

**DRAFT FOR CONSULTATION JULY 30, 2014**

*The Board has authorized the release of this document for consultation purposes to seek feedback on its content. It has not endorsed the content of the draft, and the Committee on Development Effectiveness and the Board will consider the proposed document following such consultations.*

# **WORLD BANK**

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

### ***Setting Standards for Sustainable Development***

#### **FIRST DRAFT FOR CONSULTATION**

**THE CONTENT OF THE DRAFT IS FOR CONSULTATION PURPOSES AND HAS NOT  
BEEN ENDORSED BY THE BOARD OF EXECUTIVE DIRECTORS OF IBRD/IDA.**

**July 30, 2014**

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## **Abbreviations and Acronyms**

BP	Bank Procedures
CDD	Community-Driven Development
CO <sub>2</sub>	Carbon Dioxide
DUC	Dam Under Construction
EHSG	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
ESS	Environmental and Social Standard
FI	Financial Intermediary
FPIC	Free, Prior and Informed Consent
GHG	Greenhouse Gas
GHS	Globally Harmonized System on Classification and Labelling of Chemicals
GIIP	Good International Industry Practice
GRS	Grievance Redress Service
IBRD	International Bank for Reconstruction and Development
ICOLD	International Commission on Large Dams
IDA	International Development Association
IPM	Integrated Pest Management
IUCN	International Union for the Conservation of Nature
IVM	Integrated Vector Management
m <sup>3</sup>	Cubic meters
NGO	Nongovernmental Organization
O&M	Operation and Maintenance
OHS	Occupational Health and Safety
OP	Operational Policy
PMP	Pest Management Plan
RHA	Risk Hazard Assessment
RSMR	Road Safety Management Capacity Review
SEP	Stakeholder Engagement Plan
SESA	Strategic Environmental and Social Assessment
WHO	World Health Organization

## Overview of the World Bank's Environmental and Social Framework

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***, which sets out the mandatory requirements that apply to the Bank;
  - The ***Environmental and Social Standards***, together with their Annexes, which set out the mandatory requirements that apply to the Borrower and projects;
  - The ***Environmental and Social Procedures***,<sup>1</sup> which set out requirements mandatory for both the Bank and the Borrower on how to implement the Policy and the Standards; and
  - Non-mandatory ***guidance and information tools***, to support Bank and Borrower implementation of the Policy and the Standards.
3. The ***World Bank Environmental and Social Policy*** 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;

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<sup>1</sup> In preparation.



## Overview of the World Bank's Environmental and Social Framework

- Environmental and Social Standard 2: Labor and Working Conditions;
- Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention;
- 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;
- Environmental and Social Standard 8: Cultural Heritage;
- Environmental and Social Standard 9: Financial Intermediaries; and
- Environmental and Social Standard 10: Information Disclosure and Stakeholder Engagement.

6. The Framework also includes 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.

7. 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 life of the project. 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, and, where residual risks and impacts remain, to compensate for or offset such risks and impacts.

8. 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.

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

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<sup>2</sup> [http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+Sustainability/Sustainability+Framework/Environmental,+Health,+and+Safety+Guidelines/](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Environmental,+Health,+and+Safety+Guidelines/)

## **Overview of the World Bank's Environmental and Social Framework**

10. 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. Stakeholders will have access, as appropriate, to project grievance redress mechanisms, local grievance mechanisms, the Bank's corporate Grievance Redress Service (<http://www.worldbank.org/GRS>;<sup>3</sup> 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 communities and individuals may submit their complaint to the World Bank's independent Inspection Panel to request an independent compliance audit to determine whether harm has occurred as a 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/>.

11. This Framework replaces the following Operational Policy and Bank Procedures: OP/BP4.00, OP/BP4.01, OP/BP4.03, OP/BP4.04, OP4.09, OP/BP4.10, OP/BP4.11, OP/BP4.12, OP/BP4.36 and OP/BP4.37.

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<sup>3</sup> In preparation.

# **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 twin goals of ending extreme poverty and promoting shared prosperity in all its partner countries. Securing the long-term future of the planet 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 Bank Group's Environment Strategy<sup>2</sup> for the coming decade, which envisions a green, clean and resilient world for all. This strategy 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.

3. Equally, social development and inclusion are critical for all of the World Bank's development interventions. For the Bank, inclusion means empowering all citizens to participate in, and benefit from, the development process. Inclusion encompasses policies to promote equality of opportunity by improving the access of poor and disadvantaged people to 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, youth, and minorities, and to ensure that the voice of all citizens can be heard. In this regard, the Bank's operations are supportive of human rights and will encourage respect for them in a manner consistent with the Bank's Articles of Agreement.

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 and gender equality, to ensuring that environmental and social considerations are reflected in all sector strategies, operational policies, and country dialogues.

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;
- Promote worker and community health and safety;

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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/816970WPOREPLA00Box379842B00PUBLIC0.pdf](http://imagebank.worldbank.org/servlet/WDSContentServer/IW3P/IB/2013/10/09/000456286_20131009170003/Rendered/PDF/816970WPOREPLA00Box379842B00PUBLIC0.pdf)

<sup>2</sup> Toward a Green, Clean and Resilient World for All: A World Bank Group Environment Strategy 2012-2022.

## **A Vision for Sustainable Development**

- Give due consideration to Indigenous Peoples, minority groups, and those disadvantaged because of age, disability, gender or sexual orientation, especially where adverse impacts may arise or development benefits are to be shared;
- Ensure that there is no prejudice or discrimination toward project-affected individuals or communities, particularly in the case of disadvantaged or vulnerable groups, in providing access to development resources and project benefits; and
- Address project-level impacts on climate change.

6. 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 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, its proper 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**

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## **World Bank Environmental and Social Policy**

### **Purpose**

1. This Environmental and Social Policy<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**

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 national environmental and social frameworks to assess and manage the environmental and social risks and impacts of projects. To this end, the Bank has defined specific Environmental and Social Standards (ESSs), which are designed to avoid, minimize 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 (Policy).

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

- (a) Undertake its own due diligence of proposed projects, commensurate with the nature and potential significance of the environmental and social risks and impacts related to the project;
- (b) As and where required, assist the Borrower to carry out early and continuing engagement and meaningful consultation with stakeholders,<sup>5</sup> in particular affected communities, and assist the Borrower in providing project-based grievance mechanisms;
- (c) Assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts associated with 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>6</sup> and
- (e) Monitor the environmental and social performance of a project in accordance with the ESCP and the ESSs.<sup>7</sup>

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<sup>1</sup> This Policy replaces the following Operational Policy and Bank Procedures: OP/BP4.00, OP/BP4.01, OP/BP4.03, OP/BP4.04, OP4.09, OP/BP4.10, OP/BP4.11, OP/BP4.12, OP/BP4.36 and OP/BP4.37.

<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 on 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> Further requirements on stakeholder engagement are set out in ESS10.

<sup>6</sup> The ESCP is addressed in Section E.

## **World Bank Environmental and Social Policy**

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 (EHSG);<sup>8</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 impacts; (iv) any material threat to the protection, conservation, maintenance and rehabilitation of natural habitats and biodiversity; and (v) those related to 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 disadvantaged or vulnerable groups;<sup>9</sup> (iii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of disadvantaged or vulnerable groups; (iv) negative economic and social impacts relating to the involuntary taking of land or restriction on access to natural resources; (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 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 expected to meet the following Environmental and Social Standards:

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<sup>7</sup> See OP 10.00 for details on monitoring requirements.

<sup>8</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/Sustainability+Framework/Environmental,+Health,+and+Safety+Guidelines/](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Environmental,+Health,+and+Safety+Guidelines/)

<sup>9</sup> Disadvantaged or vulnerable refers to those who, by virtue of, for example, their age, gender, ethnicity, religion, physical or mental disability, social or civic status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources 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 a person/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. Considerations relating to age include the elderly and minors, 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**

- 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;
- 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;
- Environmental and Social Standard 8: Cultural Heritage;
- Environmental and Social Standard 9: Financial Intermediaries; and
- Environmental and Social Standard 10: Information Disclosure and Stakeholder Engagement.

6. The Environmental and Social Standards are designed to help Borrowers to manage and improve their environmental and social performance through a risk and outcomes based approach. The desired outcomes 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 commensurate with the level of environmental and social risks and impacts.

### **Scope of Application**

7. This Policy applies to all projects supported by the Bank through Investment Project Financing.<sup>10</sup> The Bank will only support projects that are consistent with, and within the boundaries of, its 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 a set of activities for which the Bank support referred to in paragraph 7 above is sought by the Borrower, as defined in the legal agreement

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<sup>10</sup> These are projects to which OP/BP 10.00, Investment Project Financing, applies. The World Bank Environmental and Social Policy 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*).

## **World Bank Environmental and Social Policy**

and approved by the Bank.<sup>11</sup> Projects may include new facilities or activities and/or existing facilities or activities, or a combination of the same. Projects may include the preparation of subprojects.

9. Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies, 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 associated with the project, provided that, in the view of the Bank, the common approach will not materially deviate from the objectives of the ESSs.<sup>12</sup> The Bank will require the Borrower to apply the common approach to the project (and, where applicable, the Associated Facilities) in place of all or some of the requirements set out in the ESSs.

10. Where the Bank is providing support to a project involving a Financial Intermediary, and other multilateral or bilateral funding agencies have already provided financing to the same Financial Intermediary, the Bank may rely on the requirements of such other agencies, including the institutional arrangements already established by the Financial Intermediary, in place of all or some of the requirements set out in the ESSs, provided that, in the view of the Bank, such requirements will not materially deviate from the objectives of the ESSs.

11. The Bank will require all Associated Facilities<sup>13</sup> to meet the requirements of the ESSs, to the extent that the Borrower has control and influence over such Associated Facilities.

12. Where Associated Facilities are being funded by other multilateral or bilateral funding agencies, the Bank may rely on the requirements of such other agencies in place of all or some of the requirements set out in the ESSs, provided that such requirements do not materially deviate from what would otherwise be required under the ESSs.

### **Bank Requirements**

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13. The Bank will require the Borrower to structure projects so that they meet the requirements of the ESSs in a manner and a timeframe acceptable to the Bank.<sup>14</sup>

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<sup>11</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>12</sup> In determining whether the common approach, or the requirements referred to in paragraph 10 are acceptable, the Bank will take into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies.

<sup>13</sup> Associated Facilities are 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 or expanded if the project did not exist.

<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.

## **World Bank Environmental and Social Policy**

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

15. The Bank will require the Borrower to comply with the EHS<sup>16</sup>.

16. 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 or significant adverse environmental or social risks or impacts until the relevant plans, measures or actions have been completed to the satisfaction of the Bank.

17. Where the project includes new facilities or new activities to be financed by the Bank, the Bank will require the Borrower to design the project to meet the requirements of the ESSs.

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. 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), special policy requirements and special considerations set out in OP10.00 will apply.<sup>17</sup>

### **A. Classification**

20. The Bank will classify all projects (including intermediated financing projects) 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 (and other entities that may be responsible for the project) to manage the environmental and social risks and impacts in a manner consistent with the ESSs.<sup>18</sup>

21. The Bank will review the risk classification assigned to the project on a regular basis, including during implementation, to ensure that it continues to be appropriate.

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<sup>15</sup> See ESS1, paragraph 21.

<sup>16</sup> See footnote 8.

<sup>17</sup> Further details are set out in OP10.00.

<sup>18</sup> In classifying the project, the Bank will not take into account the application of possible mitigation measures.

## **World Bank Environmental and Social Policy**

22. Where the Bank is providing support to an FI, the risk classification of the project will be determined by the Bank taking into account the type of Investment Project Financing 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 ES Framework**

23. The Bank supports the use of the Borrower's existing environmental and social framework in the assessment, development and implementation of projects supported through Investment Project Financing, providing this is likely to be able to address the risks and impacts of the project, and enable the project to achieve objectives materially consistent with the ESSs. The Bank will review the Borrower's existing environmental and social framework (the ES Framework) relevant to the development and implementation of the project proposed for Bank support.<sup>19</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. Where there are inconsistencies or lack of clarity within the ES Framework as to relevant authorities or jurisdiction, these will be identified. 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. The review conducted by the Bank will assess to what extent the Borrower's ES Framework addresses the risks and impacts of the project, and enables the project to achieve objectives materially consistent with the ESSs.

25. Where the Bank has agreed to use all, or part, of the Borrower's ES Framework for the assessment, development and implementation of the project, the Bank will work with the Borrower to identify and agree on measures and actions to address gaps in the ES Framework, to the extent that such measures and actions are necessary to ensure objectives materially consistent with the ESSs. The agreed measures and actions, together with the timeframes for completion of such measures and actions, will form part of the ESCP.

26. Where the Bank has been notified by the Borrower of a material change in the ES Framework that may adversely affect the project and, in the opinion of the Bank, such change is inconsistent with the ESSs and the ESCP, the Bank will have the right, at its discretion, to: (a) require revisions to the ESCP as necessary to meet the requirements of the ESSs; and/or (b) take such other measures as the Bank deems appropriate, including applying the Bank's remedies.<sup>20</sup>

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<sup>19</sup> In conducting the review, the Bank may rely on and incorporate the findings of recent studies and assessments conducted by the Bank, the Borrower or reputable third party experts, to the extent these are relevant to the proposed project, and the potential environmental and social risks and impacts.

<sup>20</sup> OP 10.00 sets out the Bank's recourse and remedies. The Bank's legal remedies are specified in the relevant legal agreements.

## **World Bank Environmental and Social Policy**

### **C. Environmental and Social Due Diligence**

27. 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.

28. The Bank's environmental and social due diligence will be appropriate to the nature and scale of the project, and commensurate with the level of environmental and social risks and impacts, with due regard to the mitigation hierarchy.<sup>21</sup> The due diligence will assess whether the project is capable of being developed and implemented in accordance with the ESSs. The environmental and social due diligence will be integrated into the Bank's overall project appraisal.

29. 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>22</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.

30. The Bank recognizes that projects 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 approval.

31. 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 of the project design and implementation against the ESSs to identify whether any additional studies and/or mitigation measures are required to meet the Bank's requirements.

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<sup>21</sup> The mitigation hierarchy is defined in ESS1, paragraph 25.

<sup>22</sup> For example, pre-feasibility studies, scoping studies, national environmental and social assessments, licenses and permits.

## **World Bank Environmental and Social Policy**

32. 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 Considerations**

33. In order to determine the applicability of ESS7, the Bank will undertake a screening to determine whether Indigenous Peoples are present in, or have collective attachment to, the project area. Where the Borrower has raised valid<sup>23</sup> concerns regarding the application of ESS7<sup>24</sup>, and submitted a request to the Bank to consider an alternative approach, the Bank may agree to the Borrower adopting such an approach, in which risks and impacts of the project on Indigenous People will be addressed through the application of the ESSs other than ESS7. The alternative approach will be structured so that relevant project-affected communities (of Indigenous Peoples) will be treated at least as well as other project-affected people. The agreement between the Bank and the Borrower regarding this approach will be set out in the ESCP.

34. For all projects involving the preparation and implementation of subprojects,<sup>25</sup> the Borrower is responsible for classifying the subprojects, carrying out environmental and social assessment, and reviewing the results of such assessment. Where the Bank is not satisfied that adequate capacity exists on the Borrower's part, all *High Risk* subprojects, including the environmental and social assessment, will be subject to prior review and approval by the Bank.

35. The Bank will require the Borrower to carry out appropriate environmental and social assessment of all subprojects in accordance with national law. Where subprojects are classified as *High Risk*, the environmental and social assessment will be consistent with ESSs 1 to 8 and ESS10. The Bank will require the Borrower to ensure that subprojects are structured to meet national regulatory requirements relating to environmental and social risks and impacts, and where subprojects are classified as *High Risk*, they are also structured to meet ESSs 1 to 8 and ESS10.

36. In assessing a proposed project involving an FI, the Bank will review the adequacy of national environmental and social requirements relevant to the project and the proposed subprojects, and the capacity of the FI to manage environmental and social issues. This will include an assessment of the procedures the FI will use to: (a) conduct environmental and social screening and classification of subprojects; (b) ensure sub-borrowers' conduct of environmental and social assessment of proposed subprojects; and (c) review the result of such assessments. When necessary, the Bank will ensure that the project includes measures to strengthen such procedures.

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<sup>23</sup> The Bank will have the sole responsibility for determining the validity of the Borrower's concerns, and may use whatever means the Bank deems appropriate to do so, including seeking the technical advice of specialists with expertise on the social and cultural groups in the project area and consulting with Indigenous Peoples.

<sup>24</sup> See ESS7, paragraph 9.

<sup>25</sup> For example, community-driven development (CDD) projects.

## **World Bank Environmental and Social Policy**

37. The Bank will require the FI to verify,<sup>26</sup> before approval of a subproject, that the subproject is structured to meet the relevant environmental and social national law requirements and, if the subproject is classified as *High Risk*, the ESSs.

38. Where projects involving an FI are expected to have *High Risk* subprojects and the Bank is not satisfied that adequate capacity exists for classifying, carrying out environmental and social assessment and /or reviewing the results of such assessment, all *High Risk* subprojects (including the environmental and social assessment) will be subject to prior review and approval by the Bank.

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

39. The Bank will assist the Borrower in developing an ESCP. The ESCP will set out the material measures and actions required for the project to achieve compliance with 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.

40. 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.

41. Where appropriate, the Bank will require the Borrower to prepare and submit to the Bank for approval a process that allows for adaptive management of proposed minor project changes<sup>27</sup> or unforeseen circumstances. 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**

42. In line with ESS10 and the World Bank Policy on Access to Information, the Bank will require the Borrower to ensure that sufficient information about the potential risks and impacts of the project is made available in a timely manner, in an accessible place, and in a form and language understandable to project-affected people and other stakeholders, so they can provide meaningful input into project design and mitigation measures.

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

### **G. Consultation and Participation**

44. The Bank will require the Borrower to engage with communities, groups, or individuals affected by proposed projects, and with civil society, through information disclosure, consultation, and informed

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<sup>26</sup> Through its own staff, outside experts, or existing environmental institutions.

<sup>27</sup> A minor project change is any proposed change to the scope, design, implementation or operation of the project that is likely to cause, in the opinion of the Bank, no or a minor change in the environmental or social risks or impacts of the project.

## **World Bank Environmental and Social Policy**

participation in a manner commensurate with 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. For *High Risk* or complex projects with potentially significant adverse environmental and social impacts, the Bank will have the right to carry out independent consultation activities.

45. 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<sup>28</sup> with the affected Indigenous Peoples in a culturally appropriate and inclusive manner. In addition, the Bank recognizes that Indigenous Peoples 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>29</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. 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. 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**

46. The Bank will monitor the environmental and social performance of the project in accordance with the requirements of the legal agreement, including the ESCP. The extent of Bank monitoring with respect to environmental and social performance will be commensurate with the potential environmental and social risks and impacts associated with the project. The Bank will monitor projects on an ongoing basis as required by OP 10.00.<sup>30</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 or the objectives required under the relevant ESS have not been achieved, the Bank will determine whether further measures and actions, including continuing Bank monitoring and implementation support, will be required.

47. 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.

48. Where appropriate, the Bank will require the Borrower to engage stakeholders and third parties, such as independent experts, local communities or nongovernmental organizations (NGOs), to

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<sup>28</sup> See ESS10.

<sup>29</sup> Further details are set out in ESS7, Section B.

<sup>30</sup> The Bank will monitor and provide implementation support for the time periods stipulated in OP10.00.



## **World Bank Environmental and Social Policy**

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.

49. Where the Bank has identified and agreed with the Borrower 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, at its discretion, to apply the Bank's remedies if the Borrower fails to implement such measures and actions in the timeframes specified.

### **I. Grievance Redress and Accountability**

50. The Bank will require the Borrower to provide a grievance mechanism, process, or procedure to receive and facilitate resolution of stakeholders' concerns and grievances arising in connection with the project, in particular about the Borrower's environmental and social performance. The grievance mechanism will be scaled to the risks and impacts of the project.<sup>31</sup>

51. Project-affected communities and individuals may submit complaints regarding a Bank-financed project to the project grievance redress 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 communities and individuals may submit their complaint to the World Bank's independent Inspection Panel to request an independent compliance audit to determine whether harm has occurred as a result of World Bank non-compliance with its policies and procedures.

### **Institutional and Implementation Arrangements**

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

53. This Policy is effective as of [ ]. 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.

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

55. 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>31</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.

## **World Bank Environmental and Social Policy**

56. The World Bank Chief Officer, Environmental and Social Standards, is responsible for formulating, updating and interpreting the Environmental and Social Framework in accordance with the principles established in the Policy. In addition, this official is responsible for delegating responsibility for the Environmental and Social Framework through the Bank, and for monitoring and reporting on the implementation and application of the Environmental and Social Framework.

## **Borrower Requirements –**

## **Environmental and Social Standards 1-10**

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## **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 ESSs. ESS1 also obliges the Borrower to consider the requirements of ESSs2 to 10.
2. 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 commensurate with 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.
3. Borrowers will manage environmental and social risks and impacts throughout the life of the project in a systematic manner, appropriate to the nature and scale of the project and the potential risks and impacts. Borrowers will apply ESS10, which outlines the requirements regarding stakeholder engagement, to all projects.
4. 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 consistent with the ESSs.
5. 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
  - Annex 3: Management of Contractors.

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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 structured 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, and will not be treated as third parties for the purposes of ESS 1.

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

### **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 risks and impacts;
  - (c) Once risks and impacts have been minimized, mitigate; and
  - (d) Where residual risks or impacts remain, compensate for or offset,<sup>2</sup> as appropriate.
- To utilize national environmental and social institutions, systems, laws, regulations and procedures in the assessment, development and implementation of projects.
- To promote improved environmental and social performance, in ways which recognize and enhance Borrower capacity.

### **Scope of Application**

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6. ESS1 applies to all projects supported by the Bank through Investment Project Financing.<sup>3</sup> Borrowers will structure projects so that they meet the requirements of the ESSs in a manner and timeframe acceptable to the Bank,<sup>4</sup> as set out in the ESCP.<sup>5</sup>
7. The term “project” refers to the set of activities for which the Bank financing referred to in paragraph 6 is sought by a Borrower, as defined in the legal agreement and approved by the Bank.<sup>6</sup>
8. New facilities and new activities to be financed by the Bank will be designed to meet the requirements of the ESSs.
9. 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 be required to adopt and implement measures satisfactory to the Bank so that, where deemed necessary by the Bank, specific

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<sup>2</sup> The requirement to offset will take into account financial and technical feasibility.

<sup>3</sup> These are projects to which OP/BP 10.00, Investment Project Financing, applies. The World Bank Environmental and Social Policy 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>4</sup> As set out in the World Bank Environmental and Social Policy, paragraph 7, the Bank will only support projects that are consistent with, and within the boundaries of, its Articles of Agreement.

<sup>5</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>6</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.

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

aspects of such facilities and activities, as identified by the Bank, meet the requirements of the ESSs within a timeframe acceptable to the Bank.

10. Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies, 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 associated with the project. A common approach will be acceptable provided that, in the view of the Bank, the common approach will not materially deviate from the objectives of the ESSs.<sup>7</sup> The Borrower will be required to apply the common approach to the project (and, where applicable, the Associated Facilities) in place of all or some of the requirements set out in the ESSs.

11. Where the Bank is financing a project involving a Financial Intermediary, and other multilateral or bilateral funding agencies have already provided financing to the same Financial Intermediary, the Bank may rely on the requirements of such other agencies, including the institutional arrangements already established by the Financial Intermediary, in place of all or some of the requirements set out in the ESSs, provided that, in the view of the Bank, such requirements will not materially deviate from the objectives of the ESSs.

12. ESS1 also applies to all Associated Facilities.<sup>8</sup> Associated Facilities will meet the requirements of the ESSs as set out in paragraph 30, to the extent that the Borrower has control and influence over such Associated Facilities.<sup>9</sup>

13. ESSs 1-10 apply to technical assistance supported by the Bank through Investment Project Financing, whether provided through a stand-alone project or as part of a project.<sup>10</sup>

14. Where the 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 Borrower may seek the Bank's support in accordance with the specific policy requirements and special considerations set out in OP10.00.<sup>11</sup>

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<sup>7</sup> In determining whether the common approach or the requirements referred to in paragraph 11 are acceptable, the Bank will take into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies.

<sup>8</sup> Associated facilities are 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 or expanded if the project did not exist.

<sup>9</sup> Where Associated Facilities are being funded by other multilateral or bilateral funding agencies the Bank may rely on the requirements of such other agencies in place of all or some of the requirements set out in the ESSs, provided that such requirements do not materially deviate from what would otherwise be required under the ESSs.

<sup>10</sup> While technical assistance activities may, of themselves, have no anticipated environment or social risks or impacts, the downstream risks or impacts of the assistance provided may be significant. Therefore, the requirements set out in paragraphs 15-17 will be applied to technical assistance activities as appropriate. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so as to ensure that the advice and other support provided is consistent with ESSs 1-10.

<sup>11</sup> Further details are set out in OP10.00.

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

### **Requirements**

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15. 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>12</sup>

16. The Borrower will:

- (a) Conduct environmental and social assessment of the proposed project, including stakeholder engagement;
- (b) Disclose appropriate information and undertake stakeholder engagement in accordance with ESS10;
- (c) Develop and implement an ESCP; and
- (d) Conduct monitoring and reporting on the environmental and social performance of the project against the ESSs.

17. The project will comply with the applicable requirements of the Environmental Health and Safety Guidelines (EHSG). When host country requirements differ from the levels and measures presented in the EHSG, the Borrower will be required to achieve or implement whichever is more stringent. If less stringent levels or measures than those provided in the EHSG 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 EHSG, and is unlikely to result in any significant environmental or social harm.

### **A. Use of Borrower's ES Framework**

18. When a project is proposed for Bank support, the Borrower will provide information to the Bank in connection with the Bank's review of the Borrower's existing environmental and social framework relevant for the proposed project (the ES Framework).<sup>13,14</sup>

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<sup>12</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.

<sup>13</sup> The 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 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.

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

19. The Borrower, in consultation with the Bank, will identify measures and actions to address any gaps in the ES Framework, to the extent that such measures and actions are necessary to ensure objectives materially consistent with the ESSs. Such measures and actions may be implemented during project preparation or project implementation, as agreed with the Bank, 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.

20. The Borrower will take all actions necessary to maintain the ES Framework, as well as acceptable implementation practices, track record, and capacity, in accordance with the Bank's review and the measures and actions identified in the ESCP, for the duration of the project. The Borrower will notify the Bank of any material changes in the ES Framework that may affect the project.<sup>15</sup> If the ES Framework is changed in a manner inconsistent with the ESSs and the ESCP, the Bank will, at its discretion, either: (a) require revisions to the ESCP as necessary to meet the requirements of the ESSs; and/or (b) take such other measures as the Bank deems appropriate, including applying the Bank's remedies.

### **B. Environmental and Social Assessment**

21. The Borrower will carry out an environmental and social assessment<sup>16</sup> of the project to assess the environmental and social risks and impacts of the project during each stage of the project cycle.<sup>17</sup> The assessment will be commensurate and proportional with the potential risks and impacts of the project and the project classification assigned by the Bank, and will assess, in an integrated way, all

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<sup>14</sup> The information provided to the Bank will assist the Bank in determining to what extent the ES Framework can be used to 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>15</sup> If, in the opinion of the Bank, such changes serve to improve the ES Framework, the Borrower will apply such changes to the project.

<sup>16</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 associated with 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 impact assessment (EIA); 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>17</sup> This may include preconstruction, construction, operation, decommissioning, closure and reinstatement/restoration.



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

relevant direct, indirect and cumulative<sup>18</sup> environmental and social risks and impacts during each stage of the project cycle, including those specifically identified in ESSs2–10.

22. 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 mitigation of impacts. 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 prevent, minimize, mitigate, or compensate for adverse environmental and social impacts and 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.

23. 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. Depending on the potential significance of risks and impacts, the Borrower may be required to retain independent third party specialists to prepare or review all or part of the assessment.<sup>19</sup>

24. 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 EHSR, and other relevant GIIP. The assessment of the project, and all proposals contained in the assessment, will be consistent with the requirements of this paragraph.

25. The environmental and social assessment will apply a mitigation hierarchy, which will favor the avoidance of impacts over minimization<sup>20</sup> or reduction of impacts to acceptable levels, and where residual impacts remain, will compensate for/offset them, whenever technically<sup>21</sup> and financially<sup>22</sup> feasible.

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<sup>18</sup> The assessment process will 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.

<sup>19</sup> For *High Risk* projects, the Borrower will retain independent specialists external to the project to carry out the environmental and social assessment.

<sup>20</sup> The risk and impact mitigation hierarchy is further discussed and specified in the context of ESSs2-10, where relevant.

<sup>21</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.

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26. 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 EHS; (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 impacts; (iv) any material threat to the protection, conservation, maintenance and rehabilitation of natural habitats and biodiversity; and (v) those related to 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 disadvantaged or vulnerable groups;<sup>23</sup> (iii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of disadvantaged or vulnerable groups; (iv) negative economic and social impacts relating to the involuntary taking of land or restriction on access to natural resources; (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 resources; (vi) impacts on the health, safety and well-being of workers and project-affected communities; and (vii) risks to cultural heritage.

27. 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 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.

28. Where the Borrower is concerned that the process of identifying groups for purposes of applying ESS7 would create a serious risk of exacerbating ethnic tension or civil strife, or where the identification of culturally-distinct groups as envisioned in ESS7 is inconsistent with the provisions of the national constitution, the Borrower may request the Bank to agree on an alternative approach, in which risks and impacts of the project on Indigenous Peoples will be addressed through the application of the

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<sup>22</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.

<sup>23</sup> Disadvantaged or vulnerable refers to those who, by virtue of, for example, their age, gender, ethnicity, religion, physical or mental disability, social or civic status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources 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 a person/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. Considerations relating to age include the elderly and minors, including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.

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

ESSs other than ESS7. The Borrower will initiate the request for such an alternative approach through written communication with the Bank, setting out a detailed rationale for the request. In doing so, the Borrower will also provide detailed information confirming how the alternative approach will address risks and impacts of the project on Indigenous Peoples. The alternative approach will be structured so that relevant project-affected communities (of Indigenous Peoples) will be treated at least as well as other project-affected people. The agreement between the Bank and the Borrower regarding this approach will be set out in the ESCP.

29. If the project involves the preparation of subprojects, the Borrower will carry out appropriate environmental and social assessment of each subproject in accordance with national law. Where subprojects are classified as *High Risk*, the environmental and social assessment will be consistent with ESSs 1 to 8 and ESS10. Borrowers will ensure that subprojects are structured to meet national regulatory requirements relating to environmental and social risks and impacts, and where subprojects are classified as *High Risk*, they are also structured to meet ESSs 1 to 8 and ESS10. Where deemed necessary by the Bank,<sup>24</sup> the Borrower will prepare an environmental and social management framework,<sup>25</sup> to assist the Borrower in developing and implementing the subprojects.

30. 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 commensurate with its control and influence over the Associated Facilities.<sup>26</sup> 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.

31. 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.

32. Where the Borrower can reasonably exercise control over its primary suppliers, the environmental and social assessment will also consider whether the primary supply chains<sup>27</sup> central to the project's core functions<sup>28</sup> are likely to be associated with environmental and social risks and impacts. If this is the case, the Borrower will adopt and implement a supply chain management system: (a)

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<sup>24</sup> For example, where the subprojects may have significant environmental and social risks or impacts, or the Borrower has limited capacity in managing such risks and impacts.

<sup>25</sup> See ESS1, paragraph 45.

<sup>26</sup> The Borrower will be required to demonstrate, to the satisfaction of the Bank, 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>27</sup> Primary suppliers are those suppliers who, on an ongoing basis, provide goods or materials essential for the core aspects of the project.

<sup>28</sup> Core functions constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

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

commensurate with the complexity of these supply chains and the associated environmental and social risks and impacts; and (b) appropriate for the nature and scale of the project.

33. The environmental and social assessment will consider potential project related transboundary and global risks and impacts, such as impacts from effluents and emissions, increased use or contamination of international waterways, greenhouse gas emissions, climate change mitigation and adaptation issues, and impacts on endangered migratory species and their habitats.

### **C. Environmental and Social Commitment Plan**

34. The Borrower will develop and adopt an ESCP, which will set out measures and actions required for the project to achieve compliance with the ESSs over a specified timeframe. The ESCP will be agreed with the Bank and will form part of the legal agreement<sup>29</sup>.

35. 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>30</sup> A completion date for each action will be specified in the ESCP.

36. 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 or significant adverse environmental or social risks or impacts until the relevant plans or actions have been completed and (where necessary) implemented to the satisfaction of the Bank.

37. Where a common approach<sup>31</sup> has been agreed between the Bank, the Borrower and other funding agencies, the ESCP will include all measures and actions that have been agreed to by the Borrower to achieve compliance with the requirements of the common approach (and the ESSs if applicable). Where possible, a single ESCP will be agreed upon, which incorporates the requirements of the Bank and all other agencies.

38. The ESCP will 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.

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<sup>29</sup> The ESCP will be an annex to the legal agreement, and will be subject to the same disclosure requirements as the legal agreement.

<sup>30</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>31</sup> See Paragraph 10.

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

39. 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.

40. 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.

41. Where appropriate, the ESCP will include a requirement that the Borrower prepare, and submit to the Bank for review, a process that allows for adaptive management of proposed minor project changes<sup>32</sup> 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.

### **D. Implementing the ESCP**

42. 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>33</sup>

43. The Borrower will maintain, and strengthen as necessary during the life of the project, 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.

44. 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.

45. The ESCP will identify the different management tools that the Borrower will use to develop and implement the measures and actions set out in the ESCP. 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>34</sup> in accordance with the ESCP for the duration of the project.

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<sup>32</sup> A minor project change is any proposed change to the scope, design, implementation or operation of the project that is likely to cause, in the opinion of the Bank, no or a minor change in the environmental or social risks or impacts of the project.

<sup>33</sup> See Section E.

<sup>34</sup> Including relevant GIIP.

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

46. The level of detail and complexity of the management tools will be commensurate with 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 stakeholders, and aim to support improved environmental and social performance. 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.

47. 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.

48. 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 a material change in the environmental or social risks or impacts of the project. The Borrower will carry out 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.

### **E. Project Monitoring and Reporting**

49. The Borrower will monitor and measure the environmental and social performance of the project in accordance with the legal agreement (including the ESCP). The extent of monitoring will be agreed upon with the Bank, and will be commensurate with the nature of the project, the project's environmental and social risks and impacts, and compliance requirements. The Borrower will ensure that adequate systems, resources and personnel are in place to carry out monitoring. Where appropriate, 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.

50. 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 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.

51. 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. The Borrower, and the agencies implementing the project, will designate senior officials to be responsible for reviewing the reports.

52. 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

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

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.

53. At the Bank's request, the Borrower will facilitate site visits by Bank staff or consultants acting on the Bank's behalf.

54. 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.

55. The Borrower will report on stakeholder engagement during project implementation in accordance with ESS10.

**DRAFT FOR CONSULTATION JULY 30, 2014**

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

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

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*[This will specify the issues that need to be addressed in an environmental and social assessment.]*



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

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

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*[to include further requirements, as appropriate]*

The ESCP will set out, in sufficient detail, the material measures and component actions, which have been agreed upon between the Borrower and the Bank for the project to achieve compliance with the ESSs over a specified timeframe. Each measure and component action will have an agreed timeframe for completion.

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

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

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*[to include further requirements, as appropriate]*

The Borrower will ensure 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) Incorporating all relevant aspects of the ESCP into tender documents;
- (c) Contractually requiring contractors to apply the relevant aspects of the ESCP and the relevant management tools, and including appropriate and effective non-compliance remedies;
- (d) Ensuring that contractors engaged in connection with the project are reputable and legitimate enterprises, and have knowledge and skills to perform their project tasks in accordance with their contractual commitments;
- (e) Monitoring contractor compliance with their contractual commitments; and
- (f) In the case of subcontracting, requiring contractors to have similar 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 economic growth. By ensuring that workers in the project are treated fairly and provided with safe and healthy working conditions, Borrowers can promote sound worker-management relationships and enhance the development benefits of a project.

### **Objectives**

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- To promote safe and healthy working conditions.
- To promote the fair treatment, non-discrimination and equal opportunity of project workers.
- To protect project workers, including vulnerable categories of workers such as women, children (of working age, in accordance with this ESS), and migrant workers.
- To avoid the use of forced and child labor.

### **Scope of Application**

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2. The applicability of ESS2 is established during the environmental and social assessment described in ESS1, during which the Borrower will identify the relevant requirements of ESS2 and how they will be addressed in the project.

3. The term “project worker” is used to refer to people employed or engaged directly by the Borrower, the project proponent and/or project implementing agencies to work specifically in relation to the project.<sup>1</sup> ESS2 applies to full-time, part-time, temporary, seasonal and migrant workers.<sup>2</sup>

4. 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. ESS2 will not apply to such government civil servants, except for the provisions of paragraphs 15 to 19 (Protecting the Work Force) and paragraphs 20 and 21 (Occupational Health and Safety).

### **Requirements**

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

5. The Borrower will have in place labor management procedures applicable to the project. These will set out the way in which project workers will be managed, consistent with the requirements of national law and this ESS.<sup>3</sup>

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<sup>1</sup> ESS2 will not apply to any other workers of the Borrower, project proponent and project implementing agencies.

<sup>2</sup> Migrant workers are workers who have migrated from one county to another or from one part of the county to another.

## **ESS2. Labor and Working Conditions**

### ***Terms and Conditions of Employment***

6. Project workers will be provided with information that is clear and understandable regarding their terms of employment. The information 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. This information will be provided at the beginning of the working relationship and when any material changes occur.

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

8. On termination of the working relationship, all project workers will receive notice of dismissal and severance payments as required by national law in a timely manner. All outstanding back pay, 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***

9. Decisions relating to the employment 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, access to training, job assignment, promotion, termination of employment or retirement, or disciplinary practices. The human resources policies and 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 intent of this paragraph to the extent possible without contravening national law.

10. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed as discrimination, provided they are consistent with national law.

### ***Worker's Organizations***

11. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the project will comply 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.

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<sup>3</sup> To the extent that national law satisfies the requirements of this ESS, the project will rely on national law, and the Borrower will not be required to duplicate such requirements in labor management procedures.

## **ESS2. Labor and Working Conditions**

### **Grievance Mechanism**

12. A grievance mechanism will be provided for all project workers (and, where relevant, their organizations) to raise workplace concerns. All project workers will be informed of the grievance mechanism at the time of recruitment and measures will be taken to make it easily accessible to them.

13. The grievance mechanism will be designed to address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution, and will operate in an independent and objective manner.

14. The 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.

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

#### **Child Labor**

15. Labor management procedures will specify a minimum age for employment in connection with the project, as determined by national law.

16. Children under the age of 18 may not be employed in connection with the project in a manner that is likely to be hazardous<sup>4</sup> or interfere with the child's education or be harmful to the child's health or physical, mental, spiritual, moral or social development.

17. Where children under the age of 18 may be employed in connection with the project, an appropriate risk assessment will be conducted, together with regular monitoring of health, working conditions and hours of work, in addition to the other requirement of this ESS.

#### **Forced Labor**

18. Forced labor, which consists of any work or service not voluntarily 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>5</sup>

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<sup>4</sup> Examples of hazardous work activities 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 of heavy loads; (d) in unhealthy environments exposing the worker to hazardous substances, agents, processes, temperatures, noise or vibration damaging to health; or (e) under difficult conditions such as long hours, late hours or confinement by employer.

<sup>5</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.

## **ESS2. Labor and Working Conditions**

19. Where community labor may be a component of the project, such as in community-driven development projects, appropriate measures will be implemented to ascertain whether such labor will be provided on a voluntary basis, as an outcome of individual or community agreement.

### **C. Occupational Health and Safety (OHS)**

20. The relevant OHS provisions in the General EHSs and, as appropriate, industry-specific EHSs will be applied to the project, and this requirement will be set out in the legal agreement and the ESCP.<sup>6</sup> Measures will be designed and implemented, in accordance with national law and the EHSs, 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; and (e) emergency prevention, preparedness and response arrangements.

21. All 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>7</sup> are provided to workers, policies will put in place and implemented on the management and quality of accommodation, including safety, access and the provision of basic services.

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<sup>6</sup> Section 2 of the General EHS 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/Sustainability+Framework/Environmental,+Health,+and+Safety+Guidelines/](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Environmental,+Health,+and+Safety+Guidelines/)

<sup>7</sup> Those services might be provided either directly by the Borrower or by third parties.

## **Environmental and Social Standard 3. Resource Efficiency and Pollution Prevention**

### **Introduction**

1. This ESS outlines a project-level approach to resource efficiency, cleaner production processes and pollution<sup>1</sup> management<sup>2</sup> in line with internationally disseminated technologies and practices. Accordingly, this ESS provides a set of guiding principles that a project will address during preparation and implementation. In addition, this ESS promotes the ability of projects to identify and assess the application of alternative technologies and practices based on GIIP<sup>3</sup> that incorporate technical<sup>4</sup> and financial<sup>5</sup> feasibility.

### **Objectives**

- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.
- To promote more sustainable use of resources, including energy and water.
- To reduce project-related GHG emissions.

### **Scope of Application**

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

### **Requirements**

3. 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 commensurate with the risks and impacts associated with the project and consistent with GIIP as reflected in various internationally recognized sources, including the EHSGs.

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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 pests, pathogens, thermal discharge to water, GHG emissions, 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 reduce GHG emissions, 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 GHG emissions.

<sup>3</sup> 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>4</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>5</sup> Financial feasibility is based on the 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.

## **ESS3. Resource Efficiency and Pollution Prevention**

### **Resource Efficiency**

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4. The Borrower will implement technically and financially feasible measures for improving efficiency in its consumption of energy and water, as well as other resources and material inputs, with a focus on areas that are considered core business activities. Such measures will integrate the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy and water. Where benchmarking data are available, the Borrower will make a comparison to establish the relative level of efficiency.

#### **A. Greenhouse Gases**

5. In addition to the resource efficiency measures described above, the Borrower will consider alternatives and implement technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design and operation of the project.<sup>6</sup>

6. For projects that are expected to or currently produce more than 25,000 tonnes of CO<sub>2</sub>-equivalent annually,<sup>7</sup> the Borrower will, where technically and financially feasible, quantify direct emissions from the facilities owned or controlled within the physical project boundary,<sup>8</sup> as well as indirect emissions associated with off-site production of energy<sup>9</sup> used by the project. Quantification of GHG emissions will be conducted by the Borrower annually in accordance with internationally recognized methodologies and good practice.

#### **B. Water Consumption**

7. When the project is a potentially significant consumer of water, the Borrower, in addition to applying the resource efficiency requirements of this ESS, will adopt measures, to the extent technically or financially feasible, that avoid or reduce water usage so that the project's water consumption does not have significant adverse impacts on others. 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 (greater than 5,000 m<sup>3</sup>/day), the following will be applied:

- A detailed water balance will be developed, maintained and reported annually;

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<sup>6</sup> These options may include adoption of renewable or low carbon energy sources; sustainable agricultural, forestry and livestock management practices; the reduction of fugitive emissions and gas flaring; and carbon sequestration and storage.

<sup>7</sup> The quantification of emissions will consider all significant sources of GHG emissions, including non-energy related sources such as methane and nitrous oxide, among others.

<sup>8</sup> Project-induced changes in soil carbon content or above ground biomass and project-induced decay of organic matter may contribute to direct emission sources and will be included in the emission quantification where such emissions are expected to be significant.

<sup>9</sup> These emissions result from the off-site generation by others of electricity, heating and cooling energy used in the project.



### **ESS3. Resource Efficiency and Pollution Prevention**

- Opportunities for continuous improvement in terms of water use efficiency must be identified;
- 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 demonstrate that the proposed water use is not likely to have adverse impacts on water resources. As part of the environmental and social assessment, the Borrower will identify and implement appropriate mitigation measures.

#### **Pollution Prevention**

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10. The Borrower will avoid the release of pollutants or, when avoidance is not feasible, minimize and/or control the intensity 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.

11. Where the project involves historical pollution,<sup>10</sup> the Borrower will establish a process to identify the responsible party. If the Borrower is one of the responsible parties or 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>11</sup> of the existing pollution as it affects communities, workers and the environment. Remediation of the site will be undertaken in accordance with national law and GIIP.<sup>12</sup>

12. To address potential adverse project impacts on existing ambient conditions,<sup>13</sup> the Borrower will consider relevant factors, including, for example: (a) existing ambient conditions; (b) the finite assimilative capacity<sup>14</sup> of the environment; (c) existing and future land use; (d) the project's proximity to areas of importance to biodiversity; and (e) the potential for cumulative impacts with uncertain and/or irreversible consequences.

13. 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

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<sup>10</sup> Historical pollution is defined as pollution from past activities, such as land or groundwater contamination, for which no party has assumed or been assigned responsibility to address and carry out the required remediation.

<sup>11</sup> Such assessment will follow a risk-based approach consistent with GIIP as reflected in the EHSs.

<sup>12</sup> If one or more third parties are responsible for the historical pollution, the Borrower will seek recourse from such parties to ensure that such pollution is remediated in accordance with national law or GIIP. The Borrower will implement adequate measures to ensure that historical pollution at the site does not pose a significant risk to the health and safety of workers and communities.

<sup>13</sup> Such as air, surface and groundwater, and soils.

<sup>14</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**

area, the Borrower will consider additional strategies and adopt measures that avoid or reduce negative effects. These strategies include, but are not limited to, evaluation of project location alternatives.

#### **A. Wastes**

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

15. If the generated waste is considered hazardous,<sup>15</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 transboundary movement. Where such requirements are absent, the Borrower will adopt GIIP alternatives for its environmentally sound 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 this is not the case, the Borrower will reduce 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.

#### **B. Hazardous Materials Management**

16. 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.

17. The Borrower will minimize and control the release and use of hazardous materials. 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.

#### **C. Pesticide Use and Management**

18. Where projects involve recourse to pest management measures, the Borrower will give preference to integrated pest management (IPM)<sup>16</sup> or integrated vector management (IVM)<sup>17</sup> approaches using combined or multiple tactics.

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<sup>15</sup> As defined by the EHSs and relevant national law.

<sup>16</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) relying, to the extent possible, on nonchemical measures to keep pest

### **ESS3. Resource Efficiency and Pollution Prevention**

19. 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>18</sup> The Borrower will not use any pesticide products that contain active ingredients that are listed in Annexes A, B and those meeting the criteria of Annex D of the Stockholm Convention, those listed in Annex III of the Rotterdam Convention, or those restricted under the Montreal Protocol, unless for an acceptable purpose as defined by the said Conventions or Protocol, or if an exemption has been obtained by the Borrower under the said Conventions or Protocol, consistent with Borrower commitments under these and other applicable international agreements. The Borrower will not use formulated products that fall into the WHO<sup>19</sup> classes Ia and Ib, or formulations of products that meet the criteria of carcinogenicity, mutagenicity, or reproductive toxicity (Categories 1A and 1B) of the Globally Harmonized System on Classification and Labelling of Chemicals (GHS).<sup>20</sup> The Borrower will not use pesticide formulations of products in WHO Class II, 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.

20. 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, or for the use patterns, for which they are intended under the project.

21. The Borrower will ensure that any pesticides it uses be manufactured, formulated, packaged, labeled, handled, stored, disposed of, and applied according to the Food and Agriculture Organization's International Code of Conduct on Pesticide Management (2013).<sup>21</sup>

22. For any project involving significant pest management issues<sup>22</sup> or any project contemplating activities that may lead to significant pest and pesticide management issues,<sup>23</sup> the Borrower will prepare

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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>17</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." World Health Organization Position Statement on IVM:

[http://whqlibdoc.who.int/hq/2008/WHO\\_HTM\\_NTD\\_VEM\\_2008.2\\_eng.pdf](http://whqlibdoc.who.int/hq/2008/WHO_HTM_NTD_VEM_2008.2_eng.pdf)

<sup>18</sup> This assessment is made in the context of the environmental and social impact assessment.

<sup>19</sup> World Health Organization's *Recommended Classification of Pesticides by Hazard and Guidelines to Classification* (Geneva – 2009): [http://www.inchem.org/documents/pds/pds/other/class\\_2009.pdf](http://www.inchem.org/documents/pds/pds/other/class_2009.pdf)

<sup>20</sup> The United Nations Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is a comprehensive approach to standardizing and harmonizing the classification and labeling of chemicals. [http://www.unece.org/fileadmin/DAM/trans/danger/publi/ghs/ghs\\_rev05/English/ST-SG-AC10-30-Rev5e.pdf](http://www.unece.org/fileadmin/DAM/trans/danger/publi/ghs/ghs_rev05/English/ST-SG-AC10-30-Rev5e.pdf)

<sup>21</sup> [http://www.fao.org/fileadmin/templates/agphome/documents/Pests\\_Pesticides/Code/Code2013.pdf](http://www.fao.org/fileadmin/templates/agphome/documents/Pests_Pesticides/Code/Code2013.pdf)

<sup>22</sup> Such issues would include: (a) migratory locust control; (b) mosquito or other disease vector control; (c) bird control; (d) rodent control, etc.

### **ESS3. Resource Efficiency and Pollution Prevention**

a Pest Management Plan (PMP). 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>

#### **D. Monitoring and Compliance**

23. The Borrower will monitor environmental discharges and their impacts on the environment, project-affected communities and workers. The Borrower will also monitor the performance of pollution control technologies to ensure their effective operation. In addition to any legal requirements that may be imposed on the Borrower, the Borrower will rectify any instances of non-compliance with permit conditions as well as the applicable emissions and effluent standards included in the EHSs that have been adopted for the project. The ESCP will include a monitoring plan.

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<sup>23</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>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 WHO Class III insecticides for intradomestic spraying for malaria control.

## **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 vulnerable groups.
3. In addition to the general requirements of this ESS, Borrowers must implement the requirements of national and local law supplemented by the measures specified in the EHSGs.

### **Objectives**

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- To anticipate and avoid adverse impacts on the health and safety of the affected communities during the project life-cycle from both routine and non-routine circumstances.
- To ensure that the safeguarding of personnel and property is carried out in a manner that avoids or minimizes risks to the affected communities.

### **Scope of Application**

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4. The applicability of this ESS is established during the environmental and social assessment described in ESS1.
5. This ESS addresses potential risks and impacts to affected communities from project activities. Occupational health and safety requirements for workers are set out in ESS2, and environmental standards to avoid or minimize impacts on human health and the environment due to ongoing or pre-existing pollution are set out in ESS3.

### **Requirements**

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

6. The Borrower will evaluate the risks and impacts to the health and safety of the affected communities during the project life-cycle and will establish preventive and control measures consistent with applicable international conventions and protocols, national legal requirements and in their absence, GIIP, such as, in the first instance, the EHSGs or other internationally recognized sources. The Borrower will identify risks and impacts and propose mitigation measures in accordance with the mitigation hierarchy.
7. The Borrower will ensure that a grievance mechanism is in place in accordance with ESS10 as early as possible in project development to address specific concerns of the community under this ESS.

## **ESS4. Community Health and Safety**

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

8. The Borrower will design, construct, operate, and decommission the structural elements of the project in accordance with national legal requirements and GIIP, taking into consideration safety risks to third parties or affected communities. When new buildings and structures will be accessed by members of the public, the Borrower will consider incremental risks of the public's potential exposure to operational accidents or natural hazards; the Borrower will also apply the principles of universal access.<sup>1</sup> Structural elements will be designed and constructed by competent professionals, and certified or approved by competent authorities or professionals. Structural design will take into account climate change considerations, as appropriate and feasible.

9. When structural elements of projects are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, the Borrower will engage one or more external 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. Further requirements on safety of dams are set out in Annex 1.

10. Where appropriate, third-party life and fire safety audits will be undertaken both for existing buildings that are used for communal purposes and for new buildings prior to their commissioning or use.

### ***Product and Services Safety***

11. Where the project involves production of and/or trade in consumer products, the Borrower will ensure product safety through good design and manufacturing processes for production activities as well as adequate storage, handling and transportation for the product distribution. GIIP should be followed, including general safety requirements specific to the product safety standards and codes of practice in a given business sector.

12. The Borrower will identify and evaluate potential risks and impacts of its products on consumers' health and safety during the project assessment process. The approach to product safety will adhere to the mitigation hierarchy and ensure that adequate information on the product's health and safety risks is provided to consumers. For situations involving products which are later determined to pose serious health threats, the Borrower will ensure product recall and product withdrawal policy and procedures are in place.

13. The Borrower will comply with specified safety limitations, will not use substances prohibited by national or international regulations, and will label products with warnings about effects on consumer health and safety.

14. Where the project involves provision of services to communities, the Borrower will ensure safety and quality of such services through appropriate quality management systems to ensure that such services do not pose risks or have impacts on community health and safety.

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<sup>1</sup> "Universal access" means free access for people of all ages and abilities in different situations and under various circumstances.

## **ESS4. Community Health and Safety**

### **Traffic and Road Safety**

15. The Borrower will identify, evaluate and monitor the potential traffic and road safety risks to workers and potentially affected communities throughout the project life-cycle and, where appropriate, will develop measures and plans to address them.

16. The Borrower will make use of tools such as the Road Safety Management Capacity Review (RSMR),<sup>2</sup> to identify road safety measures and incorporate technically and financially feasible road safety components into the project design to mitigate potential road safety impacts on the local affected communities. Where appropriate, the Borrower will undertake a road safety audit for each phase of the project and routinely monitor incident and accident reports to identify and resolve problems or negative safety trends. For Borrowers with vehicles or fleets of vehicles (owned or leased), the Borrower will provide appropriate training to workers on driver and vehicle safety. The Borrower will ensure regular maintenance of all project vehicles.

17. For projects that operate construction and other moving 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 seek to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment.

### **Impacts on the Environment**

18. Because the project's direct impacts on the environment may result in adverse health and safety risks to and impacts on affected communities,<sup>3</sup> the Borrower will identify those potential risks and impacts and, where appropriate and feasible, consider how these may be exacerbated by climate change. Adverse impacts will be avoided, but if they are unavoidable, the Borrower will implement appropriate mitigation measures.

### **Community Exposure to Disease**

19. The Borrower will avoid or minimize the potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and communicable diseases that could result from project activities, taking into consideration differentiated exposure to and higher sensitivity of vulnerable groups. Where specific diseases 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.

20. 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.

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<sup>2</sup> The RSMR is an output of the World Bank-administered Global Road Safety Facility  
<http://siteresources.worldbank.org/INTTOPGLOROASAF/Resources/GRSF-strategic-plan-2013-2020.pdf>

<sup>3</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.

## **ESS4. Community Health and Safety**

### ***Hazardous Materials Management and Safety***

21. 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. The Borrower will exercise all feasible efforts to control the safety of deliveries of hazardous materials, and of transportation and disposal of hazardous wastes, and will implement measures to avoid or control community exposure to such hazardous material.

### ***Emergency Preparedness and Response***

22. Emergency events are unanticipated incidents, arising from both natural and man-made hazards, typically in the form of fire, explosions, leaks or spills, which may occur<sup>4</sup> for a variety of different reasons, including failure to implement operating procedures that are designed to prevent their occurrence. The Borrower will identify and implement measures to address such incidents. The measures will be designed to prevent unanticipated incidents from injuring the health and safety of the affected community, and to minimize, mitigate and compensate for any impacts that may occur.

23. Borrowers engaged in projects having the potential to generate emergency events<sup>5</sup> 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, a Borrower will prepare an Emergency Response Plan (ERP) in coordination with the relevant local authorities and the affected community.

24. An ERP will include, at a minimum: (a) engineering controls (such as containment, automatic alarms, and shut-off systems) commensurate with 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.

25. 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.

## **B. Security Personnel**

26. When the Borrower retains direct or contracted workers to provide security to safeguard its personnel and property, it will assess risks posed by its security arrangements to those within and

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<sup>4</sup> Such incidents may originate within or outside of the property boundary, including on public roadways or project owned or leased storage areas in connection with transportation or storage of project materials.

<sup>5</sup> Such projects are normally identified by reference to threshold quantities of substances officially recognized as hazardous or toxic to human health and/or the natural environment.



**ESS4. Community Health and Safety**

outside the project site. In making such arrangements, the Borrower will be guided by the principles of proportionality and GIIP,<sup>6</sup> and by applicable law, in relation to hiring, rules of conduct, training, equipping, and monitoring of such workers.

27. The Borrower will make reasonable inquiries to ensure that those providing security are not implicated in past abuses; will 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 require them to act within the applicable law.

28. The Borrower will not sanction any use of force except when used for preventive and defensive purposes in proportion to the nature and extent of the threat. The Borrower will provide a grievance mechanism for affected communities to express concerns about the security arrangements and acts of security personnel.

29. The Borrower will seek to ensure that government security personnel deployed to provide security services act in a manner consistent with paragraphs 26 and 28 above, and encourage the relevant authorities to disclose the security arrangements for the Borrower's facilities to the public, subject to overriding security concerns.

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

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<sup>6</sup> Including practice consistent with the United Nation's (UN) Code of Conduct for Law Enforcement Officials, and UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

**ESS4. Community Health and Safety**

**ESS4 – ANNEX 1. SAFETY OF DAMS**

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**A. New Dams**

1. The Borrower will ensure that the design and construction of new dams are supervised by experienced and competent professionals, and that the owner of the dam adopts and implements 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<sup>1</sup> apply to:
  - (a) “Large dams” as defined in the Constitution of the International Commission on Large Dams (ICOLD);<sup>2</sup>
  - (b) All other dams (referred to as “small dams”) that could cause security 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. Such dams can include farm ponds, local silt retention dams, and low embankment tanks; and
  - (c) Small dams that are expected to become large dams during their operating life.
3. Large dams 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 detailed plans: a plan for construction supervision and quality assurance, an instrumentation plan, an operation and maintenance plan, and an emergency preparedness plan. Details of the plans are described below (“Dam Safety Reports: Content and Timing”);
  - (c) Prequalification of bidders during procurement and bid tendering, and
  - (d) Periodic safety inspections of the dam after completion.
4. The Panel 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>3</sup>

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<sup>1</sup> Any dam not referred to in paragraph 2, (a) to (c), requires generic dam safety measures designed by qualified engineers.

<sup>2</sup> The 2011 ICOLD Constitution defines a “large dam” as a dam with a height of 15 meters or greater from the lowest foundation to crest or a dam between 5 meters and 15 meters impounding more than 3 million cubic meters, and defined in greater detail in the World Register of Dams, [http://www.icold-cibg.org/GB/World\\_register/world\\_register.asp](http://www.icold-cibg.org/GB/World_register/world_register.asp)

## **ESS4. Community Health and Safety**

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.

5. The Borrower contracts the services of the Panel and provides administrative support for its activities. Beginning as early in project preparation as possible, the Borrower arranges for periodic Panel meetings and reviews, which continue through the investigation, design, construction, and initial filling and start-up phases of the dam.<sup>4</sup> The Borrower informs the Bank in advance of the Panel meetings, and the Bank normally sends an observer to these meetings. After each meeting, the Panel provides the Borrower a written report of its conclusions and recommendations, signed by each participating member; the Borrower provides a copy of that report to the Bank. Following the filling of the reservoir and start-up of the dam, the Bank reviews 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**

6. 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.

7. 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 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.

8. 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.

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<sup>3</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 should be internationally known experts in their field.

<sup>4</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.

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9. For projects that include additional dam safety measures or require remedial work, the Borrower will ensure 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 (see paragraph 3 (b) of this Annex) 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 4 of this Annex).

10. When the owner of the existing dam or DUC is an entity other than the Borrower, the Borrower enters into agreements or arrangements providing for the measures set out in paragraphs 6 to 9 to be undertaken by the owner.

11. 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: Content and Timing**

12. Dam safety reports should contain the following:

- (a) Plan for construction supervision and quality assurance. This plan covers 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, 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.
- (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. It is prepared during the design stage, before bid tendering, and provided to the independent Panel.
- (c) Operation and maintenance (O&M) plan. This detailed plan covers 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, reflects 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.
- (d) Emergency preparedness plan. This plan specifies 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 includes the following items: clear statements on the responsibility for dam operations decision making 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

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emergency forces and equipment. The plan can be prepared during implementation, 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**

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. Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for those affected, as well as environmental damage and adverse socio-economic impacts in areas to which they have been displaced. 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.

#### **Objectives**

- To avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives.

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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; and (b) repossession of public land that is used or occupied by individuals or households. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements.

<sup>2</sup> “Restrictions on land use” refers to changes in or prohibitions on agricultural, residential, commercial or other land uses that are directly introduced and put into effect as part of the implementation 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, etc.

<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**

- 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) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.
- To assist displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards.
- 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>

### **Scope of Application**

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

4. This ESS applies to permanent or temporary loss of land or assets, or restrictions on land use, resulting from the following types of land-related transactions:

- (a) Land rights or land use rights acquired or restricted through expropriation or other compulsory procedures in accordance with national law;

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<sup>5</sup> “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 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).

<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 no less 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**

- (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) 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;
  - (f) Land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation;<sup>10</sup> and
  - (g) 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:
- (a) Voluntary, legally recorded market transactions in which the seller is given a genuine opportunity to refuse to sell the land and to retain it, and is accurately informed about available choices and their implications;<sup>11</sup>

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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.

<sup>10</sup> In certain exceptional 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, such an approach to land acquisition may be acceptable providing the Borrower demonstrates that: (a) affected persons or communities have been appropriately informed and consulted about the project and the choices available to them, including the compensation and other benefits that would be available to them under ESS5; (b) affected persons have been given a genuine opportunity to accept such compensation and other benefits, and have confirmed their desire to forego such compensation and benefits; (c) the amount of land being donated is minor so that impacts on the affected person will be inconsequential; and (d) the affected person is expected to benefit directly from the project. The Borrower will maintain a transparent record of all consultations and agreements reached. The Borrower will also ensure that agreement is reached and recorded with individuals relying upon use of, or access to, communal land or resources for which rights are to be relinquished.



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

- (b) Impacts on incomes or livelihoods that are not a direct result of land acquisition or land use restrictions imposed by the project on the land of the affected persons or communities;<sup>12</sup>
- (c) Management of refugees from, or persons internally displaced by, natural disasters, conflict, crime and violence;
- (d) Land titling/regularization activities; or
- (e) Regulation or planning of natural resources or land use on a regional or national level to promote sustainability.

However, in the case of all such activities, a social, legal and institutional assessment may be required in accordance with ESS1, to identify potential risks and impacts, together with appropriate design alternatives or measures to minimize and mitigate adverse economic and social impacts, especially those that affect poor and vulnerable groups.

### **Requirements**

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#### **A. General**

##### **Eligibility Criteria**

6. 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>13</sup> or
  - (c) Who have no recognizable legal right or claim to the land or assets they occupy or use.

The census will establish the status of the affected persons.

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<sup>11</sup> Where such voluntary land transactions result in the involuntary displacement of persons, other than the seller, who occupy or use the land in question, this ESS will apply to such displacement. Special care must be taken with respect to voluntary transactions of significant areas of land (for example in the case of large-scale transfers of land for agricultural investment purposes) to ensure: (a) that land and land use rights of all affected people have been respected; (b) that individuals, groups or communities affected by the transfer are informed of their rights, have full access to reliable information concerning environmental, economic and social impacts and have the capacity to negotiate fair value and appropriate conditions for the transfer of their land; (c) that appropriate benefits-sharing and grievance redress mechanisms are put in place; and (d) that terms and conditions of the transfer are transparent.

<sup>12</sup> More generalized impacts not directly related to land acquisition or restrictions on land use are covered under ESS1.

<sup>13</sup> Such claims could be derived from adverse possession or from customary or traditional tenure arrangements.

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

### ***Project Design***

7. 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 impacts on the poor and vulnerable.

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

8. 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 22 through 32 of this ESS.<sup>14</sup>

9. Compensation standards for categories of land and fixed assets will be disclosed and applied consistently (though compensation rates may be subject to upward adjustment where negotiation strategies are employed). In all cases, a clear basis for calculation of compensation will be documented, and compensation distributed in accordance with transparent procedures.

10. Where livelihoods of displaced persons are land-based,<sup>15</sup> or where land is collectively owned, the Borrower will offer the displaced persons an option for replacement in kind, unless it can be demonstrated 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 6 (c), resettlement assistance will be provided in lieu of compensation for land, as described in paragraphs 25 and 30(c).

11. 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, resettlement sites and moving allowances have been provided to the displaced persons in addition to compensation.

12. In certain cases there may be significant difficulties related to the payment of compensation to particular affected persons, for example, when land ownership or the legal status of land use or occupation is the subject of lengthy disputes, where repeated efforts to contact absentee owners have failed, or where individuals have rejected compensation that has been offered to them in accordance with the approved plan. 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 into an escrow 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.

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<sup>14</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.

<sup>15</sup> The term "land-based" includes livelihood activities such as subsistence cropping and grazing of livestock as well as the harvesting of natural resources.

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13. Compensation may also be paid in installments where lump sum cash payments would likely undermine social or resettlement objectives, or where there are ongoing impacts to livelihood activities. In such cases, the initial installment will be at least sufficient to meet immediate relocation expenses and livelihood needs and will be paid prior to dispossession. Arrangements for full distribution of remaining compensation will be clearly specified in the plan, and provision of remaining compensation funds will be assured through an escrow account (established and fully funded prior to displacement) or comparable measures.

### **Community Engagement**

14. 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, where applicable. Disclosure of relevant information and participation of affected communities and persons will take place throughout the planning, implementation, monitoring, and evaluation of the compensation process, livelihood restoration activities, and relocation process.<sup>16</sup> Additional provisions apply to consultations with Indigenous Peoples, in accordance with ESS7.

### **Grievance Mechanism**

15. 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**

16. 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 who, for valid reasons, may not be present in the project area during the time of the census, such as seasonal

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<sup>16</sup> 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 differently. Women's and men's preferences in terms of compensation mechanisms, such as compensation in kind rather than in cash, should be explored.

<sup>17</sup> Such inventory should include a detailed account, derived through consultation, 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 heads of households, 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.

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

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 disseminated throughout the project area.

17. To address the issues identified in the environmental and social assessment, the Borrower will prepare a plan<sup>19</sup> commensurate with 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 measurable 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;
- (c) For projects involving economic displacement with 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.

18. 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>

19. 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 commensurate with 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.

20. 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 objectives of this ESS. For all projects with significant involuntary resettlement impacts, the Borrower will commission an external

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<sup>19</sup> The Borrower's plan may be a resettlement plan or livelihood restoration plan, or a combination of both, depending on the impacts that have been identified through the environmental and social assessment.

<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.

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

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

21. Where the exact 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 a specific plan commensurate with potential risks and impacts.

### **B. Displacement**

#### ***Physical Displacement***

22. 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 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.

23. 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 built for displaced persons 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 taken into consideration. Existing social and cultural institutions of the displaced persons and any host communities will be respected.

24. In the case of physically displaced persons under paragraph 6(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. Where livelihoods of displaced persons are derived primarily from land, compensation in kind will, where possible, be considered in lieu of cash.<sup>21</sup>

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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, and there is sufficient supply of land and housing.

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25. In the case of physically displaced persons under paragraph 6(c), the Borrower will provide arrangements to allow them to obtain adequate housing with security of tenure. Where these displaced persons own and occupy 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 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>

26. 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.

27. The Borrower will not resort to forced evictions<sup>24</sup> of affected persons.

28. 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***

29. 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 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.

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

- (a) In cases where land acquisition or restrictions on land use affect commercial enterprises,<sup>25</sup> affected business owners will be compensated for the cost of identifying a

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

<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 principles of this ESS (see in particular paragraph 30 (c)).

<sup>24</sup> As defined in footnote 5.

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

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 6(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 6(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.

31. 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. Where provision of suitable replacement land is not possible, economically displaced persons will be compensated at replacement cost for land (and other lost assets);
- (b) For persons whose livelihoods are natural resource-based and where project-related restrictions on access envisaged in paragraph 4(c) 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 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>25</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**

32. 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**

33. The Borrower will establish means of collaboration with any governmental agencies or subnational jurisdictions 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 performance 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.

34. 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.

35. 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.



## **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. This ESS defines biodiversity 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.

2. ESS6 recognizes the importance of maintaining core ecological functions of habitats and the biodiversity they support and that all habitats support complexities of living organisms and vary in terms of species diversity, abundance and importance. The objective of biodiversity conservation and sustainable management of living natural resources must be balanced with the potential for utilizing the multiple economic, social and cultural values of biodiversity and living natural resources in an optimized manner.

3. ESS6 also addresses the need to consider the livelihood of Indigenous Peoples and affected communities whose access to, or use of, biodiversity or living natural resources may be affected by a project. The potential, positive role of Indigenous Peoples and affected communities in biodiversity conservation and sustainable management of living natural resources will also be considered.

#### **Objectives**

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- To protect and conserve biodiversity using a precautionary approach.
- To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.

#### **Scope of Application**

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

5. Based on the environmental and social assessment, the requirements of this ESS are applied to all projects that potentially affect biodiversity, either positively or negatively, or depend on biodiversity for their success.

6. This ESS also applies to projects that involve the primary production of living natural resources or where such resources are central to the project's core function (see in particular paragraphs 25-31).

#### **Requirements**

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##### **A. General**

7. "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.

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

Habitats vary in their sensitivity to impacts and in the various values society attributes to them. This ESS requires a differentiated risk management approach to habitat based on such sensitivity and values. This ESS addresses all habitats; the more sensitive habitats are divided into “critical habitat,”<sup>1</sup> “legally protected and internationally recognized areas of biodiversity value;” and “priority biodiversity features.”<sup>2</sup>

8. The environmental and social assessment as set out in ESS1 will consider direct and indirect project-related impacts on biodiversity. This process 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 also take into account the differing values attached to biodiversity by affected communities and other stakeholders. Where paragraphs 15-19 are applicable, the Borrower will consider project-related impacts across the potentially affected landscape or seascape.

9. The Borrower will avoid adverse impacts on biodiversity. When avoidance of adverse impacts is not possible, the Borrower will implement measures to minimize adverse impacts and restore biodiversity. The Borrower will ensure that competent biodiversity expertise is used to conduct the environmental and social assessment, to assist in the development of a mitigation hierarchy that complies with this ESS, and to verify the implementation of mitigation measures. Where appropriate, the Borrower will develop a Biodiversity Action Plan.

10. The Borrower will not use any Bank funds to finance or support: (a) plantations that involve any conversion or degradation of critical habitats, including adjacent or downstream critical habitats;<sup>3</sup> or (b) projects that, in the Bank’s opinion, would involve significant conversion or degradation of critical habitats, including forest areas.

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<sup>1</sup> Critical habitat is defined as areas with high biodiversity value, including: (a) the presence of highly threatened habitats; (b) Endangered or Critically Endangered species as listed on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species; (c) geographically restricted species; (d) migratory or congregatory species; or (e) biodiversity features that are vital to maintaining the viability of biodiversity features described above in (a) to (d). The determination of critical habitat based on listings other than the IUCN Red List of Threatened Species is as follows: (i) if the species is listed nationally/ regionally as critically endangered or endangered in countries that have adhered to IUCN guidance, the critical habitat determination will be made on a project by project basis in consultation with competent professionals; and (ii) in instances where nationally or regionally listed species’ categorizations do not correspond well to those of the IUCN (e.g., some countries more generally list species as “protected” or “restricted”), an assessment will be conducted to determine the rationale and purpose of the listing. In this case, the critical habitat determination will be based on such an assessment.

<sup>2</sup> Priority biodiversity features are defined as a subset of biodiversity that are particularly irreplaceable or vulnerable, but at a lower priority level than critical habitat (as defined in footnote 1 of this ESS). As such, they comprise significant concentrations of at least one of the following features: (a) threatened habitats; (b) vulnerable species; (c) significant biodiversity features identified by a broad set of stakeholders or governments (such as Key Biodiversity Areas or Important Bird Areas); and (d) ecological structures and functions needed to maintain the viability of these priority biodiversity features.

<sup>3</sup> Plantations should be sited on unforested sites or land already converted (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 must be designed to prevent and mitigate these potential threats to natural habitats.

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

### **Assessment of Risks and Impacts**

11. 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. The assessment undertaken by the Borrower will include consideration of potential risks to and impacts on the ecological integrity of the habitats, independent of their protection status and regardless of the current degree<sup>4</sup> of their disturbance or degradation. The extent of the assessment will be sufficient to characterize the risks and impacts, based on their likelihood and their significance and severity, and reflect the concerns of potentially affected communities and, where relevant, other stakeholders.

12. The Borrower's assessment will include baseline conditions to a degree that is proportional and specific to the anticipated risk and significance of impacts. In planning and undertaking biodiversity related baseline and impact assessments, the Borrower will refer to the EHSs and other relevant GIIP, utilizing desktop and field-based approaches as required. Where further investigations are needed on the significance of potential impacts, the Borrower will carry out additional studies and/or monitoring before undertaking any project-related activities that could cause materially adverse impacts to potentially affected habitats and the biodiversity that they support.

13. Where applicable, the assessment will consider the use of and dependence on natural resources by Indigenous Peoples and affected communities who live in or around the project area and whose use of biodiversity resources may be affected by the project, as well as their potential role in the conservation and sustainable use of such biodiversity resources.

14. Where the assessment has identified potential impacts to biodiversity, the Borrower will manage these impacts in accordance with the mitigation hierarchy and GIIP. The Borrower will also 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.

### **Biodiversity Conservation**

15. For the protection and conservation of biodiversity, the mitigation hierarchy includes biodiversity offsets, which will be considered only after appropriate avoidance, minimization, and restoration measures have been applied.<sup>5</sup> A biodiversity offset will be designed and implemented to achieve measurable conservation outcomes<sup>6</sup> that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity; in the case of critical habitats, a net gain<sup>7</sup> is required. The

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<sup>4</sup> Pre-project.

<sup>5</sup> Biodiversity offsets lead to measurable conservation outcomes as a result of actions designed to compensate for adverse biodiversity impacts from projects that remain after appropriate avoidance, minimization and restoration measures have been taken. Biodiversity offsets should follow GIIP and be developed with relevant stakeholders.

<sup>6</sup> Measurable conservation outcomes for biodiversity must be demonstrated in situ (on-the-ground) and on an appropriate geographic scale (e.g., at the local, landscape, national or regional level).

<sup>7</sup> Net gains are additional conservation outcomes that can be achieved for the biodiversity values for which the critical habitat was designated. Net gains may be achieved through the development of a biodiversity offset and/or, in instances where the Borrower could meet the requirements of paragraph 17 of this ESS without a biodiversity

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

design of a biodiversity offset will adhere to the “like-for-like or better” principle<sup>8</sup> and will be carried out in alignment with GIIP. When a Borrower is considering the development of an offset as part of the mitigation strategy, external experts with knowledge in offset design and implementation will be involved.

16. If priority biodiversity features are identified as part of the assessment, the Borrower will seek to avoid adverse impacts on them in accordance with the mitigation hierarchy. Where priority biodiversity features 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 ensure no net loss and preferably a net gain of priority biodiversity features over the long term, or, where appropriate and supported by relevant stakeholders, the conservation of biodiversity of greater importance. Where any residual adverse impacts remain, the Borrower will consider the use of compensatory measures, such as biodiversity offsets.

17. Where the habitat to be adversely affected by the project is considered to be a critical habitat, such habitat will not be further converted or degraded to the extent that its ecological integrity or biodiversity importance is compromised. Consequently, in areas of critical habitat, the Borrower will not implement any project activities unless 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) Any 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 impair its ability to function;

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offset, through the implementation of programs in situ (on-the-ground) to enhance habitat, and protect and conserve biodiversity.

<sup>8</sup> The principle of “like-for-like or better” indicates that biodiversity offsets must 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), which will, for critical habitats, meet the requirements of paragraph 17 of this ESS.

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

- (d) The project is designed to deliver net gains for critical biodiversity features affected by the project;
- (e) The project is not anticipated to lead to a net reduction in the population<sup>9</sup> of any Endangered or Critically Endangered species, over a reasonable time period;<sup>10</sup> and
- (f) A robust and appropriately designed, long-term biodiversity monitoring and evaluation program aimed at assessing the status of critical habitat is integrated into the Borrower's management program.

18. Where a Borrower has satisfied the conditions set out in paragraph 17, the project's mitigation strategy will be described in a Biodiversity Action Plan and set out in the legal agreement (including the ESCP).

19. In instances where biodiversity offsets are proposed as part of the mitigation hierarchy, the Borrower will demonstrate through an assessment that the project's significant residual adverse impacts on biodiversity will be adequately mitigated to meet the conditions of paragraph 17.

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

20. Where the project occurs within or has the potential to adversely affect an area that is legally protected<sup>11</sup> or internationally recognized or designated for protection, the Borrower will 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.

21. The Borrower will meet the requirements of paragraphs 15 through 19 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;

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<sup>9</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>10</sup> The timeframe in which Borrowers must demonstrate "no net reduction" of Critically Endangered and Endangered species will be determined on a case-by-case basis and, where appropriate, in consultation with external experts.

<sup>11</sup> This ESS recognizes legally protected areas that meet the IUCN 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.

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

- (c) Consult protected area sponsors and managers, affected communities, Indigenous Peoples and other stakeholders on 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***

22. 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 out-competing native species.

23. 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 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.

24. 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 been 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***

25. Borrowers with projects involving the use of living natural resources will assess the sustainability of the resources and their use. Where feasible, the Borrower will locate land-based commercial agriculture and forestry projects<sup>12</sup> (particularly projects involving land clearing or afforestation) on land that is already converted or highly degraded. When the Borrower invests in production forestry in natural forests, these forests need to be managed sustainably. Borrowers will manage living natural resources in a sustainable manner, through the application of industry-specific good management standards and available technologies. Where such primary production practices are codified in standards that are globally, regionally, or nationally recognized, the Borrower will implement sustainable management practices following one or more of these standards as demonstrated by independent verification or certification.

26. Globally, regionally, or nationally recognized standards for sustainable management of living natural resources are those which: (a) are objective and achievable; (b) are founded on a multi-

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<sup>12</sup> This does not include institutional development work on governance, legality and policy.

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

stakeholder consultative process; (c) encourage step-wise and continual improvements; and (d) provide for independent verification or certification through appropriate accredited bodies for such standards.<sup>13</sup>

27. Borrowers involved in the production of crops and animal husbandry should follow GIIP<sup>14</sup> to avoid or minimize adverse impacts and resource consumption. Borrowers involved in the farming of animals for meat or by-products (such as milk, eggs, wool) should employ GIIP in animal husbandry techniques, with due consideration for religious and cultural principles.

28. Where relevant and credible standard(s) exist, but the Borrower has not yet obtained independent verification or certification to such standard(s), the Borrower will conduct a pre-assessment of its conformity to the applicable standard(s) and take actions to achieve such verification or certification in a timeframe acceptable to the Bank.

29. The Borrower may implement harvesting operations conducted by small-scale producers, by local communities under community forest management, or by such entities under joint forest management arrangements, if these operations: (a) have achieved a standard of forest management developed with the meaningful participation of locally-affected communities, consistent with the principles and criteria of responsible forest management outlined in paragraph 25, even if not formally certified; or (b) adhere to a time-bound action plan to achieve such a standard. The action plan must be developed with the meaningful participation of communities and be acceptable to the Bank. The Borrower will monitor all such operations with the meaningful participation of locally-affected communities.

30. If a project financed by the Bank includes land clearing and related salvage logging that cannot follow internationally recognized certification schemes as per paragraph 25 of this ESS, the Borrower will ensure that logging areas are kept to a minimum and justified by the project's technical requirements, and that relevant national legislation and other relevant standards are being followed.

31. In the absence of a relevant and credible global, regional, or national standard for the particular living natural resource in the country concerned, the Borrower will commit to applying GIIP.

### **B. Supply Chain**

32. Where a Borrower is purchasing primary production (especially but not exclusively food and fiber commodities) that is known to take place in regions where there is a risk of significant conversion of natural and/or critical habitats, systems and verification practices will be assessed as part of the Borrower's environmental and social assessment to evaluate its primary suppliers.<sup>15</sup> The systems and verification practices will: (a) identify where the supply is coming from and the habitat type of this area;

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<sup>13</sup> A credible certification system would be one that is independent, cost-effective, based on objective and measurable standards and developed through consultation with relevant stakeholders, such as local people and communities, Indigenous Peoples, and civil society organizations representing consumer, producer and conservation interests. Such a system has fair, transparent and independent decision-making procedures that avoid conflicts of interest.

<sup>14</sup> For example, the principles of the Food and Agriculture Organization Good Agricultural Practice (FAO GAP).

<sup>15</sup> Primary suppliers are those suppliers who provide goods or materials essential for the core business process of the project.

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

(b) provide for an ongoing review of the Borrower's primary supply chains; (c) limit procurement to those suppliers that can demonstrate that they are not contributing to significant conversion of natural and/or critical habitats (this may be demonstrated by delivery of certified product, or progress subprojects verification or certification under a credible scheme in certain commodities and/or locations); and (d) where possible, require actions to shift the Borrower's primary supply chain over time to suppliers that can demonstrate that they are not significantly adversely impacting these areas. The ability of the Borrower to fully address these risks will depend upon the Borrower's level of management control or influence over its primary suppliers.



## **Environmental and Social Standard 7. Indigenous Peoples**

### **Introduction**

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1. ESS7 contributes to poverty reduction and sustainable development by ensuring that projects supported by the Bank enhance opportunities for Indigenous Peoples to participate in, and benefit from, the development process in ways that do not threaten their unique cultural identities and well-being.<sup>1</sup>
2. This ESS recognizes that Indigenous Peoples 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.
3. Indigenous Peoples 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 view as essential to their identity or well-being. However, projects may also create important opportunities for Indigenous Peoples to improve their quality of life and well-being. A project may create improved access to markets, schools, clinics and other services they seek to improve living conditions. Projects can create opportunities for Indigenous Peoples 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 play a vital role in sustainable development.

### **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.
- To avoid adverse impacts of projects on Indigenous Peoples, or when avoidance is not possible, to minimize, mitigate and/or compensate for such impacts.

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<sup>1</sup> This ESS recognizes that Indigenous Peoples 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**

- To promote sustainable development benefits and opportunities for Indigenous Peoples 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 affected by a project throughout the project's life-cycle.
- To ensure the Free, Prior, and Informed Consent (FPIC) of affected Indigenous Peoples in the three circumstances described in this ESS.
- To recognize, respect and preserve the culture, knowledge, and practices of Indigenous Peoples, 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**

4. This ESS applies whenever Indigenous Peoples 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 are affected positively or negatively, and regardless of the significance of any such impacts<sup>2</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.

5. There is no universally accepted definition of Indigenous Peoples. Indigenous Peoples may be referred to in different countries by such terms as "indigenous ethnic minorities," "aboriginals," "hill tribes," "minority nationalities," "scheduled tribes," "first nations," or "tribal groups." As the applicability of such terminology varies widely from country to country, the Borrower may agree with the Bank on an alternative terminology for the Indigenous Peoples as appropriate to the circumstances of the Borrower.

6. In this ESS, the term "Indigenous Peoples" is used in a generic sense to refer 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
- (b) Collective attachment<sup>3</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

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<sup>2</sup> The scope and scale of consultation, as well as subsequent project planning and documentation processes, will be commensurate with the scope and scale of potential project risks and impacts as they may affect Indigenous Peoples. See paragraph 10.

<sup>3</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.

## **ESS7. Indigenous Peoples**

- (d) A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

7. This ESS applies to communities or groups of Indigenous Peoples 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>4</sup> This ESS also applies to forest dwellers, hunter-gatherers, pastoralists or other nomadic groups, subject to satisfaction of the criteria in paragraph 6.

8. Following a determination by the World Bank that Indigenous Peoples 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.

9. Where the Borrower is concerned that the process of identifying groups for purposes of applying this ESS would create a serious risk of exacerbating ethnic tension or civil strife, or where the identification of culturally-distinct groups as envisioned in this ESS is inconsistent with the provisions of the national constitution, the Borrower may request the Bank to agree on an alternative approach, in which risks and impacts of the project on Indigenous Peoples will be addressed through the application of the ESSs other than ESS7. The Borrower will initiate the request for such an alternative approach through written communication with the Bank, setting out a detailed rationale for the request. In doing so, the Borrower will also provide detailed information confirming how the alternative approach will address risks and impacts of the project on Indigenous Peoples. The alternative approach will be structured so that relevant project-affected communities (of Indigenous Peoples) will be treated at least as well as other project-affected people. The agreement between the Bank and the Borrower regarding this approach will be set out in the ESCP.

### **Requirements**

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#### **A. General**

10. A key purpose of this ESS is to ensure that Indigenous Peoples 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 determination of project implementation arrangements. The scope and scale of consultation, as well as subsequent project planning and documentation processes, will be commensurate with the scope and scale of potential project risks and impacts as they may affect Indigenous Peoples.

11. The Borrower will assess the nature and degree of the expected direct and indirect economic, social, cultural (including cultural heritage),<sup>5</sup> and environmental impacts on Indigenous Peoples who are present in, or have collective attachment to, the project area. The Borrower will prepare a consultation

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<sup>4</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 have established distinct communities in or near urban areas but still possess the characteristics stated in paragraph 6.

<sup>5</sup> Additional requirements on protection of cultural heritage are set out in ESS8.

## **ESS7. Indigenous Peoples**

strategy and identify the means by which affected Indigenous Peoples will participate in project design and implementation. Subsequently, effective project design and documentation will be developed as set out below.

### ***Projects Designed Specifically to Benefit Indigenous Peoples***

12. For projects designed specifically to provide benefits directly to Indigenous Peoples, the Borrower will proactively engage with the relevant Indigenous Peoples 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.

13. When Indigenous Peoples are the sole, or the overwhelming majority of, direct project beneficiaries, the elements of an action plan may be included in the overall project design and preparation of a stand-alone plan is not necessary.

### ***Providing Equitable Access to Project Benefits***

14. When Indigenous Peoples are not the sole project beneficiaries, planning requirements will vary with circumstances. The Borrower will design and implement the project in a manner that provides affected Indigenous Peoples with equitable access to project benefits. The concerns or preferences of Indigenous Peoples will be addressed through meaningful consultation and project design, and documentation will summarize the consultation results and describe how Indigenous Peoples' issues have been addressed in project design. Arrangements for ongoing consultations during implementation and monitoring will also be described.

15. If specific actions relating to providing equitable access to project benefits will occur during the implementation phase, the Borrower will prepare a time-bound action plan, such as an Indigenous Peoples plan. Alternatively, a broader integrated community development plan incorporating necessary information relating to the affected Indigenous Peoples may be prepared where appropriate.<sup>6</sup>

### ***Avoidance or Mitigation of Adverse Impacts***

16. Adverse impacts on Indigenous Peoples 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 commensurate with the nature and scale of such impacts and the form and degree of vulnerability of the affected Indigenous Peoples. The Borrower's proposed actions will be developed in consultation with the affected Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples plan. Where appropriate, an integrated community

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<sup>6</sup> The format and title of the plan may be adjusted to fit the project or country context. The scope of the plan should be commensurate with risks and impacts. The determination of the appropriate planning scope, as well as determination of appropriate mitigation measures, may require the input of competent professionals. A community development plan may be appropriate in circumstances where others, as well as Indigenous Peoples, will be affected by adverse impacts or project risks, where more than one Indigenous Peoples group is to be included, or where the regional or national scope of a programmatic project incorporates other population groups. When all necessary information cannot be made available because project design or siting is not finalized, preparation of a planning framework is appropriate.

## **ESS7. Indigenous Peoples**

development plan incorporating necessary information relating to the affected Indigenous Peoples may be prepared.<sup>7</sup>

17. There may be situations involving the exceptional vulnerability of remote groups with limited external contact, also known as peoples “in voluntary isolation” or “in initial contact.” Projects that may have potential impacts on these peoples require 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.

### **Meaningful Consultation Tailored to Indigenous Peoples**

18. 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, 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. In addition, this process will:

- (a) Involve Indigenous Peoples’ representative bodies and organizations<sup>8</sup> (e.g., councils of elders or village councils, or chieftains) and, where appropriate, other community members;
- (b) Provide sufficient time for Indigenous Peoples’ decision-making processes;<sup>9</sup> and
- (c) Where applicable, allow for Indigenous Peoples’ 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)**

19. Indigenous Peoples 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 forth in ESSs 1 and 10, the Borrower will obtain the FPIC of the affected Indigenous Peoples when the project will: (a) have impacts on land and natural resources subject to traditional ownership or under customary use or occupation; (b) cause relocation of Indigenous Peoples from land and natural resources subject to traditional ownership or under customary occupation or use; or (c) have significant impacts on Indigenous Peoples’ cultural heritage. In these circumstances, the Borrower will engage independent specialists to assist in the identification of the project risks and impacts.

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<sup>7</sup> See footnote 6.

<sup>8</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.

<sup>9</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**

20. 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 Peoples;
- (b) FPIC builds on and expands the process of meaningful consultation described in paragraph 18 above and ESS10, and will be established through good faith negotiation between the Borrower and affected Indigenous Peoples;
- (c) The Borrower will document: (i) the mutually accepted process between the Borrower and Indigenous Peoples; and (ii) evidence of agreement between the parties on the outcome of the negotiations; and
- (d) FPIC does not require unanimity and may be achieved even when individuals or groups within or among affected Indigenous Peoples explicitly disagree.

21. When the FPIC of the affected Indigenous Peoples cannot be ascertained by the Bank, the aspects of the project relevant to those Indigenous Peoples will not be processed further. In such cases, the Borrower will ensure that the project will not cause adverse impacts on such Indigenous Peoples.

22. Agreements reached between the Borrower and affected Indigenous Peoples 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' support for the project.

#### ***Impacts on Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use or Occupation***

23. Indigenous Peoples are often closely tied to their land and related natural resources.<sup>10</sup> Frequently, land is traditionally owned or under customary use or occupation. While Indigenous Peoples 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 are likely to have significant impacts on land that is traditionally owned or under customary use or occupation by Indigenous Peoples,<sup>11</sup> the Borrower will prepare a plan for legal recognition of their perpetual or long-term renewable custodial or use rights.

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<sup>10</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>11</sup> For example, extractive industries, creation of conservation areas, agro-development schemes, greenfield infrastructure development, land management or titling programs.

**ESS7. Indigenous Peoples**

24. 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, and adverse impacts<sup>12</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;
- (d) Assess and document Indigenous Peoples' resource use without prejudicing any Indigenous Peoples' 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 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 resources, afford due process, and offer compensation together with culturally appropriate sustainable development opportunities to Indigenous Peoples, 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>13</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) Ensuring fair and equitable sharing of benefits associated with project usage of the resources where the Borrower intends to utilize natural resources that are

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<sup>12</sup>Such adverse impacts may include impacts from loss of access to assets or resources or restrictions on land use resulting from project activities.

<sup>13</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.

## **ESS7. Indigenous Peoples**

central to the identity and livelihood of affected Indigenous Peoples and their usage thereof exacerbates livelihood risk; and

- (iv) Providing affected Indigenous Peoples with access, usage, and transit on land the Borrower is developing subject to overriding health, safety, and security considerations.

### ***Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use or Occupation***

25. The Borrower will consider feasible alternative project designs to avoid the relocation of Indigenous Peoples from communally held<sup>14</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>15</sup> and any relocation of Indigenous Peoples will be consistent with the requirements of ESS5. Where feasible, the relocated Indigenous Peoples will be able to return to their traditional or customary land, should the cause of their relocation cease to exist.

### ***Cultural Heritage***

26. Where a project may significantly impact cultural heritage<sup>16</sup> that is relevant to the identity and/or cultural, ceremonial, or spiritual aspects of Indigenous Peoples' 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.

27. Where a project proposes to use the cultural heritage including knowledge, innovations, or practices of Indigenous Peoples for commercial purposes, the Borrower will inform the affected Indigenous Peoples 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 ensure fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with the customs and traditions of the Indigenous Peoples.

## **C. Mitigation and Development Benefits**

28. The Borrower and affected Indigenous Peoples will identify mitigation measures in alignment with the mitigation hierarchy described in ESS1 as well as opportunities for culturally appropriate and sustainable development benefits. The scope of assessment and mitigation will include cultural

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<sup>14</sup> Typically, Indigenous Peoples 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 individually hold legal title, or where the relevant national law recognizes customary rights for individuals, the requirements of ESS5 will apply, rather than the requirements under paragraph 25 of this ESS.

<sup>15</sup> See footnote 5 of ESS5.

<sup>16</sup> Includes natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred trees, and sacred rocks.



## **ESS7. Indigenous Peoples**

impacts<sup>17</sup> as well as physical impacts. The Borrower will ensure the timely delivery of agreed measures to affected Indigenous Peoples.

29. The determination, delivery, and distribution of compensation and shared benefits to affected Indigenous Peoples will take account of the laws, institutions, and customs of these Indigenous Peoples 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>18</sup> Where compensation occurs on a collective basis, 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.

30. Various factors including, but not limited to, the nature of the project, the project context and the vulnerability of affected Indigenous Peoples will determine how these Indigenous Peoples will benefit from the project. Identified opportunities will aim to address the goals and preferences of the Indigenous Peoples, 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.

### **D. Grievance Mechanism**

31. 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, and takes into account the availability of judicial recourse and customary dispute settlement mechanisms among Indigenous Peoples.

### **E. Indigenous Peoples and Broader Development Planning**

32. 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 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; (c) protect indigenous knowledge including intellectual property rights; (d) strengthen the capacity of Indigenous Peoples to participate in development planning or programs; and (e) strengthen the capacity of government agencies providing services to Indigenous Peoples.

33. Affected Indigenous Peoples 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 through programs (such as community-driven development programs and locally managed social funds) developed by governments in cooperation with Indigenous Peoples; (b) preparation of participatory profiles of Indigenous Peoples to document

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<sup>17</sup> Considerations relating to cultural impacts may include, for example, the language of instruction and curriculum content in education projects, culturally sensitive or gender-sensitive procedures in health projects, and others.

<sup>18</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.

**ESS7. Indigenous Peoples**

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 Organizations (IPOs), CSOs, and the private sector to promote Indigenous Peoples' development programs.

## **Environmental and Social Standard 8. Cultural Heritage**

### **Introduction**

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1. ESS 8 recognizes the importance of cultural heritage for current and future generations, as a source of valuable scientific and historical information, as an asset for economic and social development, and as an integral part of people's cultural identity, practices and continuity. ESS 8 aims to ensure that the Borrower protects cultural heritage throughout the life of the project.
2. ESS 8 recognizes the importance of respecting national and international laws and regulations relating to cultural heritage, including those laws and regulations that relate to the cultural heritage of Indigenous Peoples.

### **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 the equitable sharing of benefits from the use of cultural heritage.

### **Scope of Application**

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3. The application of this ESS is established during the environmental and social assessment described in ESS1.<sup>1</sup>
4. The term "cultural heritage" is defined as resources which people identify, independently of ownership, as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions. Cultural heritage may be valued at the local, regional or national level, or within the international community.
5. ESS 8 applies to projects that are likely to have adverse impacts on cultural heritage. Notwithstanding this, ESS 8 will always apply when the relevant project:
  - (a) Involves significant excavations, demolition, movement of earth, flooding or other changes in the physical environment; or
  - (b) Is located in, or in the vicinity of, a recognized cultural heritage site.
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. Should the requirements of ESS8 differ from the provisions under ESS7 that are applicable to cultural heritage of Indigenous Peoples, the provisions of ESS7 will apply.

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<sup>1</sup> ESS8 also applies to projects specifically designed to support the management or conservation of cultural heritage.

## **ESS8. Cultural Heritage**

### **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 impacts on cultural heritage. Through the environmental and social assessment, the Borrower will determine whether the proposed activities of the project are in areas where cultural heritage exists, or is likely to exist.

9. The Borrower will avoid impacts on cultural heritage. When avoidance of impacts is not possible, the Borrower will identify and implement measures to minimize impacts on cultural heritage, in accordance with the mitigation hierarchy. Where appropriate, the Borrower will develop a Cultural Heritage Management Plan.<sup>2</sup>

10. If the environmental and social assessment determines that the project may, at any time during the life of the project, have impacts on cultural heritage, the Borrower will: (a) retain competent professionals to assist in the identification and protection of cultural heritage; and (b) ensure that internationally recognized practices for field-based study, documentation and protection of cultural heritage are implemented, including by contractors and other third parties. As part of the internationally recognized practices, the Borrower will develop a chance find procedure<sup>3</sup> for managing chance finds,<sup>4</sup> which will be included in all contracts relating to construction of the project.

11. The Borrower will, on the basis of the consultation with stakeholders described in paragraph 14 below and applicable legal requirements, develop and implement appropriate measures<sup>5</sup> to address impacts on cultural heritage, taking into account the additional requirements set out below for specific categories of cultural heritage.

12. Mitigation measures will be set out in the legal agreement (including the ESCP).

#### **B. Identification of Stakeholders and Consultation**

13. The environmental and social assessment will identify all relevant stakeholders for cultural heritage that is known to exist or is likely to be encountered during the life of the project, through the

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<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 plan or, depending on the nature and the scale of the risks and impacts of the project, be included as part of the ESCP.

<sup>3</sup> A chance find procedure is a project-specific procedure that outlines the actions to be taken and the procedures to be followed if previously unknown cultural heritage is encountered. Such procedure will include a requirement to notify relevant competent bodies of found objects or sites; to train project personnel on chance find procedures; to fence off the area of finds to avoid any further disturbance possibility; and to not disturb any chance find further until an assessment by competent professionals is made and actions consistent with the requirements of this ESS and national law are identified.

<sup>4</sup> Archaeological material encountered unexpectedly during project construction or operation.

<sup>5</sup> Appropriate mitigation measures include chance find procedures; measures for 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.

## **ESS8. Cultural Heritage**

application of ESS10. Stakeholders will include: (a) project-affected communities within the host country who use, or have used within living memory, the cultural heritage for longstanding cultural purposes; (b) relevant national or local regulatory agencies that are entrusted with the protection of cultural heritage; and (c) relevant nongovernmental organizations and experts, including international cultural heritage organizations.

14. The Borrower will consult with stakeholders, and encourage them to participate in identifying and assigning value<sup>6</sup> to cultural heritage affected by the project,<sup>7</sup> assessing potential impacts, and exploring avoidance and mitigation options.

### ***Disclosure and Confidentiality***

15. The Borrower, in consultation with the Bank and persons with relevant expertise, will determine whether disclosure of information regarding cultural heritage required under the ESSs would compromise or jeopardize the safety or integrity of such cultural heritage. In such cases, sensitive information may be omitted from public disclosure.

### ***Community 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. Continuing access will be designed taking into account health, safety and security considerations.

## **C. Provisions for Specific Types of Cultural Heritage**

### ***Archaeological Sites and Artefacts***

17. Archaeological sites comprise any combination of structural remains, artifacts and ecological elements. A site may be located entirely beneath, partially above, or entirely above the land or water surface.

18. Where there is evidence of past human habitation in the area of the project, the Borrower will conduct a surface survey to document, map and investigate archaeological remains.<sup>8</sup> The Borrower will document the location and characteristics of archaeological sites and artifacts discovered during the life the project and provide such documentation to the national or subnational cultural heritage authorities.

19. The Borrower will determine if archaeological remains and artifacts discovered during the life of the project require: (a) documentation only; (b) excavation and documentation; or (c) conservation in place; and will manage them accordingly. The Borrower will determine ownership and custodial

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<sup>6</sup> The value of tangible cultural heritage is identified and assigned significance according to the value systems and interests of affected groups and stakeholders with an interest in the protection and appropriate use of the tangible heritage.

<sup>7</sup> The Borrower will ensure the inclusion and cooperation of the various stakeholders through a dialogue with the appropriate authorities, including the relevant national or local regulatory agencies 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>8</sup> The Borrower will employ relevant experts and adopt an appropriate, feasible, cost-effective method.

## **ESS8. Cultural Heritage**

responsibility for artifacts in accordance with national and subnational law, and will arrange for their identification and storage to enable future study, analysis and publication by experts.

### ***Historical Structures***

20. Historic structures are 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. Historic structures include groups of buildings, structures and open spaces constituting human settlements that are recognized as cohesive and valuable from an architectural, prehistoric, aesthetic, spiritual or contemporary socio-cultural perspective.

21. When the project has a direct impact on single or groups of cultural heritage structures, the Borrower will identify appropriate mitigation measures, which may range from documentation, to conservation or rehabilitation in situ, to relocation and conservation or rehabilitation. During any rehabilitation or restoration of cultural heritage structures, the Borrower will ensure that the authenticity of form, construction materials and techniques of the structure(s) are maintained.<sup>9</sup>

22. 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***

23. Natural features may be imbued with cultural heritage significance.<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. The value of such heritage may reside in small local groups or minority populations, and be of limited significance beyond the local context.

24. The Borrower will identify natural features with cultural heritage significance affected by the project, the population that values such features, and the individuals or groups with authority to represent and negotiate regarding the location, protection and use of the heritage place(s). The Borrower will determine whether it is possible to transfer the cultural heritage and/or sacred characteristics of a place to another location. If this is the case, the agreement that is reached will respect and enable continuation of the traditional practices associated with such transfer.

25. If the location, characteristics, or traditional use of natural features with cultural heritage significance are held in secret by the affected communities, the Borrower will respect the need for confidentiality.

### ***Movable Cultural Heritage***

26. Movable cultural heritage includes such objects as: historic or rare books and manuscripts; paintings, drawings, sculptures, statuettes and carvings; modern or historic religious artifacts; historic

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<sup>9</sup> In accordance with applicable national and subnational laws and/or zoning regulations.

<sup>10</sup> 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.

## **ESS8. Cultural Heritage**

costumes, jewelry and textiles; fragments of monuments or historic buildings; archaeological artifacts; and natural history collections such as shells, flora, or minerals. Discoveries and access resulting from a project may increase the vulnerability of cultural artifacts to theft or abuse.

27. The Borrower will identify movable cultural heritage objects that may be endangered by the project and make provisions for their protection throughout the life of the project. The Borrower will inform religious or secular authorities or other custodians with responsibility for oversight and protection of the artifacts of the schedule for project activities and alert them regarding the potential vulnerability of movable cultural heritage artifacts. The Borrower will take measures to guard against theft and illegal trafficking of cultural heritage artifacts affected by the project and will notify relevant authorities of any such activity.

### **D. Commercialization of Intangible Cultural Heritage**

28. Where a project intends to use cultural heritage, including knowledge, innovations or practices of local communities, for commercial purposes, the Borrower will inform the affected communities 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.

29. The Borrower will not proceed with the project unless it: (a) carries out meaningful consultation as described in ESS10; (b) provides for fair and equitable sharing of benefits from commercialization of such cultural heritage, consistent with customs and traditions of the affected communities; and (c) identifies mitigation measures according to the mitigation hierarchy.

## **Environmental and Social Standard 9. Financial Intermediaries**

### **Introduction**

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1. The Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets. Through its engagement, the Bank supports the development of FI capacity to manage environmental and social risks. The nature of intermediated financing means that FIs will assume delegated responsibility for environmental and social assessment, management and monitoring, as well as overall portfolio management. The nature of the delegated responsibility may 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.
2. FIs are required to adopt and implement effective environmental and social procedures to ensure that they lend in a responsible manner.

### **Objectives**

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- To set out how the FIs will assess and manage environmental and social risks associated with project related investments or subprojects, and promote good environmental and social business practices in the subprojects they finance.
- To promote good environmental and sound human resources management within the FIs.

### **Scope of Application**

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3. For the purposes of this ESS, the term “subproject” refers to projects financed by FIs. Where the project involves on-lending by an FI to another FI, the term “subproject” will include the subprojects of each subsequent FI.
4. Where Bank support will be provided to the FI to fund a clearly defined set of subprojects,<sup>1</sup> the requirements of this ESS will be applicable to the identified subprojects.
5. Where Bank support will be provided to the FI for a general purpose, which cannot be traced to specific subprojects, 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.

### **Requirements**

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6. FIs will screen, appraise and monitor all subprojects,<sup>2</sup> in accordance with the environmental and social risk profile of the individual subprojects. All subprojects will be structured to meet the relevant environmental and social requirements of national law.
7. Where the FI proposes to provide financing to subprojects that will be classified as *High Risk*, such subprojects will also be structured to meet ESSs 1 to 8 and ESS10.

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<sup>1</sup> As identified by the Bank during appraisal and in the legal agreement.

<sup>2</sup> Whether clearly defined (as referred to in paragraph 4) or part of the FI’s portfolio of future subprojects (as referred to in paragraph 5).



## **ESS9. Financial Intermediaries**

8. An FI may be required to adopt and implement additional or alternative environmental and social requirements, depending on the environmental and social risks and impacts of the potential subprojects and the sectors in which the FI is operating.

### **A. Organizational Capacity within the FI**

9. The FI will have in place and maintain human resources management procedures applicable to the project in accordance with ESS2. The FI will provide a safe and healthy working environment in compliance with national occupational health and safety requirements.

10. The FI will designate a representative of the FI's senior management to have overall responsibility for environmental and social performance of the project and the subprojects, including the implementation of this ESS and ESS2. The responsible senior management representative will: (a) designate a staff member to be responsible for day-to-day implementation of the environmental and social requirements and provide implementation support; (b) ensure that adequate resources are available for environmental and social training; and (c) ensure that adequate technical expertise, either in-house or external, is available to carry out assessments and manage subprojects with potentially significant adverse environmental or social risks or impacts.

### **B. Environmental and Social Procedures**

11. The FI will put in place clearly defined environmental and social procedures commensurate with the nature of the FI and the level of potential environmental and social risks and impacts associated with the project and subprojects.

12. Where the FI can demonstrate that it already has appropriate environmental and social procedures in place, it will provide adequate documented evidence of such procedures to the Bank.

13. Where an FI project is likely to have minimal or no adverse environmental or social risks or impacts, the FI will not be required to adopt and implement environmental and social risk procedures beyond what is required under national law.<sup>3</sup>

14. The FI's environmental and social procedures will include risk appraisal and monitoring mechanisms, as appropriate, to:

- (a) Screen all subprojects against the FI Environmental and Social Exclusion List;<sup>4</sup>
- (b) Classify the environmental and social risk of proposed subprojects;
- (c) Require sub-borrowers to undertake environmental and social assessment of proposed subprojects commensurate with national law and the identified environmental and social risks and impacts; where a subproject is classified as *High Risk*, the environmental and social assessment will be consistent with ESSs1 to 8 and ESS10;

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<sup>3</sup> For example, in the provision of consumer loans. This will rely on an assessment of the capacity of the FI and the specific subprojects that the FI is proposing to finance.

<sup>4</sup> Link to be provided.

**ESS9. Financial Intermediaries**

- (d) Ensure that subprojects are structured to meet national regulatory requirements relating to environmental and social risks and impacts and that where subprojects are classified as *High Risk*, they are also structured to meet ESSs1 to 8 and ESS10;
- (e) Ensure that any measures needed to satisfy the requirements of (c) or (d) above are set out in the legal agreement between the FI and the sub-borrower;
- (f) Keep and regularly update environmental and social records on subprojects; and
- (g) Monitor the environmental and social risk of the FI portfolio.

15. The FI will ensure that the requirements of this ESS and ESS2 are clearly communicated to all relevant personnel, and provide appropriate training to ensure that personnel have the necessary capabilities and support to implement them.

**C. Stakeholder Engagement**

16. The FI will comply with the requirements of ESS10.

17. The FI will put in place procedures for external communications on environmental and social matters commensurate with the risk and impacts of the subprojects, and the risk profile of the FI's portfolio. The FI will respond to public enquiries and concerns in a timely manner. The FI will list on its website the link to any environmental and social assessment reports for *High Risk* subprojects which it finances.

**D. Reporting to the Bank**

18. The FI will submit to the Bank annual Environmental and Social Reports on the implementation of its environmental and social procedures, this ESS and ESS2, as well as the environmental and social performance of its portfolio of subprojects. The annual report will include details of how the requirements of this ESS are being met, the nature of the subprojects financed through the project, and the overall portfolio risk, profiled by sector.

## **Environmental and Social Standard 10. Information Disclosure and Stakeholder Engagement**

### **Introduction**

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1. This ESS recognizes the importance of open and transparent engagement between the Borrower, communities affected by the project, project workers, and, where appropriate, other stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, and enhance project acceptance. In particular, effective community engagement appropriate to the nature and scale of the project promotes sound and sustainable environmental and social performance, and can lead to improved financial, social and environmental outcomes, and enhanced community benefits. It is central to building strong, constructive, and responsive relationships that are essential for the successful management of a project's environmental and social risks and impacts. Stakeholder engagement is most effective when initiated at an early stage, and continues throughout the life-cycle of the project. It is an integral part of the assessment, management and monitoring of the project's environmental and social risks and impacts.

2. This ESS identifies stakeholder engagement as an ongoing process involving: (a) identification of stakeholders and their concerns; (b) disclosure of appropriate project information; (c) meaningful consultation with stakeholders; and (d) establishment of a mechanism by which people can make comments on project proposals and performance or raise grievances.

3. This ESS will 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 ESS4. In the case of projects involving involuntary resettlement and/or economic displacement, affecting Indigenous Peoples or having an adverse impact on 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 outline a systematic approach to stakeholder engagement that will help Borrowers build and maintain a constructive relationship with their stakeholders, in particular project-affected communities.
- To promote improved environmental and social performance of Borrowers through effective engagement with their stakeholders.
- To promote and provide means for adequate engagement with project-affected communities throughout the project cycle on issues that could potentially affect them and to ensure that meaningful environmental and social information is disclosed to them and to other stakeholders.
- To ensure that all stakeholders have ways to access project information and raise issues;
- To ensure that project-affected communities have accessible means to raise issues and grievances, and that Borrowers respond to and manage such issues and grievances appropriately.

## **ESS10. Information Disclosure and Stakeholder Engagement**

### **Scope of Application**

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4. ESS10 applies to all projects supported by the Bank through Investment Project Financing. The Borrower is expected to engage with relevant stakeholders as an integral part of the project's environmental and social assessment and project implementation, as outlined in ESS1.
5. For the purpose of this ESS, "stakeholder" refers to project-affected communities and, where appropriate, other stakeholders.<sup>1</sup>

### **Requirements**

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6. Borrowers will engage with stakeholders by providing them with access to timely, relevant, understandable and accessible information, and by consulting in a culturally appropriate manner, and free of manipulation, interference, coercion and intimidation.
7. Stakeholder engagement will involve, as appropriate, the following elements: stakeholder identification and analysis, stakeholder engagement planning, disclosure of information, consultation and participation, grievance acceptance and response, and ongoing reporting to project-affected communities.
8. The nature, scope and frequency of stakeholder engagement will be commensurate with and proportionate to the nature and scale of the project and its potential impacts on affected communities, the sensitivity of the environment, and the level of public interest. In order to tailor the engagement to the specifics of the Borrower and the project, it is essential that Borrowers identify and analyze the project's stakeholders as outlined below.

#### **A. Information Disclosure**

9. For all projects, Borrowers will consult with stakeholders to identify issues and concerns in order to inform the environmental and social assessment and the design and implementation of the project.
10. Disclosure of relevant project information helps stakeholders understand the risks, impacts and opportunities of the project. If communities may be affected by environmental or social impacts from the project, the Borrower will provide them with access to the following information:
  - (a) The purpose, nature and scale of the project;
  - (b) The duration of proposed project activities;
  - (c) Any risks to and potential impacts on communities and proposed mitigation plans;
  - (d) The envisaged stakeholder engagement process, if any, and opportunities and ways in which stakeholders can participate;
  - (e) The time and venue of any envisaged public consultation meetings, and the process by which meetings are notified, summarized, and reported; and

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<sup>1</sup> Other stakeholders are those not directly affected by the project but that have an interest in it. These could include national and local authorities, neighboring projects, or nongovernmental organizations.

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(f) The process and means by which grievances are raised and managed.

11. The information will be disclosed in local language(s) 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 because of their status or groups of the population with specific information needs (such as, literacy, gender, differences in language or accessibility of technical information).

### **B. Engagement during Project Preparation**

#### ***Stakeholder Identification and Analysis***

12. The Borrower will identify the various individuals or groups who: (a) are affected or likely to be affected by the project (project-affected communities); or (b) may have an interest in the project (other stakeholders).<sup>2</sup>

13. The Borrower will identify individuals and groups that may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status.<sup>3</sup> Where relevant, the Borrower will also identify different interests within the identified groups, for example, representing different ages, genders and ethnic and cultural diversity, who may have different concerns and priorities about project impacts, mitigation mechanisms and benefits, and who may require different, or separate, forms of engagement. The Borrower will also identify how each group of stakeholders may be affected and the likely extent of potential impacts. 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.

#### ***Stakeholder Engagement Plan***

14. The Borrower will develop and implement a Stakeholder Engagement Plan (SEP).<sup>4</sup> The SEP will describe the timing and methods of engagement with the project-affected communities and other stakeholders throughout the life-cycle of the project. The SEP will also describe the range of information to be communicated to stakeholders, as well as information to be sought from them. Engagement will be appropriate to the nature and scale of the risks, impacts and development stage of the project, and the nature and level of stakeholder impacts and concerns. For projects with little or no impact on project-affected communities, stakeholder engagement may be minimal. The SEP will be disclosed.

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<sup>2</sup> See paragraph 5.

<sup>3</sup> Disadvantaged or vulnerable refers to those who, by virtue of, for example, their age, gender, ethnicity, religion, physical or mental disability, social and civic status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources, 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 a person/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. Considerations relating to age include the elderly and minors, including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.

<sup>4</sup> The SEP may be developed as a stand-alone plan or, depending on the nature and the scale of the risks and impacts of the project, be included as part of the ESCP.

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15. The SEP will be tailored 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, including the grievance mechanism required. The frequency and type of engagement will be determined on a case-by-case basis.

16. The SEP will describe the measures that will be used to remove obstacles to participation, such as those based on gender, age, or other differences, 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. When the stakeholder engagement depends substantially on community representatives,<sup>5</sup> the Borrower will make reasonable efforts to verify that such persons do, in fact, represent the views of project-affected communities and that they are facilitating the communication process by accurately conveying project information to the relevant communities, and conveying their comments and concerns to the Borrower or authorities, as appropriate.

17. In cases where the exact location of the project is not known at the time of initial due diligence by the Bank, the SEP will take the format of a framework approach, outlining general principles and a strategy to identify stakeholders and plan for an engagement process in accordance with this ESS that will be implemented once the location is known. For projects that are regional or national in scope, involving multiple locations, the SEP may be devised on a sample basis, covering major geographic, jurisdictional, and demographic variations, including groups who may be particularly vulnerable to impacts or to exclusion from project benefits. A framework SEP will require individual SEPs for subprojects where appropriate.

### **Meaningful Consultation**

18. The need for and nature of any specific consultation will be determined on the basis of the stakeholder identification and analysis. Where project-affected communities may be subject to significant adverse potential risks and impacts from a project, 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. The Borrower will maintain adequately documented evidence of stakeholder engagement.

19. The consultation process with project-affected communities will be undertaken in a manner that is inclusive and culturally appropriate and which represents the views and specific needs of various groups as identified in the SEP or of which the Borrower is made aware during the implementation of the SEP. Where appropriate, the consultation will also include, beyond the project-affected communities, any groups or individuals who have been identified as other stakeholders. Meaningful consultation is a two-way process that will:

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<sup>5</sup> For example, community and religious leaders, local government representatives, civil society representatives, politicians, teachers, and/or others representing one or more project-affected groups.

## **ESS10. Information Disclosure and Stakeholder Engagement**

- (a) Begin early in the process of identification of environmental and social risks and impacts and continue on an ongoing basis as risks and impacts arise;
- (b) Be based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information which is in a culturally appropriate local language(s) and format and is understandable to project-affected communities;
- (c) Incorporate feedback, where appropriate;
- (d) Focus inclusive engagement on project-affected communities;
- (e) Be free of external manipulation, interference, coercion, or intimidation;
- (f) Enable meaningful participation, where applicable; and
- (g) Be documented by the Borrower.

20. The Borrower will tailor its consultation process to any specific language preferences of the project-affected communities, their decision-making process, and the needs of disadvantaged or vulnerable groups. The Borrower will inform those who have participated in the public consultation process in a timely manner of the final decision on the project, associated environmental and social mitigation measures and any benefits of the project for the local communities, along with reasons and considerations on which the decision is based, and the grievance or complaint mechanism or process available.

### **C. Engagement during Project Implementation and External Reporting**

21. The Borrower will provide ongoing information to the project-affected communities, appropriate to the nature of the project and its potentially environmental and social risks and impacts, and the level of public interest throughout the life of the project. 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 the project-affected communities. This ongoing engagement will build upon the channels of communication and engagement established during the stakeholder engagement carried out as part of the environmental and social assessment process and reviewed periodically. Borrowers will be expected to use appropriate stakeholder engagement practices to disclose information and receive feedback on the effectiveness of the project and the implementation of the mitigation measures in the ESCP as well as the project-affected communities' ongoing interests and concerns about the project. Where appropriate, other stakeholders will also be included in the ongoing engagement.

22. If there are material changes to the project that result in additional risks and impacts of concern to the project-affected communities, the Borrower will inform them how these risks and impacts are being addressed and disclose an updated ESCP in accordance with the SEP.

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### **D. Grievance Redress<sup>6</sup>**

23. The Borrower will respond to concerns of project-affected communities related to the project in a timely manner. For this purpose, the Borrower will provide a grievance mechanism, process or procedure to receive and facilitate resolution of stakeholders' concerns and grievances regarding the Borrower's environmental and social performance. The grievance mechanism will be scaled to the risks and potential adverse impacts of the project. Where possible, such grievance mechanism will utilize existing formal or informal grievance mechanisms suitable for project purposes, supplemented as needed with project-specific arrangements. Further requirements on grievance mechanisms are set out in Annex 1.

- (a) The grievance mechanism, process or procedure is expected to address concerns promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all segments of the project-affected communities, 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 communities 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 communities. Where there is threat of reprisal, the mechanism will also allow for anonymous complaints to be raised and addressed.

### **E. Organizational Capacity and Commitment**

24. 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>6</sup> The grievance mechanism to be provided under this ESS may be utilized as the grievance mechanism required under other ESSs (see ESSs 4, 5 and 7). However, the grievance mechanism for project workers required under ESS2 needs to be provided separately.



## **ESS10. Information Disclosure and Stakeholder Engagement**

### **ESS10 – ANNEX 1. GRIEVANCE MECHANISM**

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*[to include further requirements, as appropriate]*

1. The scope, scale and type of grievance redress mechanism, process or procedure required will be proportional to the nature and scale of the project's risks and potential adverse impacts.
2. The grievance redress mechanism, process or procedure will include the following elements:
  - (a) An array of modes by which users can submit their complaints, including, but not limited to, submissions in person, by phone, text message, mail, email or web site;
  - (b) A log where complaints are registered in writing, maintained as a database;
  - (c) Publicly advertised service standards outlining the length of time users can expect to wait for acknowledgement, response and resolution of their complaints;
  - (d) Transparency about the grievance procedure, governing structure and decision makers;
  - (e) An option for moving to mediation in cases where complainants are not satisfied with the proposed resolution and as appropriate; and
  - (f) An appeals process (including the national judiciary) to which unsatisfied complainants may be referred when an agreed resolution by other means has not been reached.

## Glossary

- **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.
- **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 that outlines the actions to be taken and the procedures to be followed if previously unknown cultural heritage is encountered. Such procedure generally includes a requirement to notify relevant competent bodies of found objects or sites; to train project personnel on chance find procedures; to fence off the area of finds to avoid any further disturbance possibility; to not disturb any chance find further until an assessment by competent professionals is made and actions consistent with relevant requirements are identified.
- **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** constitute those production and/or service processes essential for a specific project activity without which the project activity cannot function.
- **Critical habitat** is defined as areas with high biodiversity value, including: (a) the presence of highly threatened habitats; (b) Endangered or Critically Endangered species as listed on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species; (c) geographically restricted species; (d) migratory or congregatory species; or (e) biodiversity features that are vital to maintaining the viability of biodiversity features described above in (a) to (d). The determination of critical habitat based on listings other than the IUCN Red List of Threatened Species is as follows: (i) if the species is listed nationally/ regionally as critically endangered or endangered in countries that have adhered to IUCN guidance, the critical habitat determination will be made on a project by project basis in consultation with competent professionals; and (ii) in instances where nationally or regionally listed species' categorizations do not correspond well to those of the IUCN (e.g., some countries more generally list species as "protected" or "restricted"), an assessment will be conducted to determine the rationale and purpose of the listing. In this case, the critical habitat determination will be based on such an assessment.
- **Cultural heritage** is defined as resources which people identify, independently of ownership, as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions.

## **Glossary**

- ***Disadvantaged or vulnerable*** refers to those who, by virtue of, for example, their age, gender, ethnicity, religion, physical or mental disability, social and civic status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources 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 a person/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. Considerations relating to age include the elderly and minors, including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.
- ***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 Industrial 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.
- ***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, such as land or groundwater contamination, for which no party has assumed or been assigned responsibility to address and carry out requisite the required remediation.
- ***Inclusion*** means empowering all citizens to participate in, and benefit from, the development process. Inclusion encompasses policies to promote equality of opportunity by improving the access of poor and disadvantaged people to education, health, social protection, infrastructure, affordable energy, employment, financial services, and productive assets; and, it embraces action to remove barriers against those who are often excluded, such as women, children, youth, and minorities; and to ensure that the voice of all citizens can be heard.

## **Glossary**

- **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) 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.” World Health Organization Position Statement on IVM: [http://whqlibdoc.who.int/hq/2008/WHO\\_HTM\\_NTD\\_VEM\\_2008.2\\_eng.pdf](http://whqlibdoc.who.int/hq/2008/WHO_HTM_NTD_VEM_2008.2_eng.pdf)
- **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; and (b) repossession of public land that is used or occupied by individuals or households. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements.
- **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.
- **Major hazard installations** are facilities which produce, process, handle, use, dispose of or store, either permanently or temporarily, one or more hazardous substances or categories of substances in quantities which exceed a specified threshold quantity.
- **Pollution.** 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 pests, pathogens, thermal discharge to water, GHG emissions, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.
- **Pollution management** includes measures designed to reduce GHG emissions 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 greenhouse gas emissions.

## **Glossary**

- **Primary suppliers** are those suppliers who provide goods or materials essential for the core business process of the project.
- **Priority biodiversity features** are defined as a subset of biodiversity that are particularly irreplaceable or vulnerable, but at a lower priority level than critical habitat. As such, they comprise significant concentrations of at least one of the following features: (a) threatened habitats; (b) vulnerable species; (c) significant biodiversity features identified by a broad set of stakeholders or governments (such as Key Biodiversity Areas or Important Bird Areas); and (d) ecological structures and functions needed to maintain the viability of these priority biodiversity features.
- **Project** refers to the set of activities for which Bank support through Investment Project Financing is sought by the Borrower, as defined in the legal agreement and as approved by the Bank. These are projects to which OP/BP 10.00 Investment Project Financing, applies. The World Bank Environmental and Social Policy 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** is used to refer to people employed or engaged directly by the Borrower, the project proponent and/or project implementing agencies to work specifically in relation to the project. This includes full-time, part-time, temporary, seasonal and migrant workers. Migrant workers are workers who have migrated from one county to another or from one part of the county to another.
- **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.
- **Restrictions on land use** refers to changes in or prohibitions on agricultural, residential, commercial or other land uses that are directly introduced and put into effect as part of the implementation 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, etc.

## **Glossary**

- **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 no less 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 free access for people of all ages and abilities in different situations and under various circumstances.