardless of the significance of any such impacts<sup>5</sup>. This ESS also applies irrespective of the presence or absence of discernible economic, political or social vulnerabilities, although the nature and extent of vulnerability will be a key variable in designing plans to promote equitable access to benefits or to mitigate adverse impacts.

8. In this ESS, the term "Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities" (or as they may be referred to in the national context using an alternative terminology) is used in a generic sense to refer exclusively to a distinct social and cultural group possessing the following characteristics in varying degrees:

- (a) Self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others; and

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<sup>4</sup> The purpose of ESS7 is not to specify terminology to identify or describe these groups, which will be defined solely in accordance with the criteria set out in paragraphs 8 and 9.

<sup>5</sup> The scope and scale of consultation, as well as subsequent project planning and documentation processes, will be proportionate to the scope and scale of potential project risks and impacts as they may affect Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities. See paragraph 11.

## ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

- (b) Collective attachment<sup>6</sup> to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation, as well as to the natural resources in these areas; and
- (c) Customary cultural, economic, social, or political institutions that are distinct or separate from those of the mainstream society or culture; and
- (d) A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

9. This ESS also applies to communities or groups of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities who, during the lifetime of members of the community or group, have lost collective attachment to distinct habitats or ancestral territories in the project area, because of forced severance, conflict, government resettlement programs, dispossession of their land, natural disasters, or incorporation of such territories into an urban area.<sup>7</sup> This ESS also applies to forest dwellers, hunter-gatherers, pastoralists or other nomadic groups, subject to satisfaction of the criteria in paragraph 8.

10. Following a determination by the World Bank that Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities are present in, or have collective attachment to the project area, the Borrower may be required to seek inputs from appropriate specialists to meet the consultation, planning, or other requirements of this ESS. The World Bank may follow national processes during project screening for the identification, in accordance with paragraphs 8 and 9, of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities (as they may be referred to in the national context), where these processes meet the requirements of this ESS<sup>8</sup>.

### Requirements

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#### A. General

11. A key purpose of this ESS is to ensure that Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities present in, or with collective attachment to, the project area are fully consulted about, and have opportunities to actively participate in, project design and the

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<sup>6</sup> “Collective attachment” means that for generations there has been a physical presence in and economic ties to land and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for it, such as sacred sites.

<sup>7</sup> Care must be taken in application of this ESS in urban areas. Generally, it does not apply to individuals or small groups migrating to urban areas in search of economic opportunity. It may apply, however, where Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities have established distinct communities in or near urban areas but still possess the characteristics stated in paragraph 8.

<sup>8</sup> In conducting this screening, the Bank may seek the technical advice of specialists with expertise on the social and cultural groups in the project area. The Bank will also consult the Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities concerned and the Borrower. See paragraph 54 in the World Bank Environmental and Social Policy for Investment Project Financing.

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determination of project implementation arrangements. The scope and scale of consultation, as well as subsequent project planning and documentation processes, will be proportionate to the scope and scale of potential project risks and impacts as they may affect Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

12. The Borrower will assess the nature and degree of the expected direct and indirect economic, social, cultural (including cultural heritage),<sup>9</sup> and environmental impacts on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities who are present in, or have collective attachment to, the project area. The Borrower will prepare a consultation strategy and identify the means by which affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will participate in project design and implementation. Subsequently, effective project design and documentation will be developed as set out below.

13. The Borrower's proposed measures and actions will be developed in consultation with the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities and contained in a time-bound plan, such as an Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities plan. The scope and scale of the plan will be proportionate to the potential risks and impacts of the project. The format and title of the plan will be adjusted as appropriate to the project or country context, and will reflect any alternative terminology for the Indigenous Peoples, as referred to in paragraph 6.

### ***Projects Designed Solely to Benefit Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities***

14. Where projects are designed to provide benefits only to Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, the Borrower will proactively engage with the relevant Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities to ensure their ownership and participation in project design, implementation, monitoring and evaluation. The Borrower will also consult with them as to the cultural appropriateness of proposed services or facilities, and will seek to identify and address any economic or social constraints (including those relating to gender) that may limit opportunities to benefit from, or participate in, the project.

15. When Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities are the sole, or the overwhelming majority of, project beneficiaries, the elements of the plan may be included in the overall project design, and preparation of a stand-alone Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities plan is not necessary.

### ***Projects Where Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities Are Not the Sole Beneficiaries***

16. When Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities are not the only beneficiaries of the project, planning requirements will vary with circumstances. The Borrower will design and implement the project in a manner that provides affected

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<sup>9</sup> Additional requirements on protection of cultural heritage are set out in ESS8.

## **ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities with equitable access to project benefits. The concerns or preferences of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will be addressed through meaningful consultation and project design, and documentation will summarize the consultation results and describe how Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' issues have been addressed in project design. Arrangements for ongoing consultations during implementation and monitoring will also be described.

17. The Borrower will prepare a time-bound plan, such as an Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities plan setting out the measures or actions proposed. In some circumstances, a broader integrated community development plan<sup>10</sup> will be prepared, addressing all beneficiaries of the project and incorporating necessary information relating to the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

### ***Avoidance of Adverse Impacts***

18. Adverse impacts on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will be avoided where possible. Where alternatives have been explored and adverse impacts are unavoidable, the Borrower will minimize and/or compensate for these impacts in a culturally appropriate manner proportionate to the nature and scale of such impacts and the form and degree of vulnerability of the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

19. When situations arise in which projects potentially affect remote groups with limited external contact, also known as peoples "in voluntary isolation", "isolated peoples" or "in initial contact", the Borrower will take appropriate measures to recognize, respect and protect their land and territories, environment, health and culture, as well as measures to avoid all undesired contact with them as a consequence of the project. The aspects of the project that would result in such undesired contact will not be processed further.

### ***Mitigation and Development Benefits***

20. The Borrower and affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will identify mitigation measures in alignment with the mitigation hierarchy described in ESS1 as well as opportunities for culturally appropriate and sustainable development benefits.

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<sup>10</sup> A community development plan may be appropriate in circumstances where other people, in addition to the Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, will be affected by the risks and impacts of the project; where more than one Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities group is to be included; or where the regional or national scope of a programmatic project incorporates other population groups. In certain circumstances, a planning framework will be appropriate.

## **ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

The scope of assessment and mitigation will include cultural impacts<sup>11</sup> as well as physical impacts. The Borrower will ensure the timely delivery of agreed measures to affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

21. The determination, delivery, and distribution of compensation and shared benefits to affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will take account of the institutions, rules and customs of these Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities as well as their level of interaction with mainstream society. Eligibility for compensation can either be individually or collectively-based, or be a combination of both.<sup>12</sup> Where compensation occurs on a collective basis, as far as practicable mechanisms that promote the effective distribution of compensation to all eligible members, or collective use of compensation in a manner that benefits all members of the group, will be defined and implemented.

22. Various factors including, but not limited to, the nature of the project, the project context and the vulnerability of affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will determine how affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will benefit from the project. Identified opportunities will aim to address the goals and preferences of the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, including improving their standard of living and livelihoods in a culturally appropriate manner, and to foster the long-term sustainability of the natural resources on which they depend.

### ***Meaningful Consultation Tailored to Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities***

23. To promote effective project design, to build local project support or ownership, and to reduce the risk of project-related delays or controversies, the Borrower will undertake an engagement process with affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, as required in ESS10. This engagement process will include stakeholder analysis and engagement planning, disclosure of information, and meaningful consultation, in a culturally appropriate and gender and inter-generationally inclusive manner. For Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, the process of meaningful consultation will also:

- (a) Involve Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' representative bodies and organizations<sup>13</sup> (e.g.,

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<sup>11</sup> Considerations relating to cultural impacts may include, for example, the language of instruction and curriculum content in education projects, or culturally sensitive or gender-sensitive procedures in projects such as health projects, and others.

<sup>12</sup> Where control of resources, assets and decision making are predominantly collective in nature, efforts will be made to ensure that, where possible, benefits and compensation are collective, and take account of intergenerational differences and needs.

<sup>13</sup> For projects that have a regional or national scope, the meaningful consultation may be carried out with Indigenous organizations or representatives at the relevant national or regional levels. These organizations or representatives will be identified in the stakeholder engagement process described in ESS10.

## **ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

councils of elders or village councils, or chieftains) and, where appropriate, other community members;

- (b) Provide sufficient time for Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' decision-making processes;<sup>14</sup> and
- (c) Allow for Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' effective participation in the design of project activities or mitigation measures that could potentially affect them either positively or negatively.

### **B. Circumstances Requiring Free, Prior and Informed Consent (FPIC)**

24. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities may be particularly vulnerable to the loss of, alienation from or exploitation of their land and access to natural and cultural resources. In recognition of this vulnerability, in addition to the General Requirements of this ESS (Section A) and those set out in ESSs 1 and 10, the Borrower will obtain the FPIC of the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities in accordance with paragraphs 25 and 26 in circumstances in which the project will:

- (a) have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation;
- (b) cause relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities from land and natural resources subject to traditional ownership or under customary use or occupation; or
- (c) have significant impacts on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' lives.

In these circumstances, the Borrower will engage independent specialists to assist in the identification of the project risks and impacts.

25. There is no universally accepted definition of FPIC. For the purposes of this ESS, FPIC is established as follows:

- (a) The scope of FPIC applies to project design, implementation arrangements and expected outcomes related to risks and impacts on the affected Indigenous

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<sup>14</sup> Internal decision making processes are generally but not always collective in nature. There may be internal dissent, and decisions may be challenged by some in the community. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision making processes to reach conclusions that are considered legitimate by the majority of the concerned participants.

## ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities;

- (b) FPIC builds on and expands the process of meaningful consultation described in ESS10 and paragraph 23 above, and will be established through good faith negotiation between the Borrower and affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities;
- (c) The Borrower will document: (i) the mutually accepted process to carry out good faith negotiations that has been agreed by the Borrower and Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; and (ii) the outcome of the good faith negotiations between the Borrower and Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, including all agreements reached as well as dissenting views; and
- (d) FPIC does not require unanimity and may be achieved even when individuals or groups within or among affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities explicitly disagree.

26. For the purposes of this ESS, consent refers to the collective support of affected Indigenous Peoples communities/Sub-Saharan African Historically Underserved Traditional Local Communities for the project activities that affect them, reached through a culturally appropriate process. It may exist even if some individuals or groups object to such project activities, as recognized by paragraph 25 (d).

27. When the FPIC of the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities cannot be ascertained by the Bank, the aspects of the project relevant to those affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities for which the FPIC cannot be ascertained will not be processed further. Where the Bank has made the decision to continue processing the project other than the aspects for which the FPIC of the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities cannot be ascertained, the Borrower will ensure that no adverse impacts result on such Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities during the implementation of the project.

28. Agreements reached between the Borrower and affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will be described, and actions necessary to accomplish agreements will be included, in the ESCP. During implementation, the Borrower will ensure that necessary actions are taken, and agreed benefits or improvements to services are delivered, so as to maintain Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' support for the project.



## ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

### *Impacts on Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use or Occupation*

29. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities are often closely tied to their land and related natural resources.<sup>15</sup> Frequently, land is traditionally owned or under customary use or occupation. While Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities may not possess legal title to land as defined by national law, their use of the land, including seasonal or cyclical use, for their livelihoods, or for cultural, ceremonial, and spiritual purposes that define their identity and community, can often be substantiated and documented. Where projects involve (a) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities have traditionally owned or customarily used or occupied<sup>16</sup>, or (b) the acquisition of such lands, the Borrower will prepare a plan for the legal recognition of such ownership, occupation, or usage, with due respect to the customs, traditions and land tenure systems of the Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities concerned. The objective of such plans will be the following: (a) full legal recognition of existing customary land tenure systems of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; or (b) conversion of customary usage rights to communal and/or individual ownership rights<sup>17</sup>. If neither option is possible under national law, the plan includes measures for the legal recognition of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' perpetual or long-term renewable custodial or use rights.

30. If the Borrower proposes to locate a project, or commercially develop natural resources, on land traditionally owned by, or under the customary use or occupation of, Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, and adverse impacts<sup>18</sup> can be expected, the Borrower will take the following steps and obtain their FPIC:

- (a) Document efforts to avoid and otherwise minimize the area of land proposed for the project;
- (b) Document efforts to avoid and otherwise minimize impacts on natural resources subject to traditional ownership or customary use or occupation;
- (c) Identify and review all property interests, tenurial arrangements, and traditional resource usage prior to purchasing, leasing or, as a last resort, undertaking land acquisition;

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<sup>15</sup> Examples include marine and aquatic resources, timber and non-timber forest products, medicinal plants, hunting and gathering grounds, and grazing and cropping areas.

<sup>16</sup> For example, extractive industries, creation of conservation areas, agro-development schemes, greenfield infrastructure development, land management or titling programs.

<sup>17</sup> Conversion of customary usage rights to individual ownership rights will only be an objective following consultation with the Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities concerned and assessment of the impacts of such conversion on the communities and their livelihoods.

<sup>18</sup> Such adverse impacts may include impacts from loss of access to assets or resources or restrictions on land use resulting from project activities.

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- (d) Assess and document Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' resource use without prejudicing any Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' land claim. The assessment of land and natural resource use will be gender inclusive and specifically consider women's role in the management and use of these resources;
- (e) Ensure that affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities are informed of: (i) their land rights under national law, including any national law recognizing customary use rights; (ii) the scope and nature of the project; and (iii) the potential impacts of the project; and
- (f) Where a project promotes commercial development of their land or natural resources, afford due process, and offer compensation together with culturally appropriate sustainable development opportunities to Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, at least equivalent to that to which any landowner with full legal title to the land would be entitled, including:
  - (i) Providing fair lease arrangements or, where land acquisition is necessary, providing land-based compensation or compensation in kind in lieu of cash compensation where feasible;<sup>19</sup>
  - (ii) Ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to and the loss of natural resources independent of project land acquisition;
  - (iii) Enabling Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities to share equitably in the benefits to be derived from the commercial development of the land or natural resources where the Borrower intends to utilize land or natural resources that are central to the identity and livelihood of affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities and the usage thereof exacerbates livelihood risk; and
  - (iv) Providing affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities with access, usage, and transit on land the Borrower is developing subject to overriding health, safety, and security considerations.

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<sup>19</sup> If circumstances prevent the Borrower from offering suitable replacement land, the Borrower must provide verification that such is the case. Under such circumstances, the Borrower will provide non-land-based income-earning opportunities over and above cash compensation to affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

## ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

### *Relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use or Occupation*

31. The Borrower will consider feasible alternative project designs to avoid the relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities from communally held<sup>20</sup> or attached land and natural resources subject to traditional ownership or customary use or occupation. If such relocation is unavoidable the Borrower will not proceed with the project unless FPIC has been obtained as described above; the Borrower will not resort to forced eviction,<sup>21</sup> and any relocation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will meet the requirements of ESS5. Where feasible, the relocated Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities will be able to return to their traditional or customary land, should the cause of their relocation cease to exist.

### *Cultural Heritage*

32. Where a project may significantly impact cultural heritage<sup>22</sup> that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' lives, priority will be given to the avoidance of such impacts. Where significant project impacts are unavoidable, the Borrower will obtain the FPIC of affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

33. Where a project proposes to use the cultural heritage of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities for commercial purposes, the Borrower will inform the affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities of: (a) their rights under national law; (b) the scope and nature of the proposed commercial development; and (c) the potential consequences of such development; and obtain their FPIC. The Borrower will also enable Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities to share equitably in the benefits to be derived from commercial development of such cultural heritage, consistent with the customs and traditions of the Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

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<sup>20</sup> Typically, Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities claim rights and access to, and use of land and resources through traditional or customary systems, many of which entail communal property rights. These traditional claims to land and resources may not be recognized under national laws. Where Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities individually hold legal title, or where the relevant national law recognizes customary rights for individuals, the requirements of ESS5 will apply, in addition to the requirements under paragraph 31 of this ESS.

<sup>21</sup> See paragraph 31 of ESS5.

<sup>22</sup> 'Cultural heritage' is defined in ESS8. It includes natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred mountains, sacred trees, sacred rocks, burial grounds and sites.

## **ESS7. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

### **C. Grievance Mechanism**

34. The Borrower will ensure that a grievance mechanism is established for the project, as described in ESS10, which is culturally appropriate and accessible to affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities, and takes into account the availability of judicial recourse and customary dispute settlement mechanisms among Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

### **D. Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities and Broader Development Planning**

35. The Borrower may request Bank technical or financial support, in the context of a specific project or as a separate activity, for preparation of plans, strategies or other activities intended to strengthen consideration and participation of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities (as they may be referred to in the national context) in the development process. This may include a variety of initiatives designed, for example, to: (a) strengthen local legislation to establish recognition of customary or traditional land tenure arrangements; (b) address the gender and intergenerational issues that exist among Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; (c) protect indigenous knowledge including intellectual property rights; (d) strengthen the capacity of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities to participate in development planning or programs; and (e) strengthen the capacity of government agencies providing services to Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.

36. Affected Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities may themselves seek support for various initiatives and these should be taken into consideration by the Borrower and the Bank. They include: (a) support for the development priorities of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities through programs (such as community-driven development programs and locally managed social funds) developed by governments in cooperation with Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities; (b) preparation of participatory profiles of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities to document their culture, demographic structure, gender and intergenerational relations and social organization, institutions, production systems, religious beliefs, and resource use patterns; (c) facilitating partnerships among the government, Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities Organizations, Civil Society Organizations, and the private sector to promote Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities' development programs.

## Environmental and Social Standard 8. Cultural Heritage

### Introduction

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1. ESS 8 recognizes that cultural heritage provides continuity in tangible and intangible forms between the past, present and future. People identify with cultural heritage as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions. Cultural heritage, in its many manifestations, is important as a source of valuable scientific and historical information, as an economic and social asset for development, and as an integral part of people's cultural identity and practice. ESS 8 sets out measures designed to protect cultural heritage throughout the project life-cycle.

2. This ESS sets out general provisions on risks and impacts to cultural heritage from project activities. ESS 7 sets out additional requirements for cultural heritage in the context of Indigenous Peoples. ESS 6 recognizes the social and cultural values of biodiversity. Provisions on Stakeholder Engagement and Information Disclosure are set out in ESS 10.

### Objectives

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- To protect cultural heritage from the adverse impacts of project activities and support its preservation.
- To address cultural heritage as an integral aspect of sustainable development.
- To promote meaningful consultation with stakeholders regarding cultural heritage.
- To promote the equitable sharing of benefits from the use of cultural heritage.

### Scope of Application

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3. The applicability of this ESS is established during the environmental and social assessment described in ESS1.

4. The term 'cultural heritage' encompasses tangible and intangible heritage, which may be recognized and valued at a local, regional, national or global level, as follows:

- Tangible cultural heritage, which includes movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Tangible cultural heritage may be located in urban or rural settings, and may be above or below land or under the water;
- Intangible cultural heritage, which includes practices, representations, expressions, knowledge, skills - as well as the instruments, objects, artefacts and cultural spaces associated therewith – that communities and groups recognize as part of their cultural heritage, as transmitted from generation to generation and constantly recreated by them in response to their environment, their interaction with nature and their history.

5. The requirements of this ESS 8 will apply to all projects that are likely to have risks or impacts on cultural heritage. This will include a project which:

## ESS8. Cultural Heritage

- (a) Involves excavations, demolition, movement of earth, flooding or other changes in the physical environment;
- (b) Is located within a legally protected area or a legally defined buffer zone;
- (c) Is located in, or in the vicinity of, a recognized cultural heritage site; or
- (d) Is specifically designed to support the conservation, management and use of cultural heritage.

6. The requirements of ESS 8 apply to cultural heritage regardless of whether or not it has been legally protected or previously identified or disturbed.

7. The requirements of ESS 8 apply to intangible cultural heritage only if a physical component of a project will have a material impact on such cultural heritage or if a project intends to use such cultural heritage for commercial purposes.

### Requirements

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#### A. General

8. The environmental and social assessment, as set out in ESS1, will consider direct, indirect and cumulative project-specific risks and impacts on cultural heritage. Through the environmental and social assessment, the Borrower will determine the potential risks and impacts of the proposed activities of the project on cultural heritage.

9. The Borrower will avoid impacts on cultural heritage. When avoidance of impacts is not possible, the Borrower will identify and implement measures to address impacts on cultural heritage in accordance with the mitigation hierarchy<sup>1</sup>. Where appropriate, the Borrower will develop a Cultural Heritage Management Plan.<sup>2</sup>

10. The Borrower will implement globally recognized practices for field-based study, documentation and protection of cultural heritage in connection with the project, including by contractors and other third parties.

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<sup>1</sup> Mitigation measures include, for example, relocating or modifying the physical footprint of the project; conservation and rehabilitation *in situ*; relocation of cultural heritage; documentation; strengthening the capacity of national and subnational institutions responsible for managing cultural heritage affected by the project; establishment of a monitoring system to track the progress and efficacy of these activities; establishment of an implementation schedule and required budget for the identified mitigation measures; and cataloguing of finds. Such measures will take into account the provisions in Section D for specific types of cultural heritage.

<sup>2</sup> The Cultural Heritage Management Plan will include an implementation timeline and an estimate of resource needs for each mitigation measure. This may be developed as a stand-alone document or, depending on the nature and the scale of the risks and impacts of the project, as part of the ESCP.

## ESS8. Cultural Heritage

11. A chance finds procedure is a project-specific procedure which will be followed if previously unknown cultural heritage is encountered during project activities. It will be included in all contracts relating to construction of the project, including excavations, demolition, movement of earth, flooding or other changes in the physical environment. The chance finds procedure will set out how chance finds associated with the project will be managed. The procedure will include a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence-off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of this ESS and national law; and to train project personnel and project workers on chance find procedures.

12. Where necessary due to the potential risks and impacts of a project, the environmental and social assessment will involve the participation of cultural heritage experts. If the environmental and social assessment determines that the project may, at any time during the project life-cycle, have significant potential risks and impacts on cultural heritage, the Borrower will engage cultural heritage experts to assist in the identification, valuation assessment and protection of cultural heritage.

### B. Stakeholder Consultation and Identification of Cultural Heritage

13. The Borrower will identify, in accordance with ESS10, stakeholders that are relevant for the cultural heritage that is known to exist or is likely to be encountered during the project life-cycle. Stakeholders will include, as relevant:

- (a) project affected parties, including individuals and communities within the country who use or have used the cultural heritage within living memory; and
- (b) other interested parties, which may include national or local regulatory authorities that are entrusted with the protection of cultural heritage and nongovernmental organizations and cultural heritage experts, including national and international cultural heritage organizations.

14. The Borrower will carry out meaningful consultations<sup>3</sup> with stakeholders in accordance with ESS10 in order to identify cultural heritage that may be affected by the potential project; consider the significance<sup>4</sup> of the cultural heritage affected by the project; assess the potential risks and impacts; and explore avoidance and mitigation options.

### **Confidentiality**

15. The Borrower, in consultation with the Bank, project-affected parties (including individuals and communities) and cultural heritage experts, will determine whether disclosure of information regarding cultural heritage would compromise or jeopardize the safety or integrity of the cultural heritage or would endanger sources of information. In such cases, sensitive information may be omitted from public

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<sup>3</sup> The Borrower will support the inclusion and cooperation of the various stakeholders through a dialogue with the appropriate authorities, including the relevant national or local regulatory authorities entrusted with the protection of cultural heritage, to establish the most effective means for addressing the views and concerns of the stakeholders and involving them in the protection and management of the cultural heritage.

<sup>4</sup> The significance of cultural heritage is considered according to the value systems and interests of project affected parties (including individuals and communities) and other interested parties, who are concerned with the protection and appropriate use of the cultural heritage.

## ESS8. Cultural Heritage

disclosure. If the project-affected parties (including individuals and communities) hold the location, characteristics, or traditional use of the cultural heritage in secret, the Borrower will put in place measures to maintain confidentiality.

### *Stakeholders' Access*

16. Where the Borrower's project site contains cultural heritage or prevents access to previously accessible cultural heritage sites, the Borrower will, based on consultations with users of the site, allow continued access to the cultural site, or will provide an alternative access route, subject to overriding health, safety and security considerations.

### **C. Legally Protected Cultural Heritage Areas**

17. *As part of the environmental and social assessment, the Borrower will determine the presence of all listed legally protected cultural heritage areas affected by the project<sup>5</sup>. If the proposed project will be located within a legally protected area or a legally defined buffer zone, the Borrower will:*

- (a) Comply with local, national, regional or international cultural heritage regulations<sup>6</sup> and the protected area management plans;
- (b) Consult the protected area sponsors and managers, project-affected parties (including individuals and communities) and other interested parties on the proposed project; and
- (c) Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.

### **D. Provisions for Specific Types of Cultural Heritage**

#### *Archaeological Sites and Material*

18. Archaeological sites comprise any combination of structural remains, artifacts, human or ecological elements and may be located entirely beneath, partially above, or entirely above the land or water surface. Archaeological material may be found anywhere on the earth's surface<sup>7</sup>, singly or scattered over large areas. Such material also includes burial areas<sup>8</sup>, human remains and fossils.

19. Where there is evidence or high probability of past human activity in the area of the project, the Borrower will conduct desk-based research and field surveys to document, map and investigate archaeological remains. The Borrower will document the location and characteristics of archaeological

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<sup>5</sup> Examples include world heritage sites and nationally and sub-nationally protected areas.

<sup>6</sup> The applicability of regional or international cultural heritage regulations to the project will be determined through the environmental and social assessment.

<sup>7</sup> Most archaeological sites are hidden from view. Only rarely is there no archaeological material in any given area, even if such material is not known to or recognized by local people or recorded by national or international archaeological agencies or organizations.

<sup>8</sup> The burial areas referred to in paragraph 18 are those unrelated to current populations living in the project area. For more recent burial places connected directly to project-affected parties, appropriate mitigation measures will be identified pursuant to paragraphs 8 and 9 through consultations with such parties.



## ESS8. Cultural Heritage

sites and materials discovered during the project life-cycle and provide such documentation to the national or subnational cultural heritage authorities.

20. The Borrower will determine, in consultation with cultural heritage experts, whether archaeological material discovered during the project life-cycle requires: (a) documentation only; (b) excavation and documentation; or (c) conservation in place; and will manage the archaeological material accordingly. The Borrower will determine ownership and custodial responsibility for archaeological material in accordance with national and subnational law, and until such time as custody has been transferred, will arrange for identification, conservation, labeling, secure storage and accessibility to enable future study and analysis.

### *Built Heritage*

21. Built Heritage refers to single or groups of architectural works in their urban or rural setting as evidence of a particular civilization, a significant development or a historic event. Built Heritage includes groups of buildings, structures and open spaces constituting past or contemporary human settlements that are recognized as cohesive and valuable from an architectural, aesthetic, spiritual or socio-cultural perspective.

22. The Borrower will identify appropriate mitigation measures to address the impacts on Built Heritage, which may include (a) documentation; (b) conservation or rehabilitation in situ; (c) relocation and conservation or rehabilitation. During any rehabilitation or restoration of cultural heritage structures, the Borrower will maintain the authenticity of form, construction materials and techniques of the structure(s).<sup>9</sup>

23. The Borrower will preserve the physical and visual context of individual or groups of historic structures by considering the appropriateness and effect of project infrastructure proposed for location within the range of sight.

### *Natural Features with Cultural Significance*

24. Natural features may be imbued with cultural heritage significance. Examples include sacred hills, mountains, landscapes, streams, rivers, waterfalls, caves and rocks; sacred trees or plants, groves and forests; carvings or paintings on exposed rock faces or in caves; and paleontological deposits of early human, animal or fossilized remains.<sup>10</sup> The significance of such heritage may be localized in small community groups or minority populations.

25. The Borrower will identify, through research and consultation with project-affected parties (including individuals and communities), natural features with cultural heritage significance affected by the project, the people that value such features, and the individuals or groups with authority to represent and negotiate regarding the location, protection and use of the heritage place(s).

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<sup>9</sup> In compliance with applicable national and subnational laws and/or zoning regulations and in accordance with GIIP.

<sup>10</sup> Often the designation of cultural significance is kept secret, known only to a specific local population, and associated with ritual activities or events. The sacred character of such heritage may pose a challenge in determining how to avoid or mitigate damage. Natural cultural sites may contain archaeological material.

## ESS8. Cultural Heritage

26. Most natural features with cultural heritage significance are best protected by preservation *in situ*. If it is not possible to preserve the natural features in their existing location, the transfer of the cultural heritage to another location will be conducted in consultation with project-affected parties, in accordance with GIIP. The agreement that is reached regarding the transfer will respect and enable continuation of the traditional practices associated with the cultural heritage that has been transferred.

### *Movable Cultural Heritage*

27. Movable cultural heritage includes such objects as: historic or rare books and manuscripts; paintings, drawings, sculptures, statuettes and carvings; modern or historic religious items; historic costumes, jewelry and textiles; fragments of monuments or historic buildings; archaeological material; and natural history collections such as shells, flora, or minerals. Discoveries and access resulting from a project may increase the vulnerability of cultural objects to theft, trafficking or abuse. The Borrower will take measures to guard against theft and illegal trafficking of movable cultural heritage items affected by the project and will notify relevant authorities of any such activity.

28. The Borrower, in consultation with relevant cultural heritage authorities, will identify movable cultural heritage objects that may be endangered by the project and make provisions for their protection throughout the project life-cycle. The Borrower will inform religious or secular authorities or other custodians with responsibility for overseeing and protecting the movable cultural heritage objects of the schedule for project activities and alert them regarding the potential vulnerability of such items.

### **E. Commercial Use of Cultural Heritage**

29. Where a project intends to use cultural heritage of project affected parties (including individuals and communities) for commercial purposes, the Borrower will inform the project affected parties of: (a) their rights under national law; (b) the scope and nature of the commercial development and the potential impacts; and (c) the potential consequences of such development and impacts.

30. The Borrower will not proceed with such commercial use unless it: (a) carries out meaningful consultation with stakeholders as described in ESS10; (b) provides for fair and equitable sharing of benefits from commercial use of such cultural heritage, consistent with customs and traditions of the project affected parties; and (c) identifies mitigation measures according to the mitigation hierarchy.

## Environmental and Social Standard 9. Financial Intermediaries

### Introduction

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1. ESS9 recognizes that strong domestic capital and financial markets and access to finance are important for economic development, growth and poverty reduction. The Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets.
2. FIs are required to monitor and manage the environmental and social risks and impacts of their portfolio and FI subprojects, and monitor portfolio risk, as appropriate to the nature of intermediated financing. The way in which the FI will manage its portfolio will take various forms, depending on a number of considerations, including the capacity of the FI and the nature and scope of the funding to be provided by the FI.
3. FIs are required to develop and maintain, in the form of an Environmental and Social Management System (ESMS), effective environmental and social systems, procedures and capacity for assessing, managing, and monitoring risks and impacts of subprojects, as well as managing overall portfolio risk in a responsible manner.

### Objectives

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- To set out how the FI will assess and manage environmental and social risks and impacts associated with the subprojects it finances.
- To promote good environmental and social management practices in the subprojects the FI finances.
- To promote good environmental and sound human resources management within the FI.

### Scope of Application

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4. This ESS applies to Financial Intermediaries (FIs) that receive financial support from the Bank. FIs include public and private financial services providers, including national and regional development banks, which channel financial resources to a range of economic activities across industry sectors<sup>1</sup>. Financial intermediation also includes provision of financing or guarantees by FIs to other FIs. For the purposes of this ESS, the term “FI subproject” refers to projects financed by FIs with support from the Bank<sup>2</sup>. Where the project involves on-lending by the FI to another FI, the term “FI subproject” will include the subprojects of each subsequent FI.
5. The requirements of this ESS apply to all FIs that receive support from the Bank, either directly from the Bank or the Borrower, or through the Borrower or other FIs, as follows:

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<sup>1</sup> Such FIs use various financial products such as project finance, corporate finance, medium and small enterprise finance, microfinance, housing finance, leasing, and trade finance. This ESS covers all types of financing and financial products provided by FIs that are targeted to productive business activities.

<sup>2</sup> “FI subprojects” are defined as projects or activities financed by an FI. Where an FI provides financing or guarantees to other FIs, “FI subprojects” are defined as projects or activities financed by the latter FI with support from the former FI.

## ESS9. Financial Intermediaries

- (a) Where Bank support is provided to the FI to fund clearly-defined FI subprojects the requirements of this ESS will apply to each of the FI subprojects;
- (b) Where Bank support is provided to the FI for a general purpose<sup>3</sup>, the requirements of this ESS will apply to the entire portfolio of the FI's future subprojects from the date on which the legal agreement becomes effective.

6. Where an FI receiving support from the Bank provides financing or guarantees to other FIs, the FI will apply the requirements of this ESS and will cause each subsequent FI to apply the requirements of this ESS, as specified in paragraph 5 of this ESS.

### Requirements

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7. FIs will put in place and maintain an ESMS to identify, assess, manage, and monitor the environmental and social risks and impacts of FI subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level.<sup>4</sup> Where the FI can demonstrate that it already has an ESMS in place, it will provide adequate documented evidence of such an ESMS, indicating which elements (if any) will be enhanced or modified to meet the requirements of this ESS.<sup>5</sup>

8. The FI's ESMS will include the following elements: (i) environmental and social policy; (ii) clearly defined procedures for the identification, assessment and management of the environmental and social risks and impacts of subprojects; (iii) organizational capacity and competency; (iv) monitoring and review of environmental and social risks of subprojects and the portfolio; and (v) external communications mechanism.

9. Where FI subprojects are likely to have minimal or no adverse environmental or social risks or impacts, the FI will apply national law.<sup>6</sup>

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<sup>3</sup> Support for a 'general purpose' means that the support cannot be traced to a specific FI subproject or specific types of financing.

<sup>4</sup> For the purpose of assessing the adequacy of the ESMS, the FI portfolio means the portfolio of current and/or proposed subprojects to which this ESS applies, as described in paragraph 5.

<sup>5</sup> Where the Bank is providing support to a project involving Financial Intermediaries (FIs), and other multilateral or bilateral funding agencies, including IFC and MIGA, will or have already provided financing to the same FIs, the Bank may agree to rely on the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the project, including the institutional arrangements already established by the participating FIs, provided that such requirements will enable the project to achieve objectives materially consistent with this ESS and other ESSs, as applicable. Following review by the Bank, an FI may be required to enhance its ESMS, as deemed necessary by the Bank.

<sup>6</sup> This will rely on an assessment of the risks of the potential FI subprojects and the FI is proposing to finance, and the capacity of the FI. This may apply to certain retail financial products, such as consumer loans or credit cards.

## ESS9. Financial Intermediaries

10. The FI will review and adjust, in a manner acceptable to the Bank, its ESMS from time to time, including when the environmental and social risk profile of its portfolio changes significantly.
11. The FI will comply with any exclusions in the legal agreement and apply relevant national law for all FI subprojects. In addition, the FI will apply the relevant requirements of the ESSs to any FI subproject that involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage.
12. An FI may be required to adopt and implement additional or alternative environmental and social requirements, depending on the nature of the FI, its activities, the sector or countries of operation, and the environmental and social risks and impacts of the potential FI subprojects<sup>7</sup>.
13. The FI will provide a safe and healthy working environment. Accordingly, relevant aspects of ESS2 will apply to the FI itself. The FI will have in place and maintain appropriate labor management procedures, including procedures relating to working conditions and terms of employment, non-discrimination and equal opportunity, grievance mechanisms and occupational health and safety. The FI will provide adequate documented evidence of such procedures.

### A. Environmental and Social Management System

#### *Environmental and Social Policy*

14. The environmental and social policy of the FI will be endorsed by the FI's senior management and will include organizational commitments, objectives, and metrics with regard to the FI's environmental and social risk management. The policy will clearly state applicable requirements for FI subprojects, and will include the following:
  - (a) All FI subprojects will be prepared and implemented in accordance with relevant environmental and social national and local laws and regulations;
  - (b) All FI subprojects will be screened against exclusions in the legal agreement<sup>8</sup>;
  - (c) All FI subprojects will be screened for environmental and social risks and impacts;
  - (d) All FI subprojects which involve resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labor

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<sup>7</sup> These will be incorporated into the ESMS, the environmental and social procedures and/or set out in the legal agreement.

<sup>8</sup> These will be set out in the legal agreement between the FI and the entity providing financing to the FI, and will reflect the exclusions in the legal agreement pursuant to which the Bank provides its support.

## ESS9. Financial Intermediaries

and working conditions, biodiversity or cultural heritage will apply relevant requirements of ESSs.<sup>9</sup>

### *Environmental and Social Procedures*

15. The FI will put in place and maintain clearly defined environmental and social procedures which reflect and implement the FI's Environmental and Social Policy. The procedures will be proportionate to the nature of the FI and the level of potential environmental and social risks and impacts associated with the FI subprojects.<sup>10</sup>

16. The FI's environmental and social procedures will include measures to:

- (a) Screen all FI subprojects against any exclusions in the legal agreement;
- (b) Screen, review and categorize the FI subprojects according to their potential environmental and social risks and impacts;
- (c) Require that all FI subprojects are assessed, prepared and implemented to meet national law and, in addition, where an FI subproject involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage, the relevant requirements of the ESSs are applied<sup>11</sup>;
- (d) Ensure that the measures needed to satisfy the requirements of (c) above are set out in the legal agreement between the FI and the sub-borrower;
- (e) Monitor and keep and regularly update environmental and social information on FI subprojects;
- (f) If the risk profile of an FI subproject increases significantly, apply relevant requirements of the ESSs<sup>12</sup> and document these appropriately; and
- (g) Monitor the environmental and social risk of the FI portfolio.

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<sup>9</sup> The relevant requirements of the ESSs will be applied to such projects regardless of how such projects are categorized under the FI's own risk categorization system as referred to in paragraph 17.

<sup>10</sup> Where the FI already has appropriate environmental and social procedures in place, it will provide adequate documented evidence of such procedures to the Bank and, following review by the Bank, will enhance them, as deemed necessary by the Bank.

<sup>11</sup> The environmental and social procedures will require such FI subprojects to conduct stakeholder engagement pursuant to ESS10 in a manner proportionate to the risks and impacts of the FI subprojects.

<sup>12</sup> The 'relevant requirements of the ESSs' will relate to the reasons for which the risk profile of the FI subproject has increased.

## ESS9. Financial Intermediaries

17. As part of the environmental and social procedures, the FI will develop and adopt a categorization system for subprojects with clearly defined risk categories.<sup>13</sup> The categorization system will take into account (i) the nature and magnitude of environmental and social risks and impacts of subprojects; (ii) sectoral and geographical context; (iii) type of financing. The risk categorization will inform the scope and nature of the FI's environmental and social due diligence and risk management of its subprojects. Such categorization system will allow for a systematic aggregation and analysis of risk at the portfolio level.

18. As part of its environmental and social risk categorization system, the FIs will categorize any subproject which involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage, as high or substantial risk.

### *Organizational Capacity and Competency*

19. The FI will develop and maintain organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities. The FI will designate a representative of the FI's senior management to have overall accountability for environmental and social performance of the FI subprojects, including the implementation of this ESS and ESS2 and resources necessary to support such implementation. The representative will: (a) designate a staff member to be responsible for day-to-day implementation of the ESMS, including the environmental and social procedures; (b) ensure that adequate resources are available for management of and training in environmental and social issues; and (c) ensure that adequate technical expertise, either in-house or external expert support, is available to carry out due diligence and manage the environmental and social risks of the FI subprojects, including providing implementation support as required.

20. The FI will ensure that the requirements of this ESS and ESS2 are clearly communicated to all relevant FI personnel<sup>14</sup>, and to ensure that relevant personnel have the necessary knowledge and capabilities<sup>15</sup> for managing environmental and social risks in accordance with the FI's ESMS.

### *Monitoring and Reporting*

21. The FI will monitor the environmental and social performance of the FI subprojects in a manner proportionate to the risks and impacts of the FI subprojects, and provide regular progress reports to the FI's senior management. This will include periodic review of the effectiveness of the FI's ESMS.

22. The FI will promptly notify the Bank of any significant accidents or incidents associated with FI subprojects. If the risk profile of an FI subproject increases significantly, the FI will notify the Bank and will apply relevant requirements of the ESSs in a manner agreed with the Bank, as set out in the ESMS. The FI will monitor the measures and actions agreed, and report to the Bank as appropriate.

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<sup>13</sup> A typical categorization system used by FIs may consist of three or four risk categories, which correspond to high, substantial, moderate, or low risk. Good international practice in some instances suggests that four risk categories allow for more comprehensive assessment and management of environmental and social risk by FIs.

<sup>14</sup> Such personnel may include investment, legal, and credit officers, security personnel etc.

<sup>15</sup> Including by providing appropriate training.

## ESS9. Financial Intermediaries

23. The FI will submit to the Bank annual Environmental and Social Reports on the implementation of its ESMS, including its environmental and social procedures, this ESS and ESS2, as well as the environmental and social performance of its portfolio of FI subprojects. The annual report will include details of how the requirements of this ESS are being met, the nature of the FI subprojects financed through the project, and the overall portfolio risk, profiled by sector.

### B. Stakeholder Engagement

24. The FI will require the FI subproject to conduct stakeholder engagement in a manner proportionate to the risks and impacts of the FI subproject, and which reflects the type of FI subprojects it will finance. The relevant provisions of ESS10 will be included in the FI's environmental and social procedures. In certain circumstances, depending on the risks and impacts of the project and the type of FI subprojects it will finance, the Bank may require the FI to be engaged in stakeholder engagement.

25. The FI will put in place procedures for external communications on environmental and social matters proportionate to the risks and impacts of the FI subprojects, and the risk profile of the FI's portfolio. The FI will respond to public enquiries and concerns in a timely manner.

26. The FI will disclose through the FI's website, if a website exists, and permit, in writing, the Bank to disclose on the Bank's website, a summary of each of the elements of the FI's ESMS.

27. The FI will require its sub-borrowers to disclose, in relation to FI subprojects, any project-related documents<sup>16</sup> required (a) by the application of the ESSs; (b) for any FI subprojects categorized as high risk in accordance with the FI's own categorization system; and (c) any environmental and social monitoring reports relating to (a) or (b).

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<sup>16</sup> For example, environmental and social assessment reports, resettlement action plans and Indigenous Peoples plans.



## Environmental and Social Standard 10. Stakeholder Engagement and Information Disclosure

### Introduction

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1. This ESS recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.
2. Stakeholder engagement is an inclusive process conducted throughout the project life-cycle. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for successful management of a project's environmental and social risks. Stakeholder engagement is most effective when initiated at an early stage of the project development process, and is an integral part of early project decisions and the assessment, management and monitoring of the project's environmental and social risks and impacts.
3. This ESS must be read in conjunction with ESS1. Requirements regarding engagement with workers are found in ESS2. Special provisions on emergency preparedness and response are covered in ESS2 and ESS4. In the case of projects involving involuntary resettlement, Indigenous Peoples or cultural heritage, the Borrower will also apply the special disclosure and consultation requirements set out in ESS5, ESS7 and ESS8.

### Objectives

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- To establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship with them, in particular project-affected parties.
- To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and environmental and social performance.
- To promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life-cycle on issues that could potentially affect them.
- To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format.
- To provide project-affected parties with accessible and inclusive means to raise issues and grievances, and allow Borrowers to respond to and manage such grievances.

### Scope of Application

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4. ESS10 applies to all projects supported by the Bank through Investment Project Financing. The Borrower will engage with stakeholders as an integral part of the project's environmental and social assessment and project design and implementation, as outlined in ESS1.
5. For the purpose of this ESS, "**stakeholder**" refers to individuals or groups who:
  - (a) are affected or likely to be affected by the project (**project-affected parties**); and
  - (b) may have an interest in the project (**other interested parties**).

## ESS10. Stakeholder Engagement and Information Disclosure

### Requirements

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6. Borrowers will engage with stakeholders throughout the project life-cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.

7. Borrowers will engage in meaningful consultations with all stakeholders. Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.

8. The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.

9. The Borrower will maintain, and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

### A. Engagement during Project Preparation

#### *Stakeholder Identification and Analysis*

10. The Borrower will identify the different stakeholders, both project-affected parties and other interested parties.<sup>1</sup> As set out in paragraph 5, individuals or groups that are affected or likely to be affected by the project will be identified as 'project-affected parties' and other individuals or groups that may have an interest in the project will be identified as 'other interested parties'.

11. The Borrower will identify those project-affected parties (individuals or groups) who, because of their particular circumstances, may be disadvantaged or vulnerable<sup>2</sup>. Based on this identification, the Borrower will further identify individuals or groups who may have different concerns and priorities about project impacts, mitigation mechanisms and benefits, and who may require different, or separate, forms

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<sup>1</sup> The stakeholders of a project will vary depending on the details of the project. They may include local communities, national and local authorities, neighboring projects, and nongovernmental organizations.

<sup>2</sup> Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.

## ESS10. Stakeholder Engagement and Information Disclosure

of engagement. An adequate level of detail will be included in the stakeholder identification and analysis so as to determine the level of communication that is appropriate for the project.

12. Depending on the potential significance of environmental and social risks and impacts, the Borrower may be required to retain independent third party specialists to assist in the stakeholder identification and analysis to support a comprehensive analysis and the design of an inclusive engagement process.

### *Stakeholder Engagement Plan*

13. In consultation with the Bank, the Borrower will develop and implement a Stakeholder Engagement Plan (SEP)<sup>3</sup> proportionate to the nature and scale of the project and its potential risks and impacts.<sup>4</sup> A draft of the SEP will be disclosed as early as possible, and before project appraisal, and the Borrower will seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the Borrower will disclose the updated SEP.

14. The SEP will describe the timing and methods of engagement with stakeholders throughout the life-cycle of the project as agreed between Bank and Borrower, distinguishing between project-affected parties and other interested parties. The SEP will also describe the range and timing of information to be communicated to project-affected parties and other interested parties, as well as the type of information to be sought from them.

15. The SEP will be designed to take into account the main characteristics and interests of the stakeholders, and the different levels of engagement and consultation that will be appropriate for different stakeholders. The SEP will set out how communication with stakeholders will be handled throughout project preparation and implementation.

16. The SEP will describe the measures that will be used to remove obstacles to participation, and how the views of differently affected groups will be captured. Where applicable, the SEP will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable. Dedicated approaches and an increased level of resources may be needed for communication with such differently affected groups so that they can obtain the information they need regarding the issues that will potentially affect them.

17. When the stakeholder engagement with local individuals and communities depends substantially on community representatives,<sup>5</sup> the Borrower will make reasonable efforts to verify that such persons do,

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<sup>3</sup> Depending on the nature and the scale of the risks and impacts of the project, the elements of a SEP may be included as part of the ESCP and preparation of a stand-alone SEP may not be necessary.

<sup>4</sup> Where possible, stakeholder engagement will utilize engagement structures within the national system e.g. community meetings, supplemented as needed with project-specific arrangements.

<sup>5</sup> For example, village heads, clan heads, community and religious leaders, local government representatives, civil society representatives, politicians or teachers.

## ESS10. Stakeholder Engagement and Information Disclosure

in fact, represent the views of such individuals and communities, and that they are facilitating the communication process in an appropriate manner.<sup>6</sup>

18. In certain circumstance<sup>7</sup>, depending on the level of information available about the project, the SEP will take the format of a framework approach, outlining general principles and a collaborative strategy to identify stakeholders and plan for an engagement process in accordance with this ESS that will be implemented once the location is known.

### *Information Disclosure*

19. The Borrower will disclose project information to allow stakeholders to understand the risks and impacts of the project, and potential opportunities. The Borrower will provide stakeholders with access to the following information, as early as possible before the Bank proceeds to project appraisal, and in a timeframe that enables meaningful consultations with stakeholders on project design:

- (a) The purpose, nature and scale of the project;
- (b) The duration of proposed project activities;
- (c) Potential risks and impacts of the project on local communities, and the proposals for mitigating these, highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups and describing the differentiated measures taken to avoid and minimize these;
- (d) The proposed stakeholder engagement process highlighting the ways in which stakeholders can participate;
- (e) The time and venue of any proposed public consultation meetings, and the process by which meetings will be notified, summarized, and reported; and
- (f) The process and means by which grievances can be raised and will be addressed.

20. The information will be disclosed in relevant local languages and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (such as, disability, literacy, gender, mobility, differences in language or accessibility).

### *Meaningful Consultation*

21. The Borrower will undertake a process of meaningful consultation in a manner that provides stakeholders with opportunities to express their views on project risks, impacts, and mitigation measures, and allows the Borrower to consider and respond to them. Meaningful consultation will be carried out on an ongoing basis as the nature of issues, impacts and opportunities evolves.

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<sup>6</sup> For example, by conveying, in an accurate and timely manner, information provided by the Borrower to the communities and the comments and the concerns of such communities to the Borrower.

<sup>7</sup> For example, where the exact location of the project is not known.

## ESS10. Stakeholder Engagement and Information Disclosure

22. Meaningful consultation is a two-way process, that:
- (a) Begins early in the project planning process to gather initial views on the project proposal and inform project design;
  - (b) Encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts;
  - (c) Continues on an ongoing basis, as risks and impacts arise;
  - (d) Is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders;
  - (e) Considers and responds to feedback;
  - (f) Supports active and inclusive engagement with project-affected parties;
  - (g) Is free of external manipulation, interference, coercion, discrimination, and intimidation; and
  - (h) Is documented and disclosed by the Borrower.

### B. Engagement during Project Implementation and External Reporting

23. The Borrower will continue to engage with, and provide information to, project-affected parties and other interested parties throughout the life-cycle of the project, in a manner appropriate to the nature of their interests and the potential environmental and social risks and impacts of the project.<sup>8</sup>

24. The Borrower will continue to conduct stakeholder engagement in accordance with the SEP, and will build upon the channels of communication and engagement already established with stakeholders. In particular, the Borrower will seek feedback from stakeholders on the environmental and social performance of the project, and the implementation of the mitigation measures in the ESCP.

25. If there are significant changes to the project that result in additional risks and impacts, particularly where these will impact project-affected parties, the Borrower will provide information on such risks and impacts and consult with project-affected parties as to how these risks and impacts will be mitigated. The Borrower will disclose an updated ESCP, setting out any additional mitigation measures.

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<sup>8</sup> Additional information may need to be disclosed at key stages in the project cycle, for example prior to start-up of operations, and on any specific issues that the disclosure and consultation process or grievance mechanism have identified as of concern to stakeholders.

## ESS10. Stakeholder Engagement and Information Disclosure

### C. Grievance Mechanism

26. The Borrower will respond to concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner. For this purpose, the Borrower will propose and implement a grievance mechanism<sup>9</sup> to receive and facilitate resolution of such concerns and grievances.

27. The grievance mechanism will be proportionate to the potential risks and impacts of the project and will be accessible and inclusive. Where feasible and suitable for the project, the grievance mechanism will utilize existing formal or informal grievance mechanisms, supplemented as needed with project-specific arrangements. Further details on grievance mechanisms are set out in Annex 1.

- (a) The grievance mechanism is expected to address concerns promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all project-affected parties, at no cost and without retribution. The mechanism, process or procedure will not prevent access to judicial or administrative remedies. The Borrower will inform the project-affected parties about the grievance process in the course of its community engagement activities, and will make publicly available a record documenting the responses to all grievances received; and
- (b) Handling of grievances will be done in a culturally appropriate manner and be discreet, objective, sensitive and responsive to the needs and concerns of the project-affected parties. The mechanism will also allow for anonymous complaints to be raised and addressed.

### D. Organizational Capacity and Commitment

28. The Borrower will define clear roles, responsibilities and authority as well as designate specific personnel to be responsible for the implementation and monitoring of stakeholder engagement activities and compliance with this ESS.

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<sup>9</sup> The grievance mechanism to be provided under this ESS may be utilized as the grievance mechanism required under other ESSs (see ESSs 5 and 7). However, the grievance mechanism for project workers required under ESS2 will be provided separately.

## ESS10. Stakeholder Engagement and Information Disclosure

### ESS10 – ANNEX 1. GRIEVANCE MECHANISM

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1. The scope, scale and type of grievance mechanism required will be proportionate to the nature and scale of the potential risks and impacts of the project.
2. The grievance mechanism may include the following:
  - (a) Different ways in which users can submit their grievances, which may include submissions in person, by phone, text message, mail, email or via a web site;
  - (b) A log where grievances are registered in writing and maintained as a database;
  - (c) Publicly advertised procedures, setting out the length of time users can expect to wait for acknowledgement, response and resolution of their grievances;
  - (d) Transparency about the grievance procedure, governing structure and decision makers; and
  - (e) An appeals process (including the national judiciary) to which unsatisfied grievances may be referred when resolution of grievance has not been achieved.
3. The Borrower may provide mediation as an option where users are not satisfied with the proposed resolution.

## Glossary

- **Accessibility** refers to the identification and elimination of obstacles and barriers to provide access to the physical environment, to transportation, to information and communications and to other facilities and services.
- **Assimilative capacity** refers to the capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.
- **Associated Facilities** means facilities or activities that are not funded as part of the project and, in the judgment of the Bank, are: (a) directly and significantly related to the project; and (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed, expanded or conducted if the project did not exist. For facilities or activities to be Associated Facilities, they must meet all three criteria.
- **Biodiversity** is the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.
- **Chance find (procedure)**. A chance find is archaeological material encountered unexpectedly during project construction or operation. A chance find procedure is a project-specific procedure which will be followed if previously unknown cultural heritage is encountered during project activities. The chance finds procedure will set out how chance finds associated with the project will be managed. The procedure will include a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of ESS8 and national law; and to train project personnel and project workers on chance find procedures.
- **Collective attachment** means that for generations there has been a physical presence in and economic ties to land and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for it, such as sacred sites.
- **Core functions** of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.
- **Critical habitat** is defined as areas with high biodiversity importance or value, including: (a) habitat of significant importance to Critically Endangered or Endangered species, as listed on the International Union for the Conservation of Nature (IUCN) Red List of threatened species or equivalent national approaches; (b) habitat of significant importance to endemic or restricted-range species; (c) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; (d) highly threatened or unique system; (e) ecological functions or characteristics that are needed to maintaining the viability of the biodiversity values described above in (a) to (d).



## Glossary

- **Cultural heritage** is defined as resources with which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions.
- **Disadvantaged or vulnerable** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.
- **Ecosystem services** are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.
- **Environmental, Health, and Safety Guidelines (EHSGs)** are technical reference documents with general and industry-specific statements of Good International Industry Practice. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult the *World Bank Group Environmental, Health, and Safety Guidelines*, [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/our+approach/risk+management/ehsguidelines](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines).
- **Financial feasibility** is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable for the Borrower.
- **Forced eviction** is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in ESS5. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower will not be considered to be forced eviction providing it complies with the requirements of national law and the provisions of ESS5, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).
- **Good International Industry Practice (GIIP)** is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and

## Glossary

experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

- **Habitat** is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. Habitats vary in their sensitivity to impacts and in the various values society attributes to them.
- **Historical pollution** is defined as pollution from past activities affecting land and water resources for which no party has assumed or been assigned responsibility to address and carry out the required remediation.
- **Integrated Pest Management (IPM)** refers to a mix of farmer-driven, ecologically-based pest control practices that seeks to reduce reliance on synthetic chemical pesticides. It involves (a) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (b) integrating multiple methods (relying, to the extent possible, on nonchemical measures) to keep pest populations low; and (c) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment.
- **Integrated Vector Management (IVM)** is a rational decision-making process for the optimal use of resources for vector control. The approach seeks to improve the efficacy, cost-effectiveness, ecological soundness and sustainability of disease-vector control.
- **Involuntary Resettlement.** Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both. The term “**involuntary resettlement**” refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.
- **Land acquisition** refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies.
- **Livelihood** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

## Glossary

- **Modified habitats** are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area's primary ecological functions and species composition. Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed coastal zones, and reclaimed wetlands.
- **Natural habitats** are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.
- **Pollution** refers to both hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as thermal discharge to water, emissions of short- and long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.
- **Pollution management** includes measures designed to avoid or minimize emissions of pollutants, including short- and long-lived climate pollutants, given that measures which tend to encourage reduction in energy and raw material use, as well as emissions of local pollutants, also generally result in encouraging a reduction of emissions of short- and long-lived climate pollutants.
- **Primary suppliers** are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project.
- **Project** refers to the activities for which Bank support through Investment Project Financing is sought by the Borrower and as defined in the project's legal agreement between the Borrower and the Bank. These are projects to which OP/BP 10.00 Investment Project Financing, applies. The World Bank Environmental and Social Policy for Investment Project Financing does not cover operations supported by Development Policy lending (for which the environmental provisions are set out in OP/BP 8.60, *Development Policy Lending*), or those supported by Program-for-Results Financing (for which environmental provisions are set out in OP/BP 9.00, *Program-for-Results Financing*).
- **Project Worker** refers to: (a) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (**direct workers**); (b) people employed or engaged through third parties to perform work related to core functions of the project, regardless of the location (**contracted workers**); (c) people employed or engaged by the Borrower's primary suppliers (**primary supply workers**); and (d) people employed or engaged in providing community labor (**community workers**). This includes full-time, part-time, temporary, seasonal and migrant workers. Migrant workers are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.
- **Replacement cost** is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning

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markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labor for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.

- **Restrictions on land use** refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, restrictions on land use within utility easements or safety zones.
- **Security of tenure** means that resettled individuals or communities are resettled to a site that they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate. In no event will resettled persons be provided tenure rights that are in effect weaker than the rights they had to the land or assets from which they have been displaced.
- **Technical feasibility** is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.
- **Universal access** means unimpeded access for people of all ages and abilities in different situations and under various circumstances.