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For meeting of Committee: Wednesday, June 24, 2015

COMMITTEE ON DEVELOPMENT EFFECTIVENESS

FROM: The Secretary, Committee on Development Effectiveness

Review and Update of the World Bank's Safeguard Policies Environmental and Social Framework

Proposed Second Draft

Attached is the document entitled *Review and Update of the World Bank's Safeguard Policies - Environmental and Social Framework (Proposed Second Draft)*, which will be discussed at a meeting of the Committee on Development Effectiveness scheduled for **June 24, 2015.**

Questions on the document may be addressed to Mr. Di Leva (ext. 81745) or Mr. King (ext. 81063).

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REVIEW AND UPDATE OF THE WORLD BANK'S SAFEGUARD POLICIES

ENVIRONMENTAL AND SOCIAL FRAMEWORK (PROPOSED SECOND DRAFT)

June 9, 2015

ABBREVIATIONS AND ACRONYMS

BP Bank Procedures

CFS Committee on World Food Security

CODE Committee on Development Effectiveness

DPF Development Policy Financing

ECR External and Corporate Relations Department
EHSG Environmental, Health and Safety Guidelines

ENR Environment and Natural Resources Global Practice

ESCP Environmental and Social Commitment Plan

ESS Environmental and Social Standard

ESF Environmental and Social Framework
ESFASP ESF Accreditation and Standards Panel

ESP Environmental and Social Policy

ESPP Environmental and Social Procedure FAO Food and Agriculture Organization

FCS Fragile and conflict-affected situations

FI Financial Intermediary

FPIC Free, Prior and Informed Consent

GHG Greenhouse Gas

GIIP Good International Industry Practice

IEG Independent Evaluation Group

IFC International Finance CorporationIFI International Financial InstitutionsILO International Labor Organization

IUCN International Union for Conservation of Nature

LEG Legal Department

MDB Multilateral Development Bank

MDTF Multi-Donor Trust Fund
OD Operational Directive

OESRC Operations Environmental and Social Review Committee

OMS Operational Manual Statement

OP Operational Policy

OPCS Operations Policy and Country Services

OPN Operational Policy Notes

P&PF Policy and Procedures Framework

PAD Project Appraisal Document

PforR Program for Results

SOGIE Sexual orientation, gender identity and expression

SORT Systematic Operations Risk-Rating Tool

SURR Social, Urban, Rural and Resilience Global Practice

REVIEW AND UPDATE OF THE WORLD BANK'S SAFEGUARD POLICIES:

PROPOSED ENVIRONMENTAL AND SOCIAL FRAMEWORK

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EXECUTIVE SUMMARY

Overview and Background

- 1. The World Bank's safeguard policies are the cornerstone of its efforts to protect people and the environment and to achieve its goals to end extreme poverty and promote shared prosperity in a sustainable manner in all partner countries. The World Bank is updating the institution's safeguard policies and proposing a second draft of a new Environmental and Social Framework for Investment Project Financing (ESF, see Attachment 1). This second draft of the ESF enhances protections for the poor and the environment, supports inclusive access to development benefits, strengthens the World Bank's partnership with borrowing countries, and strengthens the World Bank's leadership in providing safeguards for people and the environment. The proposed Framework aims to be the most advanced of its kind within the international financial community.
- 2. While the current safeguard policies have served the World Bank, its Borrowers and the development community well for more than two decades, new and varied development demands and challenges have arisen over time. The World Bank's awareness of environmental and social issues and expectations have evolved, and this review and update aims to reflect this in a modern and fit for purpose framework. The World Bank represents a community of 188 countries with vastly differing characteristics and perspectives. Civil society stakeholders have expressed a wide range of views on how the World Bank should move forward in the safeguards review. Given the extensive diversity of views on what the Framework should include, this Framework reflects a strengthened yet practical approach to the management of social and environmental risks associated with investment projects.
- 3. The proposed Framework is better for Borrowers, people and the environment. The proposed Framework is fit for purpose and will help achieve efficiency gains in project processing over time and provides more details on Borrower requirements. It addresses a broader range of environmental and social issues, thus affording greater protection to people and the environment.
- 4. The proposed Framework uses a risk-based, outcomes-focused approach to environmental and social risks and impacts, with succinct and clear provisions for efficient application. While recognizing the constraints of Borrowers and the realities of projects on the ground, the proposed Framework also addresses new and future challenges to sustainable development. This paper (i) introduces the context for the proposed Framework; (ii) summarizes the review and update process; (iii) provides an overview of its structure and content, highlighting the main features and improvements; and (iv) presents the revised draft of the proposed Framework to the Board of Executive Directors' Committee on Development Effectiveness (CODE) for discussion and endorsement as the basis for Phase 3 consultations.
- 5. The review and update of the World Bank's environmental and social safeguard policies was launched in 2012 with the aim of strengthening their effectiveness and enhancing the development outcomes of World Bank investment projects. Following the presentation to CODE of the Approach Paper in 2012, the World Bank carried out consultations with shareholders, internal stakeholders and a wide range of external participants to seek inputs on opportunities, emerging directions and options to inform the drafting of the proposed Framework. These

consultations and the review culminated in the preparation of the first draft of the Environmental and Social Framework for CODE discussion in July 2014. Feedback from extensive global consultations on the draft between August 2014 and March 2015 has been reflected in a revised draft of the framework, which is now presented to CODE for further discussion and endorsement for Phase 3 consultations.

Proposed Environmental and Social Framework

- 6. The proposed Framework deepens the World Bank's commitment to sustainable development outcomes. It preserves and builds on the existing core principles, while improving the clarity and applicability of the policies and strengthening the World Bank's partnership with Borrowers at the project level. The proposed Framework makes a clearer distinction between elements of policy, principles and procedures and eliminates duplication and overlap. It is informed by international treaties and conventions, the World Bank's experience implementing the existing safeguard policies, and the environmental and social frameworks of other multilateral development banks (MDBs).
- 7. Ten Environmental and Social Standards (ESSs) are proposed for projects, providing comprehensive coverage of the broad range of issues raised by shareholders, stakeholders and World Bank staff during the extensive stakeholder engagement in the first and second phases of the review and update process. These establish the Borrower's responsibilities to provide adequate protection for people and the environment in World Bank supported under OP.10.00 (Investment Project Financing). The ESSs are harmonized to a large extent with those of other MDBs and especially with IFC and MIGA. The proposed ESSs cover the Assessment and Management of Environmental and Social Risks and Impacts (ESS1); Labor and Working Conditions (ESS2); Resource Efficiency and Pollution Prevention and Management (ESS3); Community Health and Safety (ESS4); Land Acquisition, Restrictions on Land Use and Involuntary Resettlement (ESS5); Biodiversity Conservation and Sustainable Management of Living Natural Resources (ESS6); Indigenous Peoples (ESS7); Cultural Heritage (ESS8); Financial Intermediaries (ESS9); and Information Disclosure and Stakeholder Engagement (ESS10).
 - ESS1: Assessment and Management of Environmental and Social Risks and Impacts is the overarching standard that provides the procedural basis for an integrated environmental and social assessment of projects in a risk-driven and proportionate manner. It establishes the need to characterize how disadvantaged and vulnerable groups may be affected by projects and how impacts may be addressed. It builds on the existing OP/BP4.01 (Environmental Assessment) and, together with ESS10, applies to all projects. It strengthens provisions for social assessment and introduces the concept of ecosystem services. It provides clearer project definitions for Borrowers and introduces a clear and actionable risk management system.
 - *ESS2: Labor and Working Conditions* marks the first time the World Bank has a standard on labor and working conditions. Therefore, extensive consultations took place with the International Labor Organization (ILO). To inform the drafting of the standard, a comprehensive review of the Declaration on the Fundamental Principles and Rights at Work, as well as the ILO eight core labor conventions took place. As a result, the standard reflects the fundamental principles and rights at work and addresses child and forced labor,

freedom of association and collective bargaining. It also includes requirements for the provision of a grievance mechanism for project workers. Capturing the relevant parts of the Environmental, Health and Safety Guidelines (EHSG), it includes requirements relating to Occupational Health and Safety.

- ESS3: Resource Efficiency and Pollution Prevention and Management incorporates key provisions of OP4.09 (Pest Management) and includes the efficient management of energy, water, raw materials and other resources. It also requires Borrowers to quantify project-related greenhouse gas (GHG) emissions and to consider options to reduce project-related pollutants.
- *ESS4: Community Health and Safety* focuses on the risks and impacts of projects on communities. This ESS incorporates key provisions of OP/BP4.37 (Safety of Dams), and addresses the design and safety aspects of infrastructure, equipment, products, services, traffic and hazardous materials. It includes requirements on the use of security personnel.
- ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement maintains key provisions of OP/BP4.12 (Involuntary Resettlement), including the key principles of compensation at replacement cost and assistance for livelihood restoration or improvement. Explicit recognition is given to resettlement as a development opportunity and to the importance of exploring ways for affected people to share in the benefits of the project. The standard's coverage extends to all categories of affected people, including those without legal rights to the land they occupy.
- ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources incorporates key provisions of OP/BP4.04 (Natural Habitats) and OP/BP4.36 (Forests) and requires the Borrower to assess and take measures to mitigate the impacts of the project on biodiversity, including ecosystem services, loss of habitat, degradation and invasive alien species. It also establishes principles to govern the sustainable use of resources, such as forests and fisheries.
- *ESS7: Indigenous Peoples* maintains key provisions of OP/BP4.10 (Indigenous Peoples) and further strengthens World Bank protections for Indigenous Peoples by clarifying key definitions and introducing Free, Prior and Informed Consent (FPIC) in specified circumstances. It recognizes pastoralism as a possible basis for indigeneity and includes provisions for groups on voluntary isolation.
- *ESS8: Cultural Heritage* reaffirms the objectives of the current OP/BP4.11 (Physical Cultural Resources), requires projects to adopt chance find procedure together with other procedures for the protection of cultural heritage, and provides for consultation with affected communities. It broadens the definition of cultural heritage to include both tangible and intangible cultural heritage.
- *ESS9: Financial Intermediaries* requires Financial Intermediaries (FI) to put in place environmental and social procedures commensurate with the nature of the FI and the level of risks and impacts associated with the project and potential subprojects.
- ESS10: Information Disclosure and Stakeholder Engagement consolidates and improves provisions on the World Bank's engagement with stakeholders, including meaningful consultation, access to information and grievance redress. It provides for ongoing dialogue between Borrower and stakeholders, including project-affected parties throughout the life of a project.

- 8. The proposed Environmental and Social Framework will replace the current safeguard policies. It provides a coherent and consistent set of requirements that clearly distinguishes World Bank and Borrower obligations in a comprehensive manner, addressing gaps, inconsistencies and contradictions of the current suite of safeguard policies, which had developed over the years in response to evolving operational priorities. The different levels of the policy hierarchy avoid the co-mingling of values, policy statements, Borrower requirements and detailed procedural aspects that characterize the current safeguard policies. Once adopted, it is intended to come into effect in CY16 and will replace the following Operational Policies and Bank Procedures: OP/BP4.00, OP/BP4.01, OP/BP4.04, OP4.09, OP/BP4.10, OP/BP4.11, OP/BP4.12, OP/BP4.36 and OP/BP4.37.
- 9. The World Bank recognizes that the achievement of sustainable development is dependent on effective collaboration with all individuals with a stake in the development outcome of a project. The World Bank therefore commits to open dialogue, enhanced public consultation (including during project implementation), timely and full access to information, and responsive grievance mechanisms.
- 10. This paper presents CODE with a second draft of a proposed Environmental and Social Framework for Investment Project Financing. Following discussion and endorsement by CODE, Management will launch a third and final phase of consultations to seek input on the draft. The feedback will be used for final revisions to the Framework, which is expected to be presented to Executive Directors for approval at the end of 2015. Implementation of the new Framework is anticipated to start in 2016.

I. INTRODUCTION

- 1. The World Bank Group's overarching goals are to end extreme poverty and promote shared prosperity in a sustainable manner in all partner countries¹. To achieve these goals, it is critical to support the sustainable use of resources, ensure social inclusion, and limit the economic burdens on future generations. To this end, the World Bank is updating the institution's safeguard policies through developing a new Environment and Social Framework for Investment Project Financing ("ESF" or "the Framework," see Attachment 1). This review is closely followed by member countries, international organizations, other MDBs, civil society, and other stakeholders.
- 2. This paper proposes an updated, modernized, and fit for purpose approach to assessing and managing environmental and social risk in World Bank Investment Project Financing for discussion and endorsement by the Committee on Development Effectiveness (CODE). This second draft of the ESF has evolved significantly since the first draft. It provides enhanced protections for people and the environment, supports inclusive access to development benefits, strengthens the World Bank's partnership with borrowing countries, and strengthens the World Bank's leadership in providing safeguards for people and the environment. The proposed Framework aims to be the most advanced environmental and social framework of its kind within the international financial community. It sets a new global benchmark through:
 - Clearer and stronger safeguards with strong new principles of non-discrimination, including provisions addressing children; disability; gender; age; sexual orientation,, gender identity and expression (SOGIE); and migrants;
 - Stronger assessments of social and environmental risks and impacts.
 - Focusing resources on projects with higher risk;
 - Fit for purpose approach to managing environmental and social risk given new development challenges and changing Borrower needs;
 - Detailed labor provisions to protect workers, including a right to freedom of association and collective bargaining, grievance mechanisms, non-discrimination, occupational health and safety, and explicit prohibition of child and forced labor;
 - Broader range of biodiversity concerns and climate change considerations and clear provisions for situations when offsets are not permitted;
 - Introduction of Free, Prior, and Informed Consent (FPIC) for Indigenous Peoples in specified circumstances and requirements to document consent; and
 - Requirements for increased and ongoing stakeholder engagement throughout the project cycle.
- 3. The proposed Framework maintains the World Bank's long-established core principles, while responding to new challenges. The purpose of the Framework is to set strong environmental and social standards for Investment Project Financing that will help achieve

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¹ See World Bank Group Strategy, p. 5 (https://openknowledge.worldbank.org/bitstream/handle/10986/16095/32824 ebook.pdf)

sustainable development results. 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 World Bank-supported projects.

- 4. **The proposed Framework is better for people and the environment.** The ESF addresses a broader range of environmental and social issues (for example, non-discrimination, labor protections, provisions for natural as well as modified habitats, tangible and intangible cultural heritage), thus affording greater protection to people and the environment.
- 5. The proposed ESF is better for Borrowers. The Framework will help achieve efficiency gains in project processing over time through more clearly delineated project boundaries that allow Borrowers to better manage project-related environmental and social risks and impacts. Greater detail within the ESF provides Borrowers with more clarity on World Bank requirements. These changes, together with enhanced implementation support from the World Bank, will lead to better risk management outcomes. The ESF takes Borrower constraints into account as it allows for actions to be addressed in a timeframe acceptable to the Bank, and for technical and financial feasibility to be taken into account. The potential use of Borrower frameworks allows for a greater sense of project ownership by Borrowers and allows them to address risks and impacts in a manner which is more resource efficient. Assessment of Borrower frameworks will identify areas where capacity building is required.
- 6. The review and update of the World Bank's safeguard policies requires addressing some of the most sensitive and challenging issues, where shareholders and stakeholders have varied and often opposing views. By necessity, the proposals set out in this Framework represent a balanced response to the diverse views and needs of the World Bank's shareholders and stakeholders. The pragmatic solutions presented here take into consideration the realities of project development, implementation experience, experience of other MDBs² as well as technical and financial capacity of Borrowers.
- 7. After endorsement by CODE, the World Bank will initiate a third consultation phase to elicit the views of shareholders and stakeholders on the proposed ESF to inform and support the preparation of a third and final proposal, which will be presented to Executive Directors for consideration at the end of 2015. Implementation of the new Framework is anticipated to start in 2016.
- 8. Following this introduction, Section II describes the World Bank's approach to reviewing and updating the safeguard policies. Section III introduces the second draft Framework, discusses stakeholder feedback, and lists changes that have been made since the first draft. Section IV discusses the treatment of complex cross-cutting development issues that have been of special interest to shareholders and stakeholders. Section V describes current thinking on the implementation of the framework and Section VI lists next steps and the indicative timeline for

² A "Comparative Review of Multilateral Development Bank Safeguard Systems" is available online at <a href="http://consultations.worldbank.org/Data/hub/files/consultation-template/review-and-update-world-bank-safeguard-policies/en/phases/mdb_safeguard_comparison_main_report_and_annexes_may_2015.pdf.

the remaining phase of the review process. Section VII presents conclusions. A history of the World Bank's safeguard policies is included in Annex 1.

II. APPROACH TO REVIEW AND CONSULTATION FEEDBACK

- 9. An Approach Paper was approved by the Board of Executive Directors in July 2012, outlining the objectives and scope of the review. The World Bank carried out a first consultation phase from October 2012 through April 2013, reaching more than 2,000 stakeholders from over 40 countries from all regions across the world. This consultation focused on identifying strengths and weaknesses of the World Bank's safeguard policies and on principles that should inform the new generation of safeguard policies.
- Consultation feedback from shareholders and stakeholders informed a first draft 10. proposed Environmental and Social Framework, which was discussed by CODE on July 30, 2014. The World Bank conducted the second consultation phase from July 31, 2014, to March 1, 2015. This consultation was the largest engagement effort on a policy reform undertaken by the World Bank or other development partners to date. Consultations included participants from 65 countries across all regions, including 54 borrower countries. More than 130 position papers have been received from governments, Indigenous Peoples leaders and project affected communities. Stakeholders consulted included representatives from government, civil society organizations at international, national and local level involved in advocacy or service delivery, United Nations agencies; multilateral mandate holders; multilateral and bilateral development partners; private sector representatives; development-oriented organizations and foundations; academic and applied research institutions; professional organizations and societies; labor organizations; and Indigenous Peoples leaders and representatives. They provided their feedback during face-to-face discussions, in audio and video conferences, expert focus groups, and through online submissions to a dedicated website³. The consultation process focused on seeking input on the first draft of the Framework and in particular on key changes that would strengthen its effectiveness.
- 11. Consultations on the review of the World Bank's safeguard policies follow the World Bank Consultation Guidelines⁴ and good practice for international consultation. Logistical shortcomings at the beginning of the 2014/15 consultation effort were rectified together with relevant stakeholder groups.⁵ To ensure that stakeholders had sufficient time to prepare their comments and engage with the World Bank, the consultation phase was extended from an initially planned period of 5 months to 7 months. The consultation meeting schedule was published on the dedicated consultation website as soon as meetings were confirmed. Participants received 2-3 weeks' notice of consultation meetings. Stakeholders who did not receive an invitation were able to register for consultation meetings online. An effort was made to ensure that consultation venues

³ http://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies. See attachment 3 for a summary of consultation feedback on Management responses.

⁴ http://consultations.worldbank.org/Data/hub/files/documents/world_bank_consultation_guidelines_oct_2013_0.pdf

⁵ A letter to the World Bank on the consultation process listing shortcomings in the process can be accessed online at http://consultations.worldbank.org/Data/hub/files/consultations_letter_11.25.14_final.pdf. The World Bank's response is posted at http://consultations.worldbank.org/Data/hub/files/wbresponse_hrights.pdf.

were accessible for persons with disabilities. Consultation documents were available in nine languages. Sign language interpreters as well as copies of consultation materials in Braille were provided when needed. The World Bank made a special effort to reach out to stakeholders in rural and hard to reach areas, such as indigenous groups and people living in rural areas.

- 12. To ensure the transparency of the consultation process, all consultation events and feedback received from stakeholders were recorded on a dedicated consultation website. This website was also used to elicit written stakeholder feedback. The summaries of feedback from the consultation meetings as well as public statements submitted by shareholders and stakeholders were published online. While the feedback summaries did not fully capture the richness of the discussions, they reflected the key aspirations, concerns and recommendations of participants. Feedback demonstrates the varied and sometimes conflicting views that the World Bank has taken into consideration.
- 13. **Shareholder and stakeholder views vary widely**. Management received close to 2,500 pages of feedback from stakeholders. The extensive feedback was carefully reviewed and analyzed by working groups comprising staff across the World Bank Group. Overall, shareholders and stakeholders agreed that there is a need to update the World Bank's safeguard policies. The proposed Framework architecture was deemed appropriate. Views on the proposed standards and complex cross-cutting development issues are discussed in Sections III and IV of this paper.
- 14. The World Bank's Board of Executive Directors as well as social development and social inclusion staff, environmental specialists, and legal experts participated in internal deliberations on the second draft of the Framework. Internal engagement was conducted through:
 - Close cooperation with the Social Urban, Rural and Resilience and the Environment and Natural Resources Global Practices as well as the Climate Change and Gender Cross Cutting Solutions Areas;
 - Internal Committees of senior World Bank staff;
 - Internal road-tests with senior technical specialists and task team leads;
 - Briefings to and consultations with Executive Directors and their Advisors on subjects such as Indigenous Peoples and Climate Change;
 - Working Groups on each proposed ESS, the draft Policy, and the Vision of the framework, involving staff across the World Bank Group.

III. RAISING STANDARDS FOR INVESTMENT PROJECT FINANCING: THE PROPOSED ENVIRONMENTAL AND SOCIAL FRAMEWORK

15. The objective of the review is to broaden and strengthen the current safeguard provisions, while preserving core values and tested protections. The updated Framework maintains:

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⁶ Arabic, Bahasa Indonesia, Chinese, English, French, Portuguese, Russian, Spanish and Vietnamese.

- The World Bank's leadership in setting standards for achieving sustainable development outcomes and social and environmental protection in investment projects through preserving the core values of the safeguard policies.
- Special protections for disadvantaged and vulnerable people, Indigenous Peoples, communities and the environment, including provisions for pest management, dam safety, natural habitats, and cultural heritage.
- **Rigorous assessment of social and environmental risks.** The provisions of the current OP/BP4.01 (Environmental Assessment) will be preserved in the new framework, with the addition of a new risk assessment methodology in line with the World Bank's Systematic Operations Risk-Rating Tool (SORT, see Box 1 for more details) as well as strengthened monitoring and implementation support.

Box 1: Standardized Operations Risk-rating Tool (SORT)⁷

The Standardized Operations Risk-rating Tool (SORT) is designed to help the World Bank consistently assess and monitor risks across all operational instruments and country programs. This will allow the Bank to support client countries more effectively in managing development results.

The risks considered in SORT include risks to development results associated with the operation: both the risks to not achieving the intended (positive) results intended by Bank-supported operations, and the risks of Bank-supported operations causing unintended (negative) results. SORT provides the information needed to help clients adequately manage and, where possible, mitigate operational risks within a broader risk management framework. It is intended to identify those risks on which the Bank needs to focus management attention and resources – within any given operation or at the level of the country, region, global practice or cross-cutting solution area.

The SORT tool is a simple matrix consisting of nine risk categories, plus an overall risk assessment. The assessment takes into account both the likelihood of the risk materializing, as well as the severity of its impact on the achievement of the intended results.

- 16. The proposed Framework seeks to improve the quality and speed of decision making and risk management, and improve monitoring and supervision. This will be achieved through a number of innovations:
 - Balanced approach: There is a great diversity of geographical, social, economic, cultural and political landscapes as well as developmental status and resource endowment amongst the 188 owner countries of the World Bank. This is sometimes reflected in different views and opinions on environmental and social issues. The proposed ESF represents an attempt to forge a balance amongst the varied positions of the World Bank's shareholders, whilst presenting an approach that sets strong environmental and social standards for Investment Project Financing and is respectful of differing views and sensitivities. At the same time, the proposed Framework is informed by experiences from implementing the current safeguard policies and the experiences with their own environmental and social frameworks of other MDBs.
 - Comprehensive coverage: The ESF offers an approach to project appraisal and implementation which is comprehensive in its coverage of environmental and social issues, is inclusive with respect to marginalized and vulnerable groups. It provides an enhanced

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For more information, see the Interim Guidance Note on SORT at http://www.worldbank.org/content/dam/Worldbank/document/SORT_Guidance_Note_11_7_14.pdf.

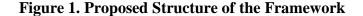
focus on disclosure of information, stakeholder engagement and grievance redress recognizing that participation, transparency and accountability are the bedrock of inclusive development.

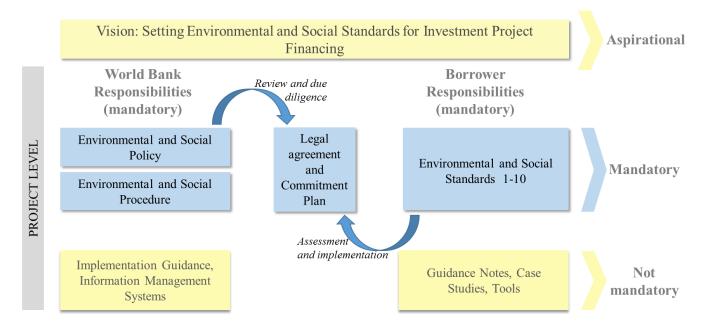
- Outcomes-based approach: The proposed outcomes-based approach allows for adaptive management of project risks and impacts. This will help improve the World Bank's ability to adjust projects to unexpected changes and will potentially reduce the need for legal restructuring of projects. Both internal and external evaluations of selected World Bank projects have indicated deficiencies in the environmental and social performance of projects caused by the current safeguard model, which tends to be more 'front-loaded' in its approach to risk assessment and management. Insufficient attention is sometimes given to monitoring and supervision of projects and to evaluations of how people and communities have actually been affected by World Bank projects. The ESF redresses this by (i) establishing an outcomes-based approach that requires World Bank staff to monitor projects in a manner proportionate to risks and impacts; (ii) requiring Borrowers to communicate with stakeholders during implementation on a continuing basis about project environmental and social issues, based upon disclosure of relevant information; and (iii) introducing a revised risk management approach whereby action on the part of the Borrower may be addressed in a time bound fashion in the legal agreement or Environmental and Social Commitment Plan (ESCP).
- Resource-efficient, risk-based approach: The proposed risk-based approach allows for proportionate assessment of environmental and social risks and impacts, thereby better optimizing the use of Borrower resources. It presents a resource-efficient approach to environmental and social appraisal and implementation, commensurate with the significance of project environmental and social risks and impacts. The ESF requires the World Bank to put in place a more comprehensive risk-based categorization of projects and a risk-driven approach to allocation of staff resources. The risk rating for projects will be reviewed and adjusted as appropriate throughout the life of a project. The ESF is client-focused in that it recognizes there is no 'one size fits all' approach to project appraisal and that environmental and social requirements need to be tailored to reflect project context as well as Borrowers' technical and financial considerations.
- **Integrated approach**: The ESF requires that environmental, social and health and safety issues are considered in an integrated manner given the interplay that often exists between them.
- Greater clarity regarding roles and responsibilities: The ESF provides more clarity about the division of roles between the World Bank and the Borrower as compared to the existing Operational Policies (OP) and Bank Procedures (BP). The World Bank's role and responsibilities are described in the Environmental and Social Policy (ESP) and in the Environmental and Social Procedure (ESPP), which outline how the ESP is to be operationalized within the World Bank's processes and structure. Ten Environmental and Social Standards (ESSs) establish Borrower requirements.
- Capacity building: The proposed approach to assessing and managing environmental and social risk includes a specific focus on building the risk management capacity of borrowing countries and accelerating Borrower's progress. It allows the World Bank to work with Borrowers to identify priority activities based on a gap analysis of the Borrowers

- environmental and social frameworks and the assessment of risks and impact through the adaptive risk management approach.
- **Accountability**: The proposed Framework includes enhanced requirements for project-level grievance redress mechanisms commensurate to the nature of the project. This is an important additional element of accountability on the part of the Borrower.
- Harmonization: The ESF brings the World Bank's environmental and social requirements into close functional alignment with the requirements of IFC and MIGA, which will facilitate the co-financing of public-private partnerships. Although there are some differences between IFC's Performance Standards and the proposed ESSs, which reflect the different mandates of both organizations, the requirements of the World Bank Group institutions will be more closely aligned with regard to structure as well as areas covered. The ESF is more harmonized with the requirements of other MDBs and institutions that apply the Equator Principles. This means that, in co-financing situations, it will be easier for Borrowers to satisfy the often nearly identical requirements of different lending institutions.
- 17. The proposed ESF builds on and strengthens the existing World Bank safeguard policies and aims to be the most advanced environmental and social framework within the international financial community for addressing investment lending in the public sector. The adoption of this Framework will help the World Bank reassert its position as a leader in the financing of sustainable development, setting an example for existing financial institutions and newly emerging ones.
- 18. The proposed ESF comprises the Environmental and Social Vision, Environmental and Social Policy, and Environmental and Social Standards for Borrowers (see Attachment 1). It replaces OP/BP4.00 (Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects), OP/BP4.01 (Environmental Assessment), OP/BP4.04 (Natural Habitats), OP4.09 (Pest Management), OP/BP4.10 (Indigenous Peoples), OP/BP4.11 (Physical Cultural Resources), OP/BP4.12 (Involuntary Resettlement), OP/BP4.36 (Forests) and OP/BP4.37 (Safety of Dams). The content of the existing documents has been reviewed and, as appropriate, incorporated into the ESF. The ESF applies to World Bank Investment Project Financing. Instrument-specific provisions for addressing environmental and social considerations, namely those for Program for Results (PforR) and Development Policy Financing (DPF), will continue to be set out in the relevant instrument-specific operational requirements.
- 19. The documents have been written to conform to the Policy and Procedures Framework (P&PF). The overall ESF package provided to CODE includes an aspirational Vision and the mandatory aspects of the framework (Policy, Environmental and Social Standards for Borrowers, Procedure; see Figure 1 for a detailed illustration of the framework structure and Table 1 for an overview of World Bank responsibilities and Borrower responsibilities). The draft policy and standards address the principles of the proposed approach to assessing and managing environmental and social risk. Some of the details for implementation and specifications about the

⁸ The review also does not affect OP4.03 (World Bank Performance Standards for Private Sector Activities); OP7.50 (Projects on International Waterways); and OP7.60 (Projects in Disputed Territories).

timeframe in which requirements need to be fulfilled are provided in the Procedure. Implementation in specific contexts as well as assessment methodologies will be included in Instructions and Guidance for World Bank staff and for Borrowers.





- 20. As is the case with the current safeguards, the proposed ESF does not include references to specific international conventions. It is Management's view that the requirement for both World Bank and Borrower to comply with the ESF should be self-standing, and should not require reference to external sources to make this judgment. While the World Bank has an accountability system to determine compliance with its own policies and procedures, it is not a competent authority to decide whether a sovereign state is in compliance with its treaty obligations. That judgment lies within treaty bodies that have their own system of governance or rely upon other tribunals. Given the near universal membership of the World Bank and the varied degree of ratification, revision, and interpretation, the World Bank cannot track and impose international obligations on its Borrowers.
- 21. Having stated these limitations, the ESF does require that the Borrower's assessment and the Bank's due diligence take into account international instruments directly applicable to the project. Moreover, while OP4.01 referred only to "environmental treaties", the ESF includes treaties beyond the environmental realm provided they are applicable to the project. In addition, the ESF will be supported by Guidance that will include references to key international

⁹ For example, the ILO has direct competence and authority to address non-compliance with ILO Conventions.

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¹⁰ See ESS1, paragraph 24: the environmental and social assessment will "take into account ... obligations of the country directly applicable to the project under relevant international treaties and agreements."

treaties and instruments and that can be updated as and when references to relevant international instruments change.

Table 1. Summary of World Bank responsibilities and Borrower responsibilities

World Bank responsibilities ¹¹	Borrower responsibilities ¹²
Undertake its own due diligence of proposed projects, proportionate to the nature and potential significance of the environmental and social risks and impacts related to the project.	Conduct environmental and social assessment of the proposed project, including preparing the necessary terms of references and designing the plan for stakeholder engagement.
As and where required, support the Borrower to carry out early and continuing engagement and meaningful consultation with stakeholders, in particular affected communities, and in providing project-based grievance mechanisms.	Undertake stakeholder engagement and disclose appropriate information in accordance with ESS10.
Assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project.	Develop and implement an Environmental and Social Commitment Plan (ESCP).
Agree with the Borrower on the conditions under which the Bank is prepared to provide support to a project, as set out in the ESCP).	Conduct monitoring and reporting on the environmental and social performance of the project against the ESSs.
Monitor the environmental and social performance of a project in accordance with the ESCP and the ESSs.	

A. Environmental and Social Vision

22. The Environmental and Social Vision explains the World Bank's objectives of setting strong standards for IPF, enabling sustainable development outcomes in World Bank-supported projects. The vision commits the World Bank to environmental sustainability, including stronger collective action to support climate change mitigation and adaptation. It recognizes that social development and inclusion are critical for all of the World Bank's development interventions. For the World Bank, inclusion means empowering all citizens to participate in, and benefit from, the development process and removing barriers against those who are often excluded from the development process. The Vision emphasizes that the World Bank

¹¹ For more details, see the Environmental and Social Policy and Procedure.

¹² For more details, see the Environmental and Social Standards, which include information about Standard-specific plans and reporting requirements.

shares the aspirations that underlie the Universal Declaration of Human Rights and that many of the investment projects the World Bank supports directly advance the attainment of such aspirations. The World Bank intends to maintain the promotion of key values underlying human rights, including respect for individual dignity, transparency, accountability, consultation, participation, and non-discrimination in all development projects it supports and in its dialogue with all its Borrowers to assist its member countries in meeting their human rights obligations.

B. Requirements for the World Bank: World Bank Environmental and Social Policy (ESP)

- 23. The proposed Policy clarifies and brings together in one place the roles and responsibilities of the World Bank, which were previously set out in eight different operational policies and procedures. The ESP specifies the World Bank's mandatory environmental and social requirements in relation to projects supported by the World Bank through Investment Project Financing. It describes the principles of the environmental and social requirements for the World Bank and provides more clarity on the environmental and social risks and impacts that the World Bank will consider in its due diligence. It requires the Borrower to structure projects so that they meet the ESSs in a manner and timeframe acceptable to the World Bank. This takes into account Borrowers' technical and financial constraints. It clarifies what the World Bank will take into account in establishing the manner and acceptable timeframe. The Policy introduces a risk-based classification system to enhance consistency and decision-making.
- 24. To facilitate project preparation and support compliance throughout the lifetime of a project, the World Bank and the Borrower will agree on an Environmental and Social Commitment Plan (ESCP). The ESCP sets out the project commitments and is part of the financing agreement (see Box 2 for more details). It supports actionable risk management through adherence to the ESSs throughout the lifetime of the project, including as necessary the type of dated covenants currently more common in the financing agreements of other development finance institutions, including IFC.

Box 2. Environmental and Social Commitment Plan (ESCP)

- Constitutes a binding document as part of the legal agreement between the World Bank and the Borrower.
- Summarizes and consolidates in a clear and unambiguous manner the material measures and actions that are required for a project to achieve compliance with the ESSs and the timeframe in which they must be implemented.
- Takes into account the findings of the environmental and social assessment, the World Bank's environmental and social due diligence and the results of engagement with stakeholders.
- Forms the basis for monitoring the environmental and social performance of the project.
- Defines the means and frequency of reporting on implementation of measures and actions required to achieve compliance with ESSs.
- Specifies the aspects of the national environmental and social framework to be used, if any.
- 25. Consultation feedback on the ESP concerned, first and foremost, provisions for the use of Borrower frameworks, provisions for Indigenous Peoples and risk rating for

subprojects. After carefully analyzing the feedback received, the following changes have been made:

- Provisions related to the use of Borrower frameworks have been amended to clarify that
 the use of Borrower frameworks will be determined at the discretion of the World Bank.
 Where the World Bank has agreed to consider such use, the World Bank will review the
 relevant frameworks to assess whether they would enable the project to achieve objectives
 materially consistent with the ESSs.
- The clause for the applicability of the draft **Indigenous Peoples** standard (ESS7), which proposed an "Alternative Approach," has been deleted. The text relating to determining the applicability of ESS7 has been strengthened: When identifying Indigenous Peoples, the World Bank will consult the Indigenous Peoples concerned and the Borrower. Criteria for the World Bank to establish whether consultation with Indigenous Peoples have been meaningful have been strengthened. Unlike in the first draft ESP, the World Bank now needs to ascertain the outcome of the meaningful consultation and this will contribute to the World Bank's decision making as to whether to proceed with the project or not.
- The **requirements for subprojects** that are components of directly financed World Bank projects have been increased: The World Bank will require the Borrower to assess environmental and social risks and impacts for High Risk subprojects in accordance with the ESSs (first draft). In addition, Substantial, Moderate, and Low Risk subprojects will require an assessment of risk and impacts according to national law and any requirement of the ESSs that the World Bank deems relevant to the subproject (second draft). If the risk classification of the subproject increases to a higher risk rating, the relevant parts of the ESSs need to be applied as agreed with the World Bank to address the issue of concern. These requirements for Substantial, Moderate and Low Risk subprojects were not included in the first draft of the ESF.

C. Requirements for the World Bank: Environmental and Social Procedure (ESPP)¹³

26. The ESPP provides Management's instructions to World Bank staff on applying the Policy. They regulate accountability and decision-making processes in IPF across the World Bank. The ESPP is intended to ensure that support to managing environmental and social risk is handled effectively across the IPF portfolio. The ESPP will address implementation issues such as the timing of completion for risk assessment and mitigation measures, risk classification, mitigation hierarchy, assessment of Borrower frameworks, decisions on technical and financial feasibility, accountabilities, roles and responsibilities, and other instructions necessary for the effective application of the ESF.

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¹³ See attachment 2.

D. Requirements for Borrowers: Environmental and Social Standards (ESSs)

27. The Environmental and Social Standards (ESSs) contain Management's requirements for Borrowers on assessing and managing environmental and social risks and impacts in IPF. The ESSs build on and replace the OP/BP4.00, OP/BP4.01, OP/BP4.04, OP4.09, OP/BP4.10, OP/BP4.11, OP/BP4.12, OP/BP4.36 and OP/BP4.37.

28. ESS1: Assessment and Management of Environmental and Social Risks and Impacts – Clear requirements and definitions, actionable risk management, harmonization with development partners

ESS1 is the overarching standard which, together with ESS10, applies to all projects and considers at the outset the use of the Borrower's existing environmental and social framework. It sets out the mandatory requirements for the Borrower, which relate to environmental and social assessment, management and monitoring of Bank financed investment projects. ESS1 provides clarity on key definitions, such as "project" and "Associated Facilities." It introduces a clear and actionable risk management system through the ESCP, which forms part of the legal agreement. It also moves closer to a harmonized approach with other development partners on management of environmental and social risks. ESS1 describes the mitigation hierarchy and is informed by the ecosystem services concept.

Under ESS1, the Borrower will ensure that the environmental and social assessment of the project takes into account the applicable national policy framework, laws and regulations, and institutional capacity relating to environmental and social issues; variations in country conditions and project context; national environmental and social action plans or studies; and the obligations of the country under relevant international treaties and agreements. Borrowers are also required to apply the relevant requirements of the World Bank Group's Environmental, Health and Safety Guidelines (EHSGs) and other relevant Good International Industry Practice (GIIP).

29. Consultation feedback: Feedback on ESS1 focused on non-discrimination, the proposed approach to risk management, and the use of Borrower frameworks. Stakeholders widely welcomed the non-discrimination provision, while not all agreed on whether and which specific groups should be identified as disadvantaged or vulnerable. Over the course of the review, some groups who considered themselves especially vulnerable to discrimination have demanded standalone standards and dedicated assessments of their status. On the other hand, some shareholders quoted cultural concerns over recognizing some of the groups listed in the proposed standard. Adaptive risk management was welcomed as a modern approach that would increase the World Bank's responsiveness to changes in project risks. However, many stakeholders expressed concerns that this risk management approach could lead to insufficient information available before project approval, limiting stakeholders' ability to participate in meaningful consultations and limiting the World Bank's Board of Executive Directors in making informed decisions about projects. Some stakeholders expressed concerns about the use of Borrower frameworks for assessing and managing risks and the extent of Borrower responsibility and discretion. Others thought that Borrower frameworks should be used for risk management in all Bank-financed projects, particularly countries that have developed extensive legal frameworks related to environment and development.

30. Discussion:

Non-discrimination

Non-discrimination is a core principle of the proposed ESF. ESS1 contains a provision to assess and mitigate any risk of adverse project impacts through inadvertent or deliberate discrimination. On the advice of non-discrimination and impact assessment experts, Management decided to maintain a non-exhaustive list of vulnerable and disadvantaged groups in footnote 23 of paragraph 26 of ESS1. This is consistent with the integrated approach of the ESF, which reflects the intersectionality of discrimination issues. The draft standard applies the non-discrimination provision in a broad and inclusive manner. New groups or people who belong to more than one group will not slip through the net.

Adaptive Risk Management

Adaptive risk management allows for the management of risks and impacts throughout the entire life of the project. This approach, as introduced in the first draft of ESS1, reflects international best practice in risk management. Borrowers will be required to undertake and prepare detailed studies and action plans after a project has been approved only (i) if the exact location of project components is not yet decided; (ii) when linear projects are constructed over several years and people or the environment may not be impacted for some time; (iii) when the project involves many small components that cannot be addressed adequately at the time of Board consideration; (iv) in emergency situations or where Borrower capacity is very limited.

To respond to stakeholder concerns and ensure strong risk assessment and management, the proposed ESF:

- Clearly establishes the principle that relevant and sufficient environmental and social information needs to be made available to stakeholders as early as possible and throughout the life of the project;
- Establishes that there must be a process of meaningful engagement and consultation with project affected and interested parties to facilitate the development of more inclusive projects with better environmental and social performance;
- Requires that in most cases, all material environmental and social due diligence studies must be completed before project appraisal;
- Clarifies that the World Bank Board of Executive Directors will decide, based on consideration of a compelling business case in the Project Appraisal Document (PAD), whether studies and environmental and social instruments can be prepared after Board approval; and
- Restricts the implementation of project components with a risk of significant environmental and social impact, but where information on the risk of harm to projectaffected people is insufficient.

31. Changes in the second draft of ESS1 as compared to the first draft

- Text related to use of Borrower frameworks has been amended to reflect that the use of all
 or parts of Borrower frameworks in the assessment, development and implementation of
 projects will be at the discretion of the World Bank.
- The requirements for **directly funded subprojects** that are components of World Bank projects have been increased. The first draft ESF required High Risk projects to meet the ESSs. The second draft adds a requirement for Substantial, Moderate and Low Risk subprojects to comply with national law and any requirement of the ESSs that the World Bank deems relevant to the subproject.
- The list of examples of **vulnerable and disadvantaged groups** has been extended to include health status and disabilities beyond physical and mental.
- Wording on **supply chains** has been amended to restrict the scope of the Borrower's assessment to primary suppliers in relation to ESS2 (Labor and Working Conditions) and ESS6 (Biodiversity Conservation).
- The concept of **ecosystem services** has been introduced (and is reflected as appropriate in other ESSs).
- Borrower reporting **obligations now include a requirement to provide information on stakeholder engagement** undertaken during project implementation.
- A requirement to assess risks and impacts caused by land titling activities has been added.

32. ESS2: Labor and Working Conditions – Protecting project workers, preventing forced and child labor, providing a grievance mechanism

ESS2 is derived from provisions of other MDBs and reflects the public sector nature of the World Bank's portfolio and its relationship to Borrower governments. The standard builds on the existing commitments of Borrower countries to international labor laws and conventions and focuses on requirements related to non-discrimination, child labor, forced labor, freedom of association and the right to collective bargaining. ESS2 applies to workers employed directly by the Borrower to work specifically in relation to the project, to contractors, primary supply chain workers, and workers involved in community labor. It clearly establishes the requirement for a grievance mechanism for workers and for worker health and safety provisions, reflecting the World Bank's existing EHSGs.

33. Consultation feedback: The proposed ESS2 is the first ever introduction of labor requirements for projects financed by the World Bank. Feedback on this proposed standard was similar across stakeholder groups: Stakeholders acknowledged the proposal as significant step forward in the Bank's efforts to protect workers. They criticized that the first draft standard did not include provisions for contractors, sub-contractors, government employees, the informal work sector, and supply chain issues. Stakeholders advocated for the inclusion of all ILO core labor standards, including a right to collective bargaining and freedom of association. It was also

suggested by some to reference ILO core standards and the ILO Declaration on Fundamental Principles and Rights at Work.

34. *Discussion:* For the first time, the World Bank will be adopting a labor standard, which addresses and reflects the ILO Declaration on the Fundamental Principles and Rights at Work, as well as the ILO's eight core labor conventions. It also includes strong commitments on occupational health and safety. In drafting ESS2, the Bank has benefitted from the advice and guidance of the ILO and expert working groups. Tailored to the needs of public sector investment lending, ESS2 is amongst the most advanced of International Financial Institutions (IFI) labor requirements. It offers a broader coverage of project-related workers, addresses more clearly workers engaged by third parties and primary suppliers, provisions for child and forced labor and the grounds for discrimination. ESS2 includes requirements regarding freedom of association and the right to collective bargaining. It also benefits from a wider coverage of occupational health and safety issues.

35. Changes in the second draft of ESS2 as compared to the first draft

- The second draft of the standard on labor and working conditions has been strengthened
 by the addition of requirements for freedom of association and the right to collective
 bargaining: A provision has been added to allow workers to develop alternative
 mechanisms to express grievances and protect their right regarding working conditions
 and terms of employment where national law restricts freedom of association and collective
 bargaining.
- The **scope of coverage** has been extended to cover contractors, primary supply workers and workers involved in community labor. If government civil servants remain employed under the government's terms and conditions, provisions on occupational health and safety and protections of the work force as set out in ESS2 will apply. If they are employed under the project's terms and conditions, ESS2 will apply. The descriptions of worker categories has been clarified.
- Language on **forced and harmful child labor** has been strengthened from "avoid" (first draft) to "prevent" (second draft). A minimum age of 14 has been established for child labor for all World Bank-supported projects, unless national law provides for a higher minimum age.
- Requirements to provide workers with **written information** and documentation on terms and conditions of employment has been added.
- Additional provisions on **occupational health and safety** have been added.

36. ESS3: Resource Efficiency and Pollution Prevention – Better treatment of natural resources and waste management

ESS3 acknowledges the need to be mindful of the world's diminishing resources and encourages improvements in resource efficiency. The standard sets out project level requirements relating to resource efficiency, clean production, and pollution prevention and management. It requires Borrowers to implement measures for improving efficiency in the consumption of energy, water

and other resources and material inputs. It also requires Borrowers to estimate their GHG emissions and to consider options to reduce them. ESS3 incorporates existing World Bank requirements including OP4.09 (Pest Management) and addresses the generation and treatment of wastes, hazardous materials and pesticides.

- 37. Consultation feedback: Stakeholders disagreed on provisions for greenhouse gas accounting: While GHG accounting was considered a crucial requirement by some, others argued that such a requirement would be burdensome and too expensive for Borrowers. Some consultation participants saw decisions on GHG accounting as a matter of international climate negotiations that could not be decided through a World Bank policy. Stakeholders discussed the use of the EHSGs, but there was no consensus whether these should be made mandatory or used as technical reference documents. Some concerns were raised regarding the clarity of definitions and the precise meaning of phrases such as "technical and financial feasibility."
- 38. *Discussion:* While climate change is among the most pressing development issues (see separate discussion in Section IV), impacts that can be achieved on a project-level are necessarily limited. Nevertheless, Management agrees that project impacts on climate change need to considered. The World Bank is also working across the entire institution to develop a strong and effective approach to climate change that goes beyond the downstream effectiveness of the proposed ESF.

After careful consideration of stakeholder feedback and project experiences, Management proposes to eliminate the threshold for water management as well as the numerical threshold of 25,000 tons of carbon dioxide production for GHG emission estimation. Management will issue Guidance to advise Borrowers and World Bank staff on estimating GHG and on the situations that require a water management plan.

The primary purpose of GHG estimation is to promote pollution prevention and resource efficiency. Climate change mitigation is an added purpose. To identify measures to reach these objectives, it is necessary to first estimate project GHG emissions. While Management does not propose mandatory requirements to implement measures to avoid, minimize, mitigate or compensate for GHG emissions, there should be requirements to address energy efficiency through the mitigation hierarchy. The GHG emissions reporting requirement provides an avenue for projects to demonstrate impacts of energy efficiency measures in their projects.

For the majority of projects, GHG emissions can be estimated using existing tools and methods, e.g. the IFC Carbon Emissions Estimation Tool, based on generally available project-level data relating to purchases of fuel, fertilizer, electricity, etc. In instances where the estimation of project GHG emissions is more challenging e.g., soil carbon), ESS3 only requires estimation where emissions are expected to be significant within the scope of project emissions as a whole. Furthermore, ESS3 applies a "technically and financially feasible" criteria to this requirement generally.

The use of water by a project must be considered within the context of the project environment. For example, a project using 5,000 m³ water per day (threshold in the first draft) constitutes a major strain on water resources if water is scarce. If however, water is not scarce, the 5,000 m³ threshold may be arbitrary and may limit the efficiency of a project.

- 39. Changes in the second draft of ESS3 as compared to the first draft
 - References to **short and long-lived climate pollutants**, including greenhouse gases as well as black carbon, have been added. Borrowers are required to consider impacts on climate change.
 - Requirements for **energy use and use of raw materials** have been clarified under the section of resource efficiency.
 - Unlike in the first draft ESF, **air pollution** is more clearly addressed.
 - The first draft standard required Borrowers to quantify direct **GHG emissions** for projects that are expected to or currently produce more than 25,000 tons of CO²-equivalent annually. This threshold has been deleted. While GHG emissions are required to be estimated, the threshold and further details on estimation methodology will be provided in Guidance.
 - The first draft standard required Borrowers to develop a detailed **water management plan** for projects that need more than 5,000 m³ water per day. This threshold has been removed. The need for a water management plan will be determined in the context of overall water availability.

40. ESS4: Community Health and Safety – Avoiding harm and mitigating impacts

ESS4 consolidates into one standard the existing practices related to the impacts of projects on communities. It incorporates OP/BP4.37 on the Safety of Dams and also captures explicitly many of the World Bank's provisions regarding the design and safety aspects of infrastructure, equipment, products, services, traffic and hazardous materials. It requires Borrowers to develop and implement measures to address possible community exposure to disease as a consequence of project activities and to address emergencies through contingency planning. ESS4 includes requirements on security personnel (both government and private) that are similar to provisions of some other MDBs.

- 41. Consultation feedback: Consultation feedback on the proposed ESS4 focused on public health issues and adverse project impacts on vulnerable groups. A number of stakeholders asked for enhanced provisions for public health and specifically whether non-communicable health issues should be included. Stakeholders also suggested to focus provisions in this standard on impacts on groups such as children and women.
- 42. *Discussion:* Recent natural disasters and global health crises have shown that sustainable development outcomes can only be achieved when development interventions take disaster preparedness and resilience into account. This requires, for example, recognizing that adverse impacts on health can result from non-communicable in addition to communicable diseases and from factors other than diseases. In addition to recognizing the broad range of factors that can affect community health, it is also important to consider that changing circumstances may require adjustments to emergency response plans in order to maintain their usefulness.

43. Changes in the second draft of ESS4 as compared to the first draft

- Requirements addressing community exposure to disease (first draft) have been extended
 to cover community exposure to health issues (second draft) to reflect that there are
 health issues other than communicable diseases that can affect community health and need
 to be taken into consideration. Non-communicable diseases have explicitly been included.
- **Ecosystem services** have been introduced, including provisions for assessing climate change impact.
- Requirements for emergency preparedness and response have been extended to include **preparedness and response to extreme weather conditions or events**.
- Requirements for **product safety** have been removed.
- Borrowers are required to regularly review their emergency and response plan to ensure
 it remains fit for purpose. Borrowers are required to support communities and other
 affected groups that may be involved in it through training and collaboration.
- A reference to **grievance mechanisms** has been deleted as redundant because requirements for grievance mechanisms are listed in detail in ESS10, which applies to all projects.
- Borrowers are required to review all allegations of unlawful or abusive acts of **security personnel**, take action (or urge the appropriate parties to take action) to prevent recurrence, and, where necessary, report unlawful and abusive acts to the relevant authorities. The first draft standard required Borrowers to consider and investigate allegations where appropriate.

44. ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement – Clear scope of application, simplification of procedures

ESS5 applies to all situations in which land is acquired for a project, or restrictions on land use are imposed. It provides clarity on the treatment of public land; land titling activities; access to common resources (marine and aquatic resources, forest products, freshwater, hunting and gathering, grazing and cropping areas); and voluntary transactions. ESS5 prohibits forced evictions. It introduces the requirement for a single resettlement instrument, which can be adapted to the circumstances of the project. It addresses the rights of different categories of affected people, including those without legal right or claim to the land they occupy, and includes gender considerations. It allows compensation to be paid into escrow under specified circumstances.

45. Consultation feedback: Discussions of ESS5 emphasized the importance of including detailed requirements for social baseline studies and resettlement planning. There was concern whether under the new ESF, resettlement planning in complex projects would still be required as a condition for project approval. Stakeholders criticized the absence of language calling for the design of resettlement as a development program with opportunities for affected people to share in project benefits. The first draft's exclusion of land titling and land use planning activities was questioned, and greater clarity on the treatment of voluntary transactions was requested. A number of stakeholders argued that the coverage of ESS5 was too narrowly focused on the direct impacts

of land acquisition or restrictions on use, and should cover project livelihood impacts more generally.

46. *Discussion:* Throughout the review process, there has been considerable interest from stakeholders in the potential of the revised safeguards to address concerns about 'land grabs' and other forms of land tenure impacts in project lending. While tenure issues are dealt with extensively in the context of resettlement or Indigenous Peoples, some stakeholders have argued that impacts on land use, land rights, land access and conflicts over land arise from many other types of project interventions. These stakeholders therefore advocated a stand-alone standard on land tenure, reflecting as much as possible the recently-adopted Voluntary Guidelines on the Governance of Tenure by the Food and Agriculture Organization/Committee on World Food Security (FAO/CFS).

After careful consideration, Management concluded that risks related to land tenure would be best approached through the initial environmental and social assessment, as opposed to including a new land-specific standard or expanding the coverage of ESS5 beyond resettlement. Hence, ESS1 includes explicit requirements that a wide-range of land tenure related risks be specifically addressed. In addition, the revised drafts of both ESS1 and ESS5 include new language concerning the mitigation of risks related to land titling projects (a frequently raised concern in consultations). The revised ESS5 also more clearly ensures that its protections will apply to people potentially affected by large-scale "voluntary" transactions, as a response to requests that provisions against "land grabbing" be included. It should also be noted that land and natural resource-related provisions in the ESP, ESS1, ESS5, ESS6 and ESS7, as well as the community engagement provisions in ESS10 are well-aligned with the spirit and substance of the Voluntary Guidelines.

47. Changes in the second draft of ESS5 as compared to the first draft

- A new Annex has been added, incorporating with minor changes the **detailed resettlement** planning requirements currently in the Annex to OP4.12 (Involuntary Resettlement), including for the production of baseline studies.
- A new objective has been added to the second draft of the standard, explicitly recognizing the importance of treating **resettlement as a development opportunity**, and of including measures for affected people to share in project benefits where possible.
- Stronger provisions have been incorporated for managing the risks associated with **voluntary transactions**, ensuring that persons that may be displaced by voluntary transactions are protected by the provisions of ESS5.
- A provision in the first draft that would have explicitly allowed the use of installment payments for **compensation** in certain circumstances has been deleted to clarify that compensation must always be paid before displacement.
- Consistent with the World Bank's current resettlement policy (OP4.12), the proposed ESS5 excludes from its **scope of application** project activities in support of national or regional land use planning or natural resource regulation. However, the new draft explicitly requires that such activities be accompanied by social, legal and institutional assessments to identify risks and mitigation strategies, especially for the poor and vulnerable.
- The need to assess and mitigate risks associated with **land titling** and related activities is more strongly emphasized, and project design measures to address such risks are spelled

out. The new draft specifies that ESS5 will apply if displacement results directly from titling state land. While the first draft of the ESF considered this good practice, the second draft states it as requirement.

- More thorough treatment of gender issues has been included in the new draft, particularly
 in terms of consultation strategies, assessment of women's tenure rights, and the design of
 compensation and livelihood measures.
- A referral to ESS1 has been added relating to risks and **impacts on incomes and livelihoods** that are not a direct result of land acquisition or land use restrictions.
- ESS5 now includes text requiring that the full **costs of resettlement** are included in the total project costs and internalized in project economic analysis.
- Text has been added restricting the Borrower from commencing any project activities which cause **physical or economic displacement** until plans have been finalized and approved by the Bank.

48. ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources – *Modernizing the World Bank's approach to conserving biodiversity*

ESS6 addresses the range of biodiversity issues currently covered by OP/BP4.04 (Natural Habitats) and OP/BP4.36 (Forests). In line with the provisions of other MDBs, it establishes an approach to biodiversity protection in a proportionate manner and encourages the sustainable use of living natural resources. The standard addresses all habitats and requires Borrowers to assess and take measures to mitigate the impacts of the project on biodiversity, including loss of habitat, degradation, invasive alien species, over exploitation, hydrological changes, nutrient loading and pollution. ESS6 includes specific requirements for critical habitats, legally protected and internationally recognized areas for biodiversity. It permits biodiversity offsets in limited circumstances. Where Borrowers are purchasing primary production, ESS6 includes requirements relating to primary suppliers.

- 49. Consultation feedback: Some stakeholders criticized the proposed standard as unclear with regard to offsets and to requirements for logging and hydropower projects. It was emphasized that offsets should only be a last resort in the mitigation hierarchy and that offsets should not be possible with regards to critical habitats. The proposed mitigation hierarchy should apply to all projects without exception. One group of stakeholders felt that the implementation of ESS6 may be burdensome. It was suggested that terminology and definitions should mirror those in IFC's Performance Standards.
- 50. Discussion: ESS6 builds upon and broadens the protection afforded to habitats and the biodiversity they support under the existing OP/BP4.04 (Natural Habitats) and OP/BP4.36 (Forests). During consultation, ESS6 benefitted greatly from a workshop held with the International Union for Conservation of Nature (IUCN) and leading CSOs and experts engaged in biodiversity conservation and management, as well as input from many stakeholders. The proposed ESS6 now offers the broadest protection within its class, building upon the strengths of the existing policies as well as IFC's Performance Standard 6. For example, the standard incorporates the mitigation hierarchy as the central procedural approach to biodiversity protection

base upon a precautionary approach. The standard incorporates the concept of ecosystem services and sets comparatively more cautious criteria for considering project components that may adversely impact critical habitats. It also notes that offsetting is a last resort to be considered as the last step in the mitigation hierarchy and that in some circumstances offsetting and development affecting critical habitats cannot be supported by the Bank.

ESS6 also contains provisions relating to the sustainable use of living natural resources that reflect GIIP on animal husbandry.

- 51. Changes in the second draft of ESS6 as compared to the first draft
 - The concept of **ecosystem services** has been introduced, and added as a new objective.
 - The definitions of **habitat types** now reflect the terms and definitions used by IFC in Performance Standard 6.
 - The second draft standard clarifies that **biodiversity offsets** should be considered only as a last resort and that in certain specified situations offsetting cannot be considered as an option. In cases or areas where offsets are not permissible, the Borrower will not undertake the project as designed.
 - The text of the first draft standard and OP4.36 (Forests) has been consolidated to improve the **consistency** of the second draft standard. This refers especially to provisions regarding the location of commercial agriculture and forestry plantations.
 - Provisions have been tailored to industrial and large-scale commercial production of crops and animal husbandry.
 - The second draft ESF clarifies that **living natural resources** include all types of forestry, biomass, agriculture and fisheries. The first draft did not include this definition.

52. ESS7: Indigenous Peoples – Introducing Free, Prior and Informed Consent (FPIC)

The proposed ESS7 aims to address implementation challenges and consolidate a range of stakeholder views. The standard applies when Indigenous Peoples are present in or have a collective attachment to the project area, regardless of potential risks or impacts. It sets out criteria for identifying Indigenous Peoples, and clarifies that pastoralism may a basis of indigeneity. It requires Borrowers to take appropriate measures to protect Indigenous Peoples in voluntary isolation. ESS7 prohibits forced evictions of Indigenous Peoples. Borrowers are required to conduct meaningful consultation with Indigenous Peoples. In three specific circumstances (impacts on lands and natural resources under traditional ownership, use or occupation; relocation from the same; and significant impacts on cultural heritage) Borrowers are also required to obtain FPIC of affected Indigenous Peoples, as set out in ESS7.

53. Consultation feedback: Stakeholder consultations on the World Bank's safeguard policies have identified implementation challenges related to the current OP/BP4.10 (Indigenous Peoples). Stakeholders had divergent opinions on the continuing need for a separate policy, the scope of application of any World Bank requirements related to Indigenous Peoples and whether project

development should be conditional upon the Free, Prior and Informed Consultation with or Consent by Indigenous Peoples.

The introduction of FPIC was welcomed by many consultation participants. Some groups, however, expressed concern about potential discrepancies between FPIC and national law.

The proposed alternative approach for exceptional circumstances in which the identification of Indigenous Peoples could exacerbate civil strife or would be inconsistent with the national constitution was rejected by a large majority of the stakeholders. It was argued that this approach would not maintain the requirements of the current Indigenous Peoples policy (OP4.10). Consultations included discussions about the most appropriate definition and description of the target group for this standard: It was suggested that it could be extended to vulnerable or historically disadvantaged groups in general.

54. *Discussion:* Indigenous Peoples are often amongst the most marginalized and vulnerable communities. The existing World Bank policy on Indigenous Peoples has been internationally recognized as one of the most effective instruments to protect Indigenous Peoples. Building upon this policy, ESS7 allows for greater recognition of and protection for Indigenous Peoples.

The World Bank notes that significant progress has been made in recent years in advancing the interests and protections afforded to Indigenous Peoples at the international level (such as the UNDRIP and ILO Convention 169) and through the initiatives of national governments and the advocacy work of civil society and Indigenous Peoples groups. From a social inclusion perspective, the ESF notes that special considerations need to be taken into account in engaging meaningfully with Indigenous Peoples and that in defined circumstances their Free Prior Informed Consent needs to be obtained. This is a major advancement over the existing OP4.10. ESS7 also includes provisions that (i) recognize that pastoralism can be a basis for being considered indigenous; and (ii) recognize and allow for some Indigenous Peoples groups to remain in voluntary isolation.

The World Bank has held extensive discussions with governments, civil society and with Indigenous Peoples leaders. The prevailing view from most stakeholders is that the World Bank should continue to have an Indigenous Peoples standard that affirms the World Bank's leadership role in inclusive development. In addition, the World Bank should not go against the progressive realization of Indigenous Peoples rights in recent years.

The first draft of the standard included an alternative approach for circumstances in which the identification of Indigenous Peoples could exacerbate civil strife or would be inconsistent with national law. For those cases, the first draft ESF provided protections for Indigenous Peoples through all other ESS rather than ESS7. This alternative approach was rejected widely during consultations because it was perceived to lack adequate protections for affected indigenous populations. Therefore, the alternative approach has been removed from the proposed standard.

However, Management continues to recognize that there may be rare instances when the formal comprehensive application of ESS7 may be inadvisable and could interfere with project-related benefits. In those instances, Management would follow the waiver process set out in the World Bank's Policy on Operational Policy Waivers. The World Bank historically grants only very few

waivers of operational policies and is particularly careful about waiving requirements, especially those as sensitive as set forth in ESS7. Waivers could only be applied for the project at issue and in clearly delineated individual circumstances. Waiver requests would require the approval of the Board of Executive Directors. Given the high significance of such a proposition, the potential for a waiver request would need to be signaled by the Borrower as early as possible in the project life cycle. Management would make a detailed recommendation to the Board of Executive Directors, who would make the final decision on granting a waiver. Management would ensure that all documentation presented as part of the waiver process would include a complete coverage of the relevant issues.

- 55. Changes in the second draft of ESS7 as compared to the first draft
 - The **alternative approach** clause for the applicability of the draft Indigenous Peoples standard has been deleted.
 - The text related to impacts on land and natural resources subject to **traditional or customary ownership** and the legal recognition of Indigenous Peoples land rights has been clarified and strengthened.
 - The text that limits further processing of project components for which FPIC cannot be ascertained has been modified to make it clear that **no adverse impacts** on the Indigenous Peoples concerned should result during the implementation of the project.
 - When the **FPIC** of the affected Indigenous Peoples cannot be ascertained by the World Bank, the project will not be processed further.
 - The text related to relocation of Indigenous Peoples has been revised to clarify that the Borrower is required to obtain FPIC regardless of whether the **legal title** is held by Indigenous Peoples individually or collectively.

56. ESS8: Cultural Heritage – Recognition of cultural heritage, enhancing consultations

ESS8 applies to all projects that are likely to have adverse impact on cultural heritage. It requires projects to adopt a chance finds procedure, together with other approaches for the protection of tangible and intangible cultural heritage. ESS8 requires that relevant stakeholders are consulted about cultural heritage. ESS8 identifies different types of cultural heritage, and sets out specific requirements where cultural heritage is to be used by the project for commercial purposes.

- 57. *Consultation feedback:* Feedback on ESS8 was mostly supportive. Issue experts argued for the inclusion of intangible cultural heritage.
- 58. *Discussion:* For some population groups, cultural heritage does not only encompass physical aspects of a project site. Practices, representations, knowledge, traditions, beliefs and other non-material aspects can be an important part of cultural and identity and practice and a relevant economic and social asset for development. This role of intangible cultural heritage must be taken into account when World Bank-supported projects affect cultural heritage.

- 59. Changes in the second draft of ESS8 as compared to the first draft
 - The scope of application of the draft standard has been broadened to explicitly include **intangible cultural heritage** insofar as it relates to a physical component of a project.
 - The concept of legally protected cultural heritage areas has been introduced.
 - The text of the standard has been revised to be more **consistent** with other standards in the proposed ESF.

60. ESS9: Financial Intermediaries – Improving FI management capacity and focusing on high risk

Given the widespread interest and concerns among stakeholders over how environmental and social considerations can and should be taken into account in intermediated lending, the World Bank has consolidated existing policy provisions related to FIs into one standard that also addresses the organizational capacity and risk management function within FIs. ESS9 requires an FI to put in place environmental and social procedures commensurate with the nature of the FI and the level of risks and impacts associated with the project and potential subprojects. The FI is required to meet the requirements of ESS2 and ESS9 and to screen, appraise and monitor all subprojects. ESS9 requires that all subprojects meet national environmental and social requirements. In addition, subprojects involving more than minor risks and impacts related to resettlement, adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health, biodiversity or cultural heritage will apply the relevant requirements of the ESSs. FIs are required to submit annual reports to the World Bank on their environmental and social performance.

- 61. Consultation feedback: Stakeholders disagreed about the need for a separate standard regulating requirements for Financial Intermediaries. Some of the consultation participants that did identify a need for a separate standard argued that the ESSs should apply not only to intermediated lending subprojects with High Risk, but also to subprojects with Substantial Risk.
- 62. Discussion: The World Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets. When FIs assume responsibility for environmental and social assessment, management and monitoring, the World Bank must ensure that they adopt and implement effective environmental and social procedures to manage the environmental and social risks and impacts of the projects to which they lend in a responsible manner. Management has taken the view that this is well served by having a separate standard that regulates the format of the risk management according to the nature and the scope of funding provided by the FI.
- 63. Changes in the second draft of ESS9 as compared to the first draft
 - The draft standard has been rephrased to make it a **stand-alone standard** for FI, removing as many references to World Bank actions as possible. These references are now included in the ESP.

- The applicability of the ESSs to subprojects has been changed. In the first draft, the ESSs were applicable only to High Risk FI subprojects. Now, the relevant aspects of the ESSs must be applied to any FI subproject that involves resettlement (unless the associated impacts are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health, biodiversity or cultural heritage.
- The FI is required to monitor the **risk profile** of FI subprojects and notify the World Bank of significant changes to the risk profile.
- The reference to the FI Environmental and Social Exclusion list was replaced by a requirement to screen all FI subprojects against any **exclusions** listed in the legal agreement.

64. ESS10: Information Disclosure and Stakeholder Engagement – Enhancing stakeholder engagement and meaningful consultation

ESS10 recognizes that engagement with stakeholders, including affected communities and workers, is essential to achieving sustainable development outcomes in projects. ESS10 requires Borrowers to conduct stakeholder engagement proportionate to the nature and scale of the project throughout the life of the project. Borrowers are required to identify stakeholders and develop and disclose an appropriate stakeholder engagement plan. ESS10 sets out requirements on how engagement should take place, including meaningful consultation with all stakeholders; requires Borrowers to inform project-affected parties of changes in the project that will impact them; and requires a grievance mechanism to be established for addressing stakeholder concerns.

- 65. Consultation feedback: The draft ESS10 was recognized as a central building block for the World Bank's approach to risk management. Stakeholders suggested to strengthen the proposed engagement process to ensure meaningful participation of stakeholders throughout the project cycle. They also proposed to strengthen grievance mechanisms available for project-affected individuals and communities.
- 66. Discussion: Management agrees that a rigorous process of stakeholder participation helps to improve the environmental and social sustainability of project outcomes, especially when a project is highly relevant for stakeholders or when they have significant concerns about the design and objectives of a project. Meaningful consultations should be held with all stakeholders in a manner appropriate to the nature of their interest and the potential environmental and social risks and impacts of the project.
- 67. Changes in the second draft of ESS10 as compared to the first draft
 - The second draft standard adds the **assessment of stakeholder interest** in and support for a World Bank-supported project as a new objective of stakeholder engagement. Promoting and providing means for effective and inclusive engagement is also highlighted in the objectives.

- **Meaningful consultations** will be held with all stakeholders in a manner appropriate to the nature of their interest and the potential environmental and social risks and impacts of the project.
- Borrowers are required to maintain **records of engagement** with stakeholders throughout the life of a project.
- A requirement to retain **independent third party specialist** for stakeholder identification and analysis for significant risk projects has been introduced.

E. Guidance for World Bank and Borrowers

68. The new proposed ESF is broader and, at the same time, clearer than the World Bank's existing safeguard policies. The package presented to CODE includes all mandatory materials for World Bank and Borrowers. As the World Bank and Borrowers gain further experience with the implementation of the new framework, mandatory rules will be supplemented by additional non-mandatory Guidance developed to support World Bank staff and Borrowers. This Guidance may include, for example, templates or good practice case studies. Guidance will be designed to explain the application of the ESF in specific circumstances (e.g., in specific sectors) and with regard to specific issues (e.g., gender, disability, SOGIE, climate change).

F. Other Related Policies

69. The adoption of the proposed ESF may require appropriate adjustments to OP10.00 (Investment Project Financing) and to the World Bank's Access to Information policy to reflect terminology and timelines introduced in the ESF.

IV. CROSS-CUTTING DEVELOPMENT ISSUES

- 70. As anticipated in the 2012 Approach Paper, the safeguard review addresses a number of complex and evolving development issues that reach across the proposed Framework. The following have been of particular concern to shareholders.
- 71. **Human rights**. Many of the investment projects the World Bank supports directly advance the attainment of human rights aspirations, including projects to promote better healthcare, education, social protection, and better access to such services. Key values underlying human rights, including respect for individual dignity, transparency, accountability, consultation, participation, non-discrimination, also underlie the World Bank's operational policies and practices. The World Bank intends to maintain the promotion of such values in its development initiatives and its interactions with Borrowers.
- 72. Consultation feedback: Human rights have been among the most frequently discussed and contested topics during both consultations phases. Stakeholder views ranged from arguments for

direct human rights references and a commitment to not fund human rights violations to agreement with the proposed wording in the first draft vision statement, which clarifies that the World Bank supports human rights and respects Borrowers' human rights obligations. Some stakeholders argued that the World Bank should expressly recognize and enforce the Universal Declaration of Human Rights and international human rights covenants.

73. Discussion: Management has considered exhaustively the many views expressed on this issue, as well as the legal and practical opportunities and constraints for the proposed ESF to support human rights outcomes at a project level, over and above the considerable impact that World Bank activities have as a whole. Management has also considered this issue in light of the World Bank's mandate, and that of other UN, international and regional agencies and tribunals, as well as the nature of the accountability system within the World Bank. All of this information has led Management to the firm view that it should refrain from proposing that Borrower human rights compliance be a standard requirement within the ESF. Management shares the aspirations that underlie the Universal Declaration of Human Rights, but cannot enforce Borrowers' fulfillment under this and other international instruments. However, Management is also committed to the view that the World Bank has and should continue to have a strong record of achievement concerning human rights and, through its projects and many other engagements, it will continue to help countries meet the obligations they have made through international human rights instruments.

Within the proposed ESF, the intersection of human rights and the World Bank's contribution to their realization is addressed in the Framework Vision and through several key provisions in the standards. Specific human rights principles (e.g., non-discrimination, transparency, accountability) are incorporated throughout the entire framework. Within the proposed ESSs, the commitment to these principles starts with the Environmental and Social Assessment under ESS1. This obliges the Borrower to consider a range of social risks and impacts, starting with the overarching principle of non-discrimination. Identifiable risks with potential adverse impact must be addressed with a mitigation strategy. Such assessment and mitigation is subject to the Bank's review as part of its due diligence responsibilities under the proposed ESP.

- 74. **Climate change.** Climate change is among the most pressing development issues of this decade. The World Bank recognizes the fundamental importance of this issue and is developing an institution-wide strategy to address it. The effects of project-level safeguards in climate change are likely to be limited, but the proposed ESF includes a range of climate change considerations, including GHG emission estimation.
- 75. Consultation feedback: Throughout the consultations, some stakeholders argued that the proposed ESF should have explicit references to and provisions for climate change, climate adaptation, and climate resilience. While some suggested to integrate climate change considerations throughout the entire framework, others did not see the proposed Framework as the appropriate platform for climate change issues given ongoing climate treaty negotiations.
- 76. *Discussion:* A meeting of external climate experts held in the first phase of global consultations concluded that the World Bank could only have modest outcomes on addressing

climate change at a project-level, where the proposed ESF is applicable.¹⁴ Management agrees with the assessment of those experts that the World Bank's major contribution would be at a policy and dialogue level above that of project-level safeguards. Nevertheless, climate change is addressed in several of the new standards: in ESS1 covering environmental assessment, in ESS3 through resource efficiency and GHG estimation measures, in ESS4 through adaptation, and in ESS6.

- 77. **Use of Borrower frameworks**. Many Borrower countries, especially middle-income countries, have requested that the World Bank consider using national frameworks in order to meet the objectives and requirements of the ESSs. National environmental and social frameworks are comprised of domestic legislation, commitments under international agreements and the competent authorities, processes and practices which operationalize them. The use of national frameworks has the advantage of (i) creating a greater sense of ownership of the appraisal and management of environmental and social risks and impacts on the part of the Borrower; (ii) reducing duplication of effort in carrying out both national processes to appraise and permit projects as well as World Bank processes; and (iii) allowing for the identification of developmental opportunities vis-à-vis Borrower frameworks.
- 78. Consultation feedback: There is broad consensus among World Bank member countries as well as civil society that a trend towards the increasing use of Borrower frameworks is, overall, welcome as it contributes to strengthening national institutions. Borrowers with high environmental and social risk management capacity expressed a strong preference for using their own environmental and social frameworks in World Bank-financed projects. On the other hand, concerns have been raised that the use of Borrower frameworks requires adequate capacity and may result in lower standards of environmental and social performance on projects where capacity is low or regulatory frameworks and their implementation are weak. It was emphasized that any methodology to determine whether Borrower frameworks are fit for the purpose of appraising and managing project environmental and social risks and impacts must be materially consistent with the objectives of the ESF. Some shareholders expressed concerns that the consideration or benchmarking of Borrower frameworks may be burdensome on the part of the Borrower and the World Bank.
- 79. *Discussion:* The World Bank has engaged in a lively debate on increasing the use of Borrower frameworks for many years. In 2005, the Board of Executive Directors approved an Operational Policy on Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP4.00). The lack of success of this policy is often attributed to the notion that a Borrower system could be approved in its entirety for use for World Bank-financed projects if the framework was deemed to be equivalent to the World Bank's framework.

However, the World Bank recognizes the tremendous potential to identify opportunities to strengthen national frameworks on an incremental basis, project by project, through the evaluation of Borrower frameworks. While the World Bank remains committed to promoting and

¹⁴ A summary of this expert focus group on climate change is available online at http://consultations.worldbank.org/Data/hub/files/meetings/Safeguards_Focus_Group_ClimateChange_MexicoCity_Summary_Final.pdf.

strengthening the use of Borrower frameworks, concerns about capacity gaps and the strength of environmental and social requirements must also be addressed. Management proposes to give clear directions in the ESF that the standards set by the World Bank must always be met. During project appraisal, the specific time-bound actions and requirements that Borrowers must meet are included in the ESCP, which is attached to the project legal agreement.

Capacity building will be a particular focus in fragile and conflict-affected situations (FCS) and in countries with low capacity to assess and manage environmental and social risk. In these situations, the World Bank will work with the Borrower to identify priority areas for capacity building based on the track record of existing programs, evident capacity gaps and need for additional resources. This work will be funded from a variety of sources, including from the country's own resources, borrowing, reimbursable advisory services, donor funding and the World Bank's budget. In addition, Management will seek to establish a multidonor trust fund (MDTF).

The decision on whether aspects of a Borrower's framework can be used for assessing and managing environmental and social risks and impacts will be made by the World Bank. The specific approach to using Borrower frameworks for managing environmental and social risk will be defined in more detail throughout the next consultation phase.

V. IMPLEMENTATION ARRANGEMENTS

- 80. The proposed Framework will be underpinned by strengthened implementation arrangements. Addressing a broader set of issues at the project level in a more systematic way requires strengthened capacity on the part of the World Bank and the Borrower. The introduction of the Framework will therefore be supported by a range of internal initiatives to strengthen project-level oversight and guidance, enhance staff skills, and improve operational support to borrowers during implementation. Lessons learned, including from IEG and in other MDBs, show clearly that these aspects are critical for the World Bank to deliver effectively on environmental and social sustainability in the investment projects it finances. Management commits to adequate resourcing to establish and maintain the new ESF and to ensure a high standard of implementation.
- 81. The ESF will become effective after approval from the Board of Executive Directors. Management anticipates to present the ESF to Executive Directors for final approval by the end of 2015. It is envisaged that the ESF will apply to all newly approved IPF starting July 1, 2016. Projects receiving initial approval by Management prior to July 1, 2016, will be subject to the World Bank's existing safeguard policies.
- 82. Environmental and Social Frameworks similar to this proposal have been tested and implemented successfully by other MDBs. Nevertheless, the World Bank will test the applicability of the provisions of the proposed ESF through implementation trials. Technical experts and task team leads throughout the World Bank (and in particular those working on energy, transport and infrastructure projects) will analyze the appropriateness of the proposed ESF (policy, standards and procedure) on the basis of existing project experience. This test phase commenced in May 2015 and will continue until final approval by the Board of Executive Directors. Management will address any need for revising provisions in the final draft ESF.

- 83. The World Bank does not expect a significant increase in the burden of implementation resting with the Borrower. Experience of other MDBs implementing frameworks similar to this one shows that a risk-based, outcome-focused approach offsets additional efforts required through an expanded coverage of environmental and social risk. Efficiency gains are achieved through using elements of Borrower frameworks where agreed between World Bank and Borrower. This opportunity to avoid redundancies will be beneficiary to the Borrowers as well as the World Bank. Efficiency will also be increased through clear assignment of roles and responsibilities, and adaptive risk management that allows a focused implementation of only the applicable elements of the ESSs. The proposed adaptive risk management approach allows Borrowers to scope projects and determine which risks and impacts need to be addressed and which are not applicable. This will allow Borrowers to focus resources on key issues rather than having to invest in analyzing and addressing issues that may not be relevant to the project.
- 84. **Accountability:** Clear accountability and decision making structures are critical for effective risk assessment and implementation with adequate checks and balances. Implementation will be managed within the following structure, core elements of which have already been set in place:
 - *Environmental and social risk-related functions* within the Bank are carried out primarily by OPCS, GPGs (ENR: Environment and Natural Resources; SURR: Urban, Rural and Social Development), LEG (LEGEN), and members of the task teams;
 - *The Chief Officer, Environmental and Social Standards* is responsible for formulating, updating and interpreting the ESF; ensuring the integrity of the ESF and the World Bank's due diligence process; and monitoring and reporting on the implementation of the ESF;
 - *OPCS* is responsible and accountable for the general oversight of the Environmental and Social Framework;
 - Two *Global Practices* (ENR; SURR) are responsible and accountable for the implementation of the Environmental and Social Framework;
 - The *task teams* (including the ESF Accredited staff) are responsible and accountable for project level implementation support and monitoring activities;
 - An *Operations Environmental and Social Review Committee* (OESRC), chaired by the Chief Officer, Environmental and Social Standards, will be established to provide advice and guidance on high or substantial risk, sensitive or complex projects and for challenging issues that arise during project implementation;
 - The policy and project oversight and guidance function has been strengthened through an *Environmental and Social Standards Advisory Team* within OPCS, which includes the regional safeguards advisor teams, allowing for a more consistent approach to project oversight and quality assurance across the regions;
 - A *coordination function* for the management of environmental and social issues will be established involving OPCS (Chair), LEG, ECR, Global Practices, and cross-cutting solutions areas.

- 85. Monitoring and implementation support: Strengthened implementation arrangements will include clear measures to ensure effective monitoring on the side of the World Bank. World Bank task teams will require the Borrower to provide a monitoring report, and will discuss and agree with the Borrower the content of the report. The report will be an accurate and up to date summary of the environmental and social performance of the project, focusing on the status of the environmental and social requirements, including the measures and actions set out in the ESCP. The World Bank will review the Borrower's monitoring report against the environmental and social requirements set out in the legal agreement, including the measures and actions set out in the ESCP. The review will consider the extent to which the Borrower is meeting the requirements of the legal agreement. In reviewing the monitoring reports, the Bank will pay particular attention to the effectiveness of the project's grievance mechanism and the extent of stakeholder engagement.
- 86. If the World Bank concludes that the Borrower is not meeting the environmental and social requirements adequately, the World Bank will identify the areas of concern and discuss and agree with the Borrower remedial measures and actions, and a timeframe and cost for delivery of such measures and actions. If necessary, the Bank will conduct site visits. Taking into account the extent to which the Borrower is not meeting the environmental and social requirements, the significance of the issues and the result of discussions and agreement with the Borrower, the TT will consider whether the risk classification of the project should be changed.
- 87. **Knowledge Sharing**: Thematic practice groups will be established to ensure consistent approach across the World Bank Group through development of guidance materials and tools.
- 88. **Environmental and Social Risk Management**: With the introduction of the Systematic Risk Assessment Tool (SORT) in October 2013, the Bank is systematically rating environmental and social risks as part of its overall risk assessment not only during project preparation, but also during implementation.
 - Assignment of technical expertise: Management will assign properly accredited social and environmental specialists or consultants to all projects. Higher-risk operations will be supported by the most experienced environmental and social specialists.
 - **Risk classification**: Under the ESF, the one-off rating of safeguards-related risks during project preparation according to an A, B, C classification will be upgraded to a regular, continuous assessment of environmental and social risks of all projects in four risk categories during preparation and implementation.
 - Portfolio risk scan: The World Bank portfolio will be periodically scanned at various management levels to identify projects where additional attention and resources may be needed.
- 89. **Accreditation and Professional Standards:** An ESF Accreditation and Standards Panel (ESFASP), chaired by the Chief Officer, Environmental and Social Standards, has been established to develop core competency requirements and set professional standards for World Bank staff to be accredited as ESF Accredited staff; operate the ESF Accreditation Process; and monitor the adequacy of resources and competencies to effectively implement the ESF.

- 90. **Skills Development**: All relevant World Bank staff will follow mandatory training on policies in the new Environmental and Social Framework. A comprehensive training program is being prepared for roll out in CY16.
- 91. **Capacity Building**: Country capacity building will need to be appropriately funded, including from a country's own resources, borrowing, reimbursable advisory services, and the World Bank's budget. Management does not propose to increase baseline funding to support capacity-building work; rather, it will seek to establish an MDTF to which shareholders will be asked to contribute; several shareholders have already expressed an interest. The program of systemic capacity building at the country level will be commensurate with the funding available. Management will have continued dialogue on a program of strategic capacity building with CODE, discussing progress to ensure that Executive Directors are satisfied with the depth and reach of activities. Management will report to CODE on the program of strategic capacity building annually upon approval of the new ESF.
- 92. **Staffing:** All Word Bank social development specialists are now part of a single group (the Urban, Rural and Social Development Global Practice), and all its environmental staff also located in one practice (the Environment and Natural Resources Global Practice). This organizational structure helps to pool resources, harmonize practices, share experience across regions, disseminate faster best practices and innovations, and assign more experienced staff to risky projects. Environmental and social specialists engaged in compliance and oversight functions are located in OPCS.
- 93. **Resourcing:** World Bank Management commits to adequately finance due diligence and the implementation of the new ESF. Management is significantly increasing the available budget for safeguards management, a considerable effort in times of expenditure review and budget restrictions for the institution. Starting from CY16, safeguards funding will be protected and allocated based on coefficients, taking into account efficiency gains and quality improvements. This ensures adequate funding for i) carrying out current safeguard obligations in the pipeline and portfolio; ii) establishing the proposed ESF; and iii) implementing the proposed ESF.
- 94. Management will pay close attention during the early days of implementation to making sure that implementing the new Framework sets precedents that capture operational efficiencies. The new Framework should enhance efficiency, provide greater clarity, and reduce processing times. Management anticipates that the proposed adaptive risk management approach will support resource allocation to those projects and activities that require focused resources, while freeing up resources in other places. New requirements include broader responsibilities of World Bank environmental and social due diligence and expertise in areas previously not covered by the World Bank's safeguard policies, such as labor. Management will respond to this partially through additional resourcing, but in large part through staff training that will shift capacities toward more and more specialized experience. Strengthened risk management and accountability mechanisms, professional accreditation and a stronger focus on implementation support will have additional resource implications. The requirement to assess Borrower capacity will represent additional one-time costs. Additionally, Management anticipates the need for greater emphasis on supervising project implementation. Greater reliance on country frameworks once they are in place would require a deeper engagement throughout the project cycle beyond project

preparation, but would also produce efficiency gains as World Bank and Borrowers and can work together based on existing structures.

- 95. **Cost categories** factored in the cost estimations of the proposed E&S Framework include:
 - Establishing the new ESF: Resources will be needed to design and delivery of training; for capacity development activities in key Borrower countries; for development and implementation of a staff skill survey and professional accreditation system.
 - Implementing the new ESF: In addition to efficiencies and cost savings, additional staff and resources will be needed mainly due to i) broader scope of work (e.g. social assessment of vulnerable groups, labor and working conditions, community health and safety, stakeholder engagement, grievance redress); ii) assessment of borrower frameworks; and iii) emphasis on risk-based approach and informed decision making.

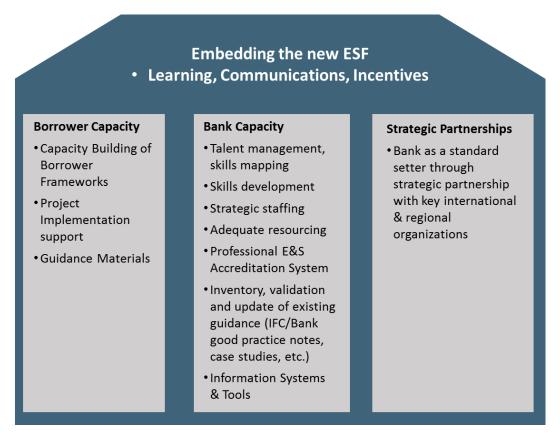
VI. NEXT STEPS

- 96. Following discussion and endorsement by CODE of the proposed Framework, Management will launch Phase 3 of the review and update process. Attachment 4 (will be provided for CODE) highlights key activities and an indicative timeline. Following CODE endorsement of the ESF and the consultation plan, this paper and the second draft ESF will be translated and publicly disclosed for Phase 3 consultations. The paper will be accessible online on a dedicated consultation website.¹⁵
- 97. **Feedback on the proposed Framework from stakeholders will be sought through several different channels.** Management will utilize online participation methods such as Live Chats and virtual expert meetings. Stakeholders will be invited to submit comments through the consultation website. In addition, Management will seek face-to-face dialogue with experts and development practitioners from governments, civil society, international organizations, and the private sector around the issues addressed in the proposed Framework. While Management does not plan to repeat the country consultations that were the focus of the two previous consultation phases, the World Bank will ensure that locations and participation in expert and practitioner focus groups is representative across regions and stakeholder groups.
- 98. Management envisages the next consultation phase to be conducted according to the World Bank's Consultation Guidelines and good practice for international consultation and to span approximately 3 to 4 months. After conclusion of the third consultation phase, Management will analyze and consider stakeholder feedback for a third and final draft ESF.
- 99. The final draft will be presented to Executive Directors at the end of 2015. Implementation is expected to start in mid-2016. Roll-out and implementation of the proposed ESF will be prepared immediately after approval of the final framework. In the first half of 2016,

¹⁵ www.worldbank.org/safeguardsconsultations

Management will mobilize staff and resources prepare for the launch of the ESF. This phase will include awareness raising and outreach among staff, learning programs about the new ESF and the development of an incentive program for staff. From July to December 2016, Management will focus efforts on embedding the ESF in the World Bank's approach to protecting people and the environment in IPF through enhancing information systems and tools, providing project implementation support and building strategic partnerships with international organizations and other development partners. A schematic of the overall implementation approach is illustrated in Figure 2.

Figure 2. Overall approach to implement the proposed ESF



100. Management will establish three groups across the relevant World Bank departments that will plan, lead, and monitor the roll-out and implementation of the ESF. A Steering Committee will oversee implementation consist of the Vice President in charge of ENR and SURR, the Vice President, OPCS, the Senior Directors of ENR and SURR, and the Director of Operations Risk Management. An Implementation Team will lead the roll-out and operationalization of the ESF with the goal of mainstreaming the approach throughout World Bank IPF. The Implementation Team will include the relevant Directors as well as Lead Environmental and Social Standards Specialists of ENR and SURR, the Chief Environmental and Social Standards Officer, the Chief Counsel, Environmental and International Law, and the Lead Environmental and Social Standards Specialists in OPCS. A Supporting Team with communications and knowledge management specialists, practice managers, task team leaders, Environmental and Social Specialists, and consultants will provide implementation support.

101. **Reporting to the Board**: A comprehensive implementation plan will be presented to Executive Directors together with the third and final ESF. Following adoption of the Framework by the Board, a review of its implementation will be presented to the Executive Directors six months after approval and annually after that. Management also proposes to undertake a comprehensive review of the ESF after five years of implementation.

VII. CONCLUDING REMARKS AND ISSUES FOR DISCUSSION

- 102. Modernizing and updating the World Bank's system of managing environmental and social risk is imperative. The proposed ESF will be fit for purpose and will enhance protections for the poor and the environment in World Bank Investment Project Financing. It includes new requirements to improve inclusive access to development benefits and to reduce adverse impacts of discrimination. The World Bank will strengthen its partnership with Borrowers through increased use of Borrower frameworks and close cooperation with Borrowers to build and strengthen their environmental and social risk management capacity. This ESF establishes the World Bank as a leader in financing sustainable development.
- 103. The proposed ESF is the outcome \of an extensive engagement effort, which is the largest undertaken by the World Bank or any other development partner to date. The World Bank is a community of 188 countries that are committed to bringing about better lives for the world's population and protecting the planet and its biodiversity. Management recognizes that the review and update of the World Bank's safeguard policies generates strong views among shareholders and stakeholders on a wide array of issues. While Management recognizes, respects, and appreciates all viewpoints expressed during consultations, it is Management's responsibility to present a proposal that balances differing views and interests, as well as aspirations and development practice.
- 104. **Management welcomes views and guidance of CODE Members** on (a) the proposed Framework as a basis for consultation in Phase 3 of the review and update process; and (b) the clarity and feasibility of the proposed consultation plan.

ANNEX 1: THE CURRENT SAFEGUARD POLICIES

- 1. The World Bank's safeguard policies embody core values of the institution. The policies form the cornerstone of the World Bank's efforts to protect people and the environment and to ensure sustainable development. They have served the World Bank, its Borrowers and the development community well over the past two decades and have provided an international standard for managing environmental and social project risks. In order to meet new and varied needs of Borrowers in a world with new social and environmental challenges, the World Bank launched an extensive review and update of these policies in 2012.
- 2. Assessing and managing environmental and social impacts of World Bank-financed projects has been a core concern of the institution for more than 40 years. Beginning in the 1970s, the World Bank steadily increased its attention on the environmental and social risks and opportunities associated with the development process. In 1984, the World Bank issued an Operational Manual Statement on Environmental Aspects of World Bank Work, outlining the World Bank's policies and procedures relating to projects, technical assistance and other aspects of its work that could have environmental implications. The term "environmental" was interpreted widely to include both natural and social conditions and the well-being of current and future generations.
- 3. **The World Bank has developed an extensive body of provisions to assess and mitigate environmental and social risks in its operations**. Following the World Bank's reorganization in 1987, Operational Directives (ODs) gradually replaced the Operational Manual Statements (OMS), frequently incorporating policy previously contained in the OMS, ¹⁶ and in other circumstances setting out new policy. Environmental Assessment was initially addressed in OD 4.00, Annex A¹⁷ and was later replaced by Operational Directive 4.01 on Environmental Assessment. Issues related to the comprehensiveness of the ODs and a desire on the part of World Bank Management to streamline and clarify practices and accountabilities led to a decision in 1992 to gradually replace ODs by Operational Policies and Bank Procedures, the content of which would be binding on World Bank staff. Additional environmental and social policies were added subsequently to address specific environmental and social issues arising in Bank operations.
- 4. The current suite of safeguard policies was designed to help the World Bank address environmental and social issues arising from projects that finance goods, works and services in a broad range of sectors, which constituted the World Bank's main line of business at that time. They also apply to technical assistance activities supported by the World Bank and to the recipient-executed activities supported by Trust Funds it administers. In 1997, the World Bank grouped ten Operational Policies as specific safeguard policies six environmental, two social, and two legal policies to support compliance during project preparation and implementation.

¹⁶ Prior to the World Bank's reorganization in 1987, the operational policies were contained mainly in Operational Manual Statements (OMSs) and Operational Policy Notes (OPNs) which were both issued by the Office of the Senior Vice President, Operations, under the authority of the President.

¹⁷ Operational Directive 4.00, Annex A: Environmental Assessment (1989).

¹⁸ OP 4.01 Environmental Assessment; OP 4.04 Natural Habitats; OP 4.09 Pest Management; OP 4.10 Indigenous Peoples; OP 4.11 Physical Cultural Resources; OP 4.12 Involuntary Resettlement; OP 4.36 Forests; OP 4.37 Safety of Dams; OP 7.50 Projects on International Waterways; OP 7.60 Projects in Disputed Territories. (The latter two

The proposed Framework provides a more coherent and consistent set of requirements that clearly distinguishes World Bank and Borrower obligations, addresses gaps and inconsistencies and clearly delineates values, policy statements, Borrower requirements and detailed procedural aspects.

- 5. **Environmental and social requirements need to be tailored to the nature of specific financial instruments.** Therefore approaches to addressing environmental and social considerations related to Development Policy Financing (DPF) and Program for Results (PforR) are embedded in the respective operational policies (OP/BP8.60 and OP/BP9.00). As endorsed by Executive Directors in the Approach Paper (2012), DPF and PforR are not covered by the proposed Framework. Policy-level instruments require a different approach to managing environmental and social risk. The World Bank is currently conducting retrospectives of both PforR and DPF, including of their environmental and social aspects.
- 6. A 2010 IEG evaluation conducted more than 20 years after the requirement for environmental assessment was first introduced showed that safeguard policies have been effective in avoiding or mitigating negative impacts. The World Bank's Independent Evaluation Group (IEG) also identified a need to adapt the safeguard policies to reflect the changing context in which the World Bank operates, including a rapidly changing business environment and new lending modalities, as well as evolving best practices and Borrower needs. In IEG recommended a stronger focus on using the safeguard policies to support environmentally and socially sustainable development; to assess a wider range of potential social risks and impacts; improvements in supervision; and more efficient and effective approaches to monitoring, evaluation, and completion reporting. Following the IEG report, Management committed that same year that it would undertake a comprehensive update and consolidation of the World Bank's safeguard policies.

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policies, OP 7.50 and 7.60, are not part of the safeguard update. The review also does not include OP4.03 World Bank Performance Standards for Private Sector Activities.)

¹⁹ "Safeguards and Sustainability in a Changing World: An Independent Evaluation of World Bank Group Experience," http://go.worldbank.org/ZA4YFV9OL0

This internal deliberative working draft, dated June 9, 2015, contains various proposals as to how to address environmental and social issues in the Proposed Environmental and Social Framework. It is subject to ongoing review and deliberation, and does not represent any firm position by the World Bank on any of the issues addressed herein.

WORLD BANK

Environmental and Social Framework

Setting Environmental and Social Standards for Investment Project Financing

PROPOSED SECOND DRAFT

June 9, 2015

This internal deliberative working draft, dated June 9, 2015, contains various proposals as to how to address environmental and social issues in the Proposed Environmental and Social Framework. It is subject to ongoing review and deliberation, and does not represent any firm position by the World Bank on any of the issues addressed herein.

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Abbreviations and Acronyms

BP	Bank Procedures
CDD	Community-Driven Development
CO_2	Carbon Dioxide
DUC	Dam Under Construction
EHSGs	World Bank Group Environmental, Health and Safety Guidelines
EIA	Environmental Impact Assessment
ERP	Emergency Response Plan
ES	Environmental and Social
ESA	Environmental and Social Assessment
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standard
FI	Financial Intermediary
FPIC	Free, Prior and Informed Consent
GHG	Greenhouse Gas
GIIP	Good International Industry Practice
GRS	Grievance Redress Service
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IPM	Integrated Pest Management
IVM	Integrated Vector Management
NGO	Nongovernmental Organization
0&M	Operation and Maintenance
OHS	Occupational Health and Safety
OP	Operational Policy
PMP	Pest Management Plan
RHA	Risk Hazard Assessment
SEP	Stakeholder Engagement Plan

SESA Strategic Environmental and Social Assessment



Overview of the World Bank Environmental and Social Framework

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



Overview of the World Bank Environmental and Social Framework

- 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: Stakeholder Engagement and Information Disclosure.
- 6. Environmental and Social Standard (ESS) 1 applies to all projects for which Bank Investment Project Financing is sought. ESS1 establishes the importance of: (a) the Borrower's existing environmental and social framework in addressing the risks and impacts of the project; (b) an integrated environmental and social assessment to identify the risks and impacts of a project; (c) effective community engagement through disclosure of project-related information, consultation and effective feedback; and (d) management of environmental and social risks and impacts by the Borrower throughout the project life-cycle. The Bank requires that all environmental and social risks and impacts of the project be addressed as part of the environmental and social assessment conducted in accordance with ESS1. ESS2–10 set out the obligations of the Borrower in identifying and addressing environmental and social risks and impacts that may require particular attention. These Standards establish objectives and requirements to avoid, minimize, reduce, and, where residual risks and impacts remain, to compensate for or offset such risks and impacts.
- 7. The Bank will also develop the *Environmental and Social Procedure*, ¹ which set out Management-approved mandatory environmental and social procedures which apply to projects supported by Investment Project Financing. The Environmental and Social Procedure will describe how the Bank conducts its due diligence of a project being proposed for Bank support.
- 8. The Framework will also be accompanied by non-mandatory *guidance and information tools* to assist Borrowers in implementing the Standards, Bank staff in conducting due diligence and implementation support, and stakeholders in enhancing transparency and sharing good practice.

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¹ In preparation.



Overview of the World Bank Environmental and Social Framework

- 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.
- 10. Borrowers and projects are also required to apply the relevant requirements of the World Bank Group Environmental, Health and Safety Guidelines (EHSGs).² These are technical reference documents, with general and industry specific examples of Good International Industry Practice (GIIP).
- 11. The Framework includes provisions on grievance redress and accountability. A Bank-supported project will include a number of mechanisms for addressing concerns and grievances arising in connection with a project. Project-affected parties will have access, as appropriate, to project grievance mechanisms, local grievance mechanisms, the Bank's corporate Grievance Redress Service (http://www.worldbank.org/GRS; email: grievances@worldbank.org) and the World Bank Inspection Panel. After bringing their concerns directly to the World Bank's attention and giving Bank Management a reasonable opportunity to respond, project-affected parties may submit their complaint to the World Bank's independent Inspection Panel to request an 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 or via its website at http://www.inspectionpanel.org/.
- 12. This Framework replaces the following Operational Policy (OP) and Bank Procedures (BP): OP/BP4.00, Piloting the Use of Borrower Systems to Address Environmental and Social safeguard Issues in Bank-Supported Projects, OP/BP4.01, Environmental Assessment, OP/BP4.04, Natural Habitats, OP4.09, Pest Management, OP/BP4.10, Indigenous Peoples, OP/BP4.11, Physical Cultural Resources, OP/BP4.12, Involuntary Resettlement, OP/BP4.36, Forests, and OP/BP4.37, Safety of Dams. This Framework does not replace OP/BP4.03, Performance Standards for Private Sector Activities, OP/BP7.50, Projects on International Waterways, and OP/BP7.60, Projects in Disputed Territories.

http://www.ifc.org/wps/wcm/connect/Topics Ext Content/IFC External Corporate Site/IFC+Sustainability/Sust ainability+Framework/Environmental,+Health,+and+Safety+Guidelines/

This internal deliberative working draft, dated June 9, 2015, contains various proposals as to how to address environmental and social issues in the Proposed Environmental and Social Framework. It is subject to ongoing review and deliberation, and does not represent any firm position by the World Bank on any of the issues addressed herein.

A Vision for Setting Environmental and Social Standards for Investment Project Financing



A Vision for Setting Environmental and Social Standards for Investment Project Financing

- 1. The World Bank Group Strategy¹ sets out the corporate 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 various Bank Group's thematic strategies² for the coming decade. 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. It recognizes that climate change is affecting the nature and location of projects, and that World Bank-financed projects should reduce their impact on the climate by choosing alternatives with lower carbon emissions. The World Bank works on climate change because it is a fundamental threat to development in our lifetime. The World Bank is committed to supporting its client countries to manage their economies, to decarbonize and invest in resilience, while ending poverty and boosting shared prosperity.
- 3. Equally, social development and inclusion are critical for all of the World Bank's development interventions. 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.
- 4. The World Bank shares the aspirations that underlie the Universal Declaration of Human Rights. Many of the investment projects the World Bank supports directly advance the attainment of such aspirations, including projects to promote better healthcare, education, social protection, and better access to such services. Key values underlying human rights, including respect for individual dignity, transparency, accountability, consultation, participation, non-discrimination, also underlie the World Bank's operational policies and practices. The World Bank intends to maintain the promotion of such

¹ Such as the World Bank Group Environment Strategy 2013 at http://imagebank.worldbank.org/servlet/WDSContentServer/IW3P/IB/2013/10/09/000456286 20131009170003/Rendered/PDF/816970WP0REPLA00Box379842B00PUBLICO.pdf

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



A Vision for Setting Environmental and Social Standards for Investment Project Financing

values in all development projects it supports and in its dialogue with all its borrowers in order to assist its member countries in meeting their human rights obligations.

- 5. The World Bank uses its convening ability, financial instruments, and intellectual resources to embed this commitment to environmental and social sustainability across all its activities, which range from the Bank's global engagement in issues such as climate change, disaster risk management, and gender equality, to ensuring that environmental and social considerations are reflected in all sector strategies, operational policies, and country dialogues.
- 6. At the project level, these global aspirations translate into enhancing development opportunities for all, particularly the poor and vulnerable, and promoting the sustainable management of natural and living resources. Therefore, within the parameters of a project, the Bank seeks to:
 - Avoid or mitigate adverse impacts to people and the environment;
 - Conserve or rehabilitate biodiversity and natural habitats, and the efficient and equitable use of natural resources and ecosystem services;
 - Promote worker and community health and safety;
 - Give particular consideration to Indigenous Peoples, minority groups, and those disadvantaged or vulnerable because of, for example, 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;
 - Address project-level impacts on climate change and consider the impacts of climate change on the selection, siting, planning, design and implementation and decommissioning of projects; and
 - Maximize stakeholder engagement through consultation, participation and accountability.
- 7. The Bank's vision goes beyond 'do no harm' to maximizing development gains. Where the Borrower's environmental and social assessment has identified potential development opportunities associated with the project, the Bank will discuss with the Borrower the feasibility of including these opportunities in the project. Where appropriate, such opportunities may be utilized to promote further development.



A Vision for Setting Environmental and Social Standards for Investment Project Financing

- 8. 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.
- 9. The Bank recognizes that the achievement of sustainable development is dependent on effective collaboration with everyone who has a stake in the development outcome of a project, including public and private sector development partners. The Bank is committed to the use and development of borrower's frameworks to avoid unnecessary duplication, build national capacity and achieve development outcomes that are materially consistent with the objectives of the Environmental and Social Framework. The Bank is committed to open dialogue, public consultation, timely and full access to information, and responsive grievance mechanisms.
- 10. 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.

This internal deliberative working draft, dated June 9, 2015, contains various proposals as to how to address environmental and social issues in the Proposed Environmental and Social Framework. It is subject to ongoing review and deliberation, and does not represent any firm position by the World Bank on any of the issues addressed herein.

World Bank

Environmental and Social Policy for Investment Project Financing

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World Bank Environmental and Social Policy for Investment Project Financing

Purpose

1. This Environmental and Social Policy for Investment Project Financing¹ sets out the mandatory requirements of the Bank² in relation to the projects it supports through Investment Project Financing.³

Objectives and Principles

- 2. The Bank is committed to supporting Borrowers⁴ in the development and implementation of projects that are environmentally and socially sustainable, and to enhancing the capacity of Borrowers' environmental and social frameworks to assess and manage the environmental and social risks⁵ and impacts⁶ of projects. To this end, the Bank has defined specific Environmental and Social Standards (ESSs), which are designed to avoid, minimize, reduce or mitigate the adverse environmental and social risks and impacts of projects. The Bank will assist Borrowers in their application of the ESSs to projects supported through Investment Project Financing in accordance with this Environmental and Social Policy for Investment Project Financing (Policy).
- 3. To carry out this Policy, the Bank will:
 - (a) Undertake its own due diligence of proposed projects, proportionate to the nature and potential significance of the environmental and social risks and impacts related to the project;

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

² 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).

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

⁴ 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.

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

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

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World Bank Environmental and Social Policy for Investment Project Financing

- (b) As and where required, support the Borrower to carry out early and continuing engagement and meaningful consultation with stakeholders, in particular affected communities, and 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 of the project;
- (d) Agree with the Borrower on the conditions under which the Bank is prepared to provide support to a project, as set out in the Environmental and Social Commitment Plan (ESCP);⁸ and
- (e) Monitor the environmental and social performance of a project in accordance with the ESCP and the ESSs.⁹
- 4. The environmental and social risks and impacts which the Bank will take into account in its due diligence are project-related and include the following:
 - (a) Environmental risks and impacts, including: (i) those identified in the World Bank Group Environmental, Health, and Safety Guidelines (EHSGs);¹⁰ (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other transboundary or global risks and impacts; (iv) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services and the use of living natural resources, such as fisheries and forests; and
 - (b) Social risks and impacts, including: (i) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; (ii) risks that project impacts fall disproportionately on individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable; ¹¹ (iii) any prejudice or

⁹ See OP 10.00 for details on monitoring requirements.

⁷ Further requirements on stakeholder engagement are set out in ESS10.

⁸ The ESCP is addressed in Section E.

¹⁰ 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/

¹¹ Disadvantaged or vulnerable refers to those who, by virtue of, for example, their age, gender, ethnicity, religion,

Disadvantaged or vulnerable refers to those who, by virtue of, for example, their age, gender, ethnicity, religion, physical, mental or other disability, social, civic or health 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 an individual/group is also more likely to be excluded from/unable to participate fully in



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discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged or vulnerable; (iv) negative economic and social impacts relating to the involuntary taking of land or restrictions on land use; (v) risks or impacts associated with land and natural resource tenure and use, including (as relevant) potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (vi) impacts on the health, safety and well-being of workers and project-affected communities; and (vii) risks to cultural heritage.

- 5. Projects supported by the Bank through Investment Project Financing are required to meet the following Environmental and Social Standards:
 - Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts;
 - Environmental and Social Standard 2: Labor and Working Conditions;
 - Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management;
 - Environmental and Social Standard 4: Community Health and Safety;
 - Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;
 - Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;
 - Environmental and Social Standard 7: Indigenous Peoples;
 - Environmental and Social Standard 8: Cultural Heritage;
 - Environmental and Social Standard 9: Financial Intermediaries; and
 - Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure.

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.



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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 proportionate to 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. ¹² The Bank will only support projects that are consistent with, and within the boundaries of, the Bank's Articles of Agreement and are expected to meet the requirements of the ESSs in a manner and within a timeframe acceptable to the Bank.

- 8. For the purpose of this Policy, the term "project" refers to the activities for which the Bank support referred to in paragraph 7 above is sought by the Borrower, as defined in the project's legal agreement between the Borrower and the Bank. Projects may include new facilities or activities and/or existing facilities or activities, or a combination of the same. Projects may include subprojects.
- 9. Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies¹⁵, the Bank will cooperate with such agencies and the Borrower in order to agree on a common approach for the assessment and management of environmental and social risks and impacts of the project. A common approach will be acceptable to the Bank, provided that such approach will enable the project to achieve objectives materially consistent with the ESSs. ¹⁶ The Bank will require the Borrower to apply the common approach to the project.

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

¹³ These projects may include technical assistance supported by the Bank through Investment Project Financing, whether provided through a stand-alone project or as part of a project. Some technical assistance activities may, of themselves, have no potential environment or social risks or impacts. However, the risks or impacts of the future implementation of plans, strategies, policies, studies or other outputs of the technical assistance may be significant. Therefore, the requirements set out in paragraphs 13-17 of ESS1 will be applied to technical assistance activities as relevant and appropriate to the nature of the risks and impacts. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so as to ensure that the advice and other support provided is consistent with ESSs 1-10.

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

¹⁵ Such agencies will include IFC and MIGA.

¹⁶ In determining whether the common approach, or the requirements referred to in paragraphs 9, 12 and 13 are acceptable, the Bank will take into account the policies, standards and implementation procedures of the



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- 10. This Policy also requires the application of the ESSs to Associated Facilities. Associated Facilities will meet the requirements of the ESSs, to the extent that the Borrower has control or influence over such Associated Facilities.¹⁷
- 11. For the purpose of this Policy, the term "Associated Facilities" means facilities or activities that are not funded as part of the project and, in the judgment of the Bank, are: (a) directly and significantly related to the project; and (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed or expanded if the project did not exist.

12. Where:

- (a) A common approach has been agreed for the project, the common approach will apply to the Associated Facilities;
- (b) Associated Facilities are being funded by other multilateral or bilateral funding agencies, the Bank may agree to apply the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the Associated Facilities, provided that such requirements will enable the project to achieve objectives materially consistent with the ESSs.
- 13. Where the Bank is providing support to a project involving a Financial Intermediary (FI), and other multilateral or bilateral funding agencies will or have already provided financing to the same FI, the Bank may agree to rely on the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the project, including the institutional arrangements already established by the FI, provided that such requirements will enable the project to achieve objectives materially consistent with the ESSs.
- 14. Where a Borrower is deemed by the Bank to: (a) be in urgent need of assistance because of a natural or man-made disaster or conflict; or (b) experience capacity constraints because of fragility or specific vulnerabilities (including for small states), special policy requirements and special considerations set out in OP10.00 will apply.¹⁸

multilateral or bilateral funding agencies. The measures and actions that have been agreed under the common approach will be included in the ESCP.

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

¹⁸ Further details are set out in OP10.00.



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Bank Requirements

- 15. The Bank will require Borrowers to conduct environmental and social assessment of projects proposed for Bank support in accordance with ESS1. 19
- 16. The Bank will require the Borrower to prepare and implement projects so that they meet the requirements of the ESSs in a manner and a timeframe acceptable to the Bank. In establishing the manner and an acceptable timeframe, the Bank will take into account the nature and significance of the potential environmental and social risks and impacts, the timing for development and implementation of the project, the capacity of the Borrower and other entities involved in developing and implementing the project, and the specific measures and actions to be put in place or taken by the Borrower to address such risks and impacts.
- 17. Where the Bank has agreed that the Borrower may plan or take specific measures or actions to avoid, minimize, reduce or mitigate specific risks and impacts of the project over a specified timeframe, the Bank will require that the Borrower commit to not carrying out any activities or taking any actions in relation to the project that may cause material adverse environmental or social risks or impacts until the relevant plans, measures or actions have been completed in accordance with the ESCP.
- 18. If the project comprises or includes existing facilities or existing activities that do not meet the requirements of the ESSs at the time of approval by the Bank, the Bank will require the Borrower, as part of the ESCP, to adopt and implement measures satisfactory to the Bank so that the material aspects of such facilities or activities meet the requirements of the ESSs within a timeframe acceptable to the Bank. In determining satisfactory measures and an acceptable timeframe, the Bank will take into account the nature and scope of the project and the technical and financial feasibility of the proposed measures.
- 19. The Bank will require the Borrower to apply the relevant requirements of the EHSGs²⁰. The EHSGs contain the performance levels and measures that are normally acceptable and applicable to projects. When host country requirements differ from the levels and measures presented in the EHSGs, the Bank will require the Borrower to achieve or implement whichever is more stringent. If less stringent levels or measures than those provided in the EHSGs are appropriate in view of the Borrower's limited technical or financial constraints or other specific project circumstances, the Bank will require the Borrower to provide full and detailed justification for any proposed alternatives through the environmental and social assessment. This justification must demonstrate, to the satisfaction of the Bank that the choice of any alternative performance level is consistent with the objectives of the ESSs and the applicable EHSGs, and is unlikely to result in any significant environmental or social harm.

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¹⁹ See ESS1, paragraph 21.

²⁰ See footnote 10.



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A. Environmental and Social Risk Classification

- 20. The Bank will classify all projects (including intermediated financing (FI) 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 (including any other entity responsible for the implementation of the project) to manage the environmental and social risks and impacts in a manner consistent with the ESSs. Other areas of risk may also be relevant to the delivery of environmental and social mitigation measures and outcomes, depending on the specific project and the context in which it is being developed. These could include legal and institutional considerations; the nature of the mitigation and technology being proposed; governance structures and legislation; and considerations relating to stability, conflict or security.
- 21. The Bank will review the risk classification assigned to the project on a regular basis, including during implementation, and will change the classification where necessary, to ensure that it continues to be appropriate.
- 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 Environmental and Social 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.
- 24. The Bank will consider the use of all, or part, of the Borrower's existing environmental and social framework relevant to the development and implementation of the project (the Borrower's ES Framework). The use of Borrower's ES Framework will be determined at the discretion of the Bank. Where the Bank has agreed to consider such use, the Bank will review the Borrower's ES Framework to assess whether such use would enable the project to achieve objectives materially consistent with the ESSs.²¹
- 25. 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

²¹ In conducting the review, the Bank may consider recent studies and assessments conducted by the Bank, the Borrower or relevant stakeholders, to the extent these are relevant to the proposed project, and the potential environmental and social risks and impacts.



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clarity within the Borrower's 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.

- 26. 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 and strengthen the Borrower's 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.
- 27. Where the Bank has been notified by the Borrower of a significant change in the Borrower's 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.²²

C. Environmental and Social Due Diligence

- 28. 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.
- 29. The Bank's environmental and social due diligence will be appropriate to the nature and scale of the project, and proportionate to the level of environmental and social risks and impacts, with due regard to the mitigation hierarchy.²³ The due diligence will assess whether the project is capable of being developed and implemented in accordance with the ESSs.
- 30. 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,²⁴ 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

²² OP 10.00 sets out the Bank's recourse and remedies. The Bank's legal remedies are specified in the relevant legal agreement.

²³ The mitigation hierarchy is defined in ESS1, paragraph 25.

²⁴ For example, pre-feasibility studies, scoping studies, national environmental and social assessments, licenses and permits.



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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.

- 31. 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.
- 32. Where the Bank is approached to provide support for a project that is under construction, or where the project has already received national permits, including the approval of local environmental and social impact assessments, the Bank's due diligence will include a gap analysis against the ESSs to identify whether any additional studies and/or mitigation measures are required to meet the Bank's requirements.
- 33. Depending on the potential significance of environmental and social risks and impacts, the Bank will determine whether the Borrower will be required to retain independent third party specialists to assist in the assessment of environmental and social impacts.

D. Special Project Types

Projects Involving Subprojects

- 34. If a project involves the preparation and implementation of subprojects²⁵, the Bank will be responsible for classifying each subproject, conducting due diligence of the subprojects (including reviewing the environmental and social assessment) and approving the subprojects.
- 35. The Bank will require the Borrower to carry out appropriate environmental and social assessment of:
 - (a) High Risk subprojects, in accordance with the ESSs;
 - (b) Substantial Risk, Moderate Risk and Low Risk subprojects, in accordance with national law and any requirement of the ESSs that the Bank deems relevant to the subproject.

²⁵" Subproject" refers to a separate activity under the project, as defined in the legal agreement.



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- 36. The Bank will review the adequacy of national environmental and social requirements relevant to the subprojects, and assess the capacity of the Borrower to conduct environmental and social assessment of subprojects as required by paragraph 35. If the Bank is not satisfied that adequate capacity exists on the part of the Borrower, all *High Risk* and, as appropriate, *Substantial Risk* subprojects will be subject to prior review and approval by the Bank. When necessary, the Bank will ensure that the project includes measures to strengthen the capacity of the Borrower.
- 37. The Bank will require the Borrower to ensure that a *High Risk* subproject is prepared and implemented to meet the ESSs and a *Substantial Risk, Moderate Risk* or *Low Risk* subproject is prepared and implemented to meet national law and the requirement(s) of the ESSs that the Bank has deemed necessary.
- 38. If the risk rating of a subproject increases to a higher risk rating, the Borrower will apply relevant requirements of the ESSs²⁶ in a manner agreed with the Bank. The measures and actions agreed will be included in the ESCP, and will be monitored by the Bank.

Projects Involving Financial Intermediaries (FI) as Borrowers

- 39. Where the Borrower is an FI, the Bank will review the adequacy of national environmental and social requirements relevant to the project and the proposed FI subprojects²⁷, and the capacity of the FI to manage environmental and social risks and impacts. The review will include an assessment of the procedures the FI will use to: (a) conduct environmental and social screening and categorization of FI subprojects; (b) ensure sub-borrowers' capacity to conduct appropriate environmental and social assessment of proposed FI subprojects; and (c) review the result of environmental and social assessments. When necessary, the Bank will ensure that the project includes measures to strengthen such procedures.
- 40. The Bank's requirements and the scope of their application for a project involving an FI will depend on the type of Bank support being provided to the FI, the type of FI subprojects being undertaken and the level of risk associated with the FI's portfolio. The Bank will classify a project involving an FI into one of the four risk classifications set out in paragraph 20.
- 41. The Bank will require the FI to (a) ensure that appropriate environmental and social assessment and due diligence of all FI subprojects is conducted; (b) comply with any exclusions in the legal agreement; (c) apply national law in categorizing and conducting the environmental and social assessment of the potential FI subprojects; and (d) in addition, require specified FI subprojects (as identified in paragraph 43) to apply the relevant requirements of the ESSs.

²⁶ The 'relevant requirements of the ESSs' will relate to the reasons for which the risk rating has increased.

²⁷ "FI subproject" refers to projects financed by FIs with support from the Bank. Where the project involves onlending by the FI to another FI, the term "FI subproject" will include the subprojects of each subsequent FI.



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- 42. The Bank may require the FI to adopt and implement additional or alternative environmental and social requirements, depending on the environmental and social risk and impacts of the potential FI subprojects and the sectors in which the FI is operating.
- 43. Where the FI is classified by the Bank as *High Risk* or *Substantial Risk* and the Bank is not satisfied that adequate capacity exists for categorizing, carrying out environmental and social assessment or reviewing the results of environmental and social assessment, all FI subprojects that involve resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health, biodiversity or cultural heritage will be subject to prior review and approval by the Bank.
- 44. If the risk profile of a FI subproject increases significantly, the FI will notify the Bank and will apply relevant requirements of the ESSs²⁸ in a manner agreed with the Bank. The measures and actions agreed will be included in the ESCP and in the legal agreement between the FI and the subborrower, and will be monitored by the Bank.

E. Environmental and Social Commitment Plan (ESCP)

- 45. 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 meet the ESSs over a specified timeframe. The ESCP will form part of the legal agreement. The legal agreement will include, as necessary, obligations of the Borrower to support the implementation of the ESCP.
- 46. 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.
- 47. The Bank will require the Borrower to prepare, submit to the Bank for approval and implement a process that allows for adaptive management of proposed project changes or unforeseen circumstances. The agreed adaptive management process will be set out in the ESCP. The process will specify how such changes or circumstances are to be managed and reported, and how any necessary changes will be made to the ESCP and the management tools used by the Borrower.

F. Information Disclosure

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

49. 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

²⁸ The 'relevant requirements of the ESSs' will relate to the reasons for which the risk profile of the FI subproject has increased.



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

G. Consultation and Participation

- 50. The Bank recognizes the importance of early and continuing engagement and meaningful consultation with stakeholders. The Bank will require the Borrower to engage with stakeholders, including communities, groups, or individuals affected by proposed projects, and with other interested parties, through information disclosure, consultation, and informed participation in a manner proportionate to the risks to and impacts on affected communities. The Bank will have the right to participate in consultation activities to understand the concerns of affected people, and how such concerns will be addressed by the Borrower in project design and mitigation measures in accordance with ESS10.
- 51. 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 proposed project area. In conducting this screening, the Bank may seek the technical advice of specialists with expertise on the social and cultural groups in the project area. The Bank will also consult the Indigenous Peoples concerned and the Borrower. The Bank may follow the Borrower's framework for identification of Indigenous Peoples during project screening, when that framework is consistent with this Policy. Where Indigenous Peoples are present in, or have a collective attachment to, the proposed project area, the Bank will require the Borrower to undertake a process of meaningful consultation tailored to Indigenous Peoples in accordance with ESS7²⁹. The outcome of the meaningful consultation will be documented. The Bank will undertake the necessary due diligence, ascertain the outcome of the meaningful consultation and this will contribute to the Bank's decision making as to whether to proceed with the proposed project or not.
- 52. 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. 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.

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²⁹ See ESS7, paragraph 17.

³⁰ Further details are set out in ESS7, Section B.



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H. Monitoring and Implementation Support

- 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 proportionate to the potential environmental and social risks and impacts of the project. The Bank will monitor projects on an ongoing basis as required by OP 10.00.³¹ A project will not be considered complete until the measures and actions set out in the legal agreement (including the ESCP) have been implemented. To the extent that the Bank evaluation at the time of project completion determines that such measures and actions have not been fully implemented, the Bank will determine whether further measures and actions, including continuing Bank monitoring and implementation support, will be required.
- 54. 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.
- 55. 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 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.
- 56. 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 Mechanism and Accountability

57. The Bank will require the Borrower to provide a grievance mechanism, process, or procedure to receive and facilitate resolution of concerns and grievances of project-affected parties arising in connection with the project, in particular about the Borrower's environmental and social performance. The grievance mechanism will be proportionate to the risks and impacts of the project.³²

58. Project-affected parties may submit complaints regarding a Bank-financed project to the project grievance mechanism, appropriate local grievance mechanism, or the World Bank's corporate Grievance

³¹ The Bank will monitor and provide implementation support for the time periods stipulated in OP10.00.

³² 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.

This internal deliberative working draft, dated June 9, 2015, contains various proposals as to how to address environmental and social issues in the Proposed Environmental and Social Framework. It is subject to ongoing review and deliberation, and does not represent any firm position by the World Bank on any of the issues addressed herein.

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Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. After bringing their concerns directly to the World Bank's attention and giving Bank Management a reasonable opportunity to respond, project-affected parties may submit their complaint to the World Bank's independent Inspection Panel to request an 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

- 59. The Bank will allocate responsibilities and appropriate resources to support an effective implementation of this Policy.
- 60. 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 of this Policy.
- 61. The Bank will develop and maintain directives, procedures and appropriate guidance and information tools to assist in implementing this Policy.
- 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.

This internal deliberative working draft, dated June 9, 2015, contains various proposals as to how to address environmental and social issues in the Proposed Environmental and Social Framework. It is subject to ongoing review and deliberation, and does not represent any firm position by the World Bank on any of the issues addressed herein.

Borrower Requirements –

Environmental and Social Standards 1-10

This internal deliberative working draft, dated June 9, 2015, contains various proposals as to how to address environmental and social issues in the Proposed Environmental and Social Framework. It is subject to ongoing review and deliberation, and does not represent any firm position by the World Bank on any of the issues addressed herein.

Environmental and Social Standard 1. Assessment and Management of Environmental and Social Risks and Impacts

Introduction

- ESS1 sets out the Borrower's responsibilities for assessing, managing and monitoring 1. 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.
- 2. Borrowers¹ will conduct environmental and social assessment of projects proposed for Bank financing to help ensure that projects are environmentally and socially sound and sustainable. The environmental and social assessment will be proportionate to the risks and impacts of the project. It will inform the design of the project, and be used to identify mitigation measures and actions and to improve decision making.
- 3. Borrowers will manage environmental and social risks and impacts of the project throughout the project life-cycle in a systematic manner, proportionate to the nature and scale of the project and the potential risks and impacts.
- In assessing, developing and implementing a project supported by Investment Project Financing, the Borrower may, where appropriate, agree with the Bank to use all or part of the Borrower's national environmental and social framework to address the risks and impacts of the project, providing such use will enable the project to achieve objectives materially consistent with the ESSs.
- 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.

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

This internal deliberative working draft, dated June 9, 2015, contains various proposals as to how to address environmental and social issues in the Proposed Environmental and Social Framework. It is subject to ongoing review and deliberation, and does not represent any firm position by the World Bank on any of the issues addressed herein.

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

Objectives

- To identify, evaluate and manage the environment and social risks and impacts of the project in a manner consistent with the ESSs.
- To adopt a mitigation hierarchy approach to:
 - (a) Anticipate and avoid risks and impacts;
 - (b) Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;
 - (c) Once risks and impacts have been minimized or reduced, mitigate; and
 - (d) Where residual risks or impacts remain, compensate for or offset them, where technically² and financially³ feasible.
- To utilize national environmental and social institutions, systems, laws, regulations and procedures in the assessment, development and implementation of projects, whenever appropriate.
- To promote improved environmental and social performance, in ways which recognize and enhance Borrower capacity.

Scope of Application

6. ESS1 applies to all projects^{4 5} supported by the Bank⁶ through Investment Project Financing.⁷

² 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.

³ 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.

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

⁵ These projects may include technical assistance supported by the Bank through Investment Project Financing, whether provided through a stand-alone project or as part of a project. Some technical assistance activities may, of themselves, have no potential environment or social risks or impacts. However, the risks or impacts of the future implementation of plans, strategies, policies, studies or other outputs of the technical assistance may be significant. Therefore, the requirements set out in paragraphs 13-17 of ESS1 will be applied to technical assistance activities as relevant and appropriate to the nature of the risks and impacts. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so as to ensure that the advice and other support provided is consistent with ESSs 1-10.

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

- 7. The term "project" refers to the activities for which the Bank financing referred to in paragraph 6 is sought by a Borrower and as defined in the legal agreement between the Borrower and the Bank.⁸
- 8. Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies⁹, the Borrower will cooperate with the Bank and such agencies in order to agree on a common approach for the assessment and management of environmental and social risks and impacts of the project. A common approach will be acceptable, provided that such approach will enable the project to achieve objectives materially consistent with the ESSs.¹⁰ The Borrower will be required to apply the common approach to the project.
- 9. ESS1 also applies to all Associated Facilities. Associated Facilities will meet the requirements of the ESSs, to the extent that the Borrower has control or influence over such Associated Facilities.¹¹
- 10. For the purpose of this ESS, the term "Associated Facilities" means facilities or activities that are not funded as part of the project and are: (a) directly and significantly related to the project; and (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed or expanded if the project did not exist.

11. Where:

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

⁵ Further details are set out in OP10.00.

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

⁷ 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.

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

⁹ Such agencies will include IFC and MIGA.

¹⁰ In determining whether the common approach or the requirements referred to in paragraphs 8, 11 and 12 are acceptable, the Bank will take into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies. The measures and actions that have been agreed under the common approach will be included in the ESCP.

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



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

Requirements

13. 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.¹²

14. The Borrower will:

- (a) Conduct environmental and social assessment of the proposed project, including stakeholder engagement;
- (b) Undertake stakeholder engagement and disclose appropriate information 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.
- 15. Where the ESCP requires the Borrower to plan or take specific measures and actions over a specified timeframe to avoid, minimize, reduce or mitigate specific risks and impacts of the project, the Borrower will not carry out any activities in relation to the project that may cause material adverse environmental or social risks or impacts until the relevant plans, measures or actions have been completed in accordance with the ESCP.
- 16. 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 specific aspects of such facilities and activities meet the requirements of the ESSs in accordance with the ESCP.

¹² 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.



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

A. Use of Borrower's Environmental and Social Framework

- 18. When a project is proposed for Bank support, the Borrower may request the Bank to consider the use of all, or part, of the Borrower's existing environmental and social framework (the Borrower's ES Framework) in the assessment, development and implementation of projects supported through Investment Project Financing, provided that it 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. For such a request, the Borrower will provide information to the Bank in connection with the Bank's review of the Borrower's Framework. ^{13,14}
- 19. The Borrower, in consultation with the Bank, will identify measures and actions to address any gaps in the Borrower's ES Framework, to the extent that such measures and actions are necessary to enable the project to achieve objectives materially consistent with the ESSs. Such measures and actions may be implemented during project preparation or project implementation and will include, where necessary, measures and actions to address any capacity development issues pertaining to the Borrower, any relevant national, subnational or sectoral implementing institution, and any implementing agency. The agreed measures and actions, together with the timeframes for their completion, will form part of the ESCP.

¹³ The Borrower's ES Framework will include those aspects of the country's policy, legal and institutional framework, consisting of its national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules and procedures and implementation capacity relevant to the environmental and social risks and impacts of the project. Where there are inconsistencies or lack of clarity within the Borrower's ES Framework as to relevant authorities or jurisdiction, these will be identified and discussed with the Borrower. The aspects of the Borrower's existing ES Framework that are relevant will vary from project to project, depending on such factors as the type, scale, location and potential environmental and social risks and impacts of the project and the role and authority of different institutions.

¹⁴ The information provided by the Borrower will assist in determining whether and to what extent the Borrower's ES Framework can be used to enable the project to 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.

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

B. Environmental and Social Assessment

- 21. The Borrower will carry out an environmental and social assessment¹⁶ of the project to assess the environmental and social risks and impacts of the project throughout the project life-cycle.¹⁷ The assessment will be proportionate to the potential risks and impacts of the project, and will assess, in an integrated way, all relevant direct, indirect and cumulative¹⁸ environmental and social risks and impacts throughout the project life-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 apply the mitigation hierarchy for adverse environmental and social impacts and seek opportunities to enhance the positive impacts of the project. The environmental and social assessment will include stakeholder engagement as an integral part of the assessment, in accordance with ESS10

¹⁵ If, in the opinion of the Bank, such changes serve to improve the Borrower's ES Framework, the Borrower will apply such changes to the project.

¹⁶ The Borrower, in consultation with the Bank, will identify and use appropriate methods and tools, including scoping, environmental and social analyses, investigations, audits, surveys and studies, to identify and assess the potential environmental and social risks and impacts of the proposed project. These methods and tools will reflect the nature and scale of the project, and will include, as appropriate, a combination (or elements of) the following: environmental and social impact assessment (ESIA); environmental audit; hazard or risk assessment; social and conflict analysis; environmental and social management plan (ESMP); environmental and social management framework (ESMF); regional or sectoral EIA; strategic environmental and social assessment (SESA). Specific features of a project may require the Borrower to utilize specialized methods and tools for assessment, for example a Cultural Heritage Management Plan. Where the project is likely to have sectoral or regional impacts, a sectoral or regional EIA will be required.

¹⁷ This may include preconstruction, construction, operation, decommissioning, closure and reinstatement/restoration.

¹⁸ 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.



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- 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. For *High and Substantial Risk* projects, as well as situations in which the Borrower has limited capacity, the Borrower will retain independent specialists to carry out the environmental and social assessment.
- 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 EHSGs, and other relevant Good International Industry Practice (GIIP)¹⁹. 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 minimization²⁰ or reduction of impacts to acceptable levels, and where residual risks or impacts remain, will compensate for or offset them, where technically and financially feasible.
- 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 EHSGs; (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other transboundary or global risks and impacts; (iv) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services²¹ and the use of living natural resources, such as fisheries and forests;

¹⁹ 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.

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

²¹ Ecosystem services are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services, which are the nonmaterial



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- (b) Social risks and impacts, including: (i) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; (ii) risks that project impacts fall disproportionately on individuals and groups who, because of their particular circumstances, may be disadvantaged or vulnerable;²² (iii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged or vulnerable; (iv) negative economic and social impacts relating to the involuntary taking of land or restrictions on land use; (v) risks or impacts associated with land and natural resource tenure and use²³, 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. The environmental and social assessment will identify ecosystem services that may be adversely affected by the project. Where communities are likely to be impacted, they will participate in the identification of such ecosystem services and appropriate mitigation measures.
- 29. If the project involves the preparation of subprojects, the Borrower will carry out appropriate environmental and social assessment of:
 - (a) High Risk subprojects, in accordance with the ESSs;

benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.

²² Disadvantaged or vulnerable refers to those who, by virtue of, for example, their age, gender, ethnicity, religion, physical, mental or other disability, social, civic or health status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. 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.

²³ Such risks and impacts could be caused by a project supporting land titling and related activities. For further requirements on such activities, see footnote 10 of Annex 1 to ESS1.



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- (b) Substantial Risk, Moderate Risk and Low Risk subprojects, in accordance with national law and any requirements of the ESSs that the Bank deems relevant to the subproject.
- 30. The Borrower will ensure that a *High Risk* subproject is prepared and implemented to meet the ESSs, and *Substantial Risk, Moderate Risk* and *Low Risk* subprojects are prepared and implemented to meet national law and the requirements of the ESSs that the Bank deems relevant.
- 31. If the risk rating of a subproject increases to a higher risk rating, the Borrower will apply the relevant requirements of the ESSs²⁴ and the ESCP will be updated as appropriate to record the agreed measures and actions.
- 32. The environmental and social assessment will also identify and assess, to the extent appropriate, the potential environmental and social risks and impacts of Associated Facilities. The Borrower will address the risks and impacts of Associated Facilities in a manner proportionate to its control or influence over the Associated Facilities. To the extent that the Borrower cannot control or influence the Associated Activities to meet the requirements of the ESSs, the environmental and social assessment will also identify the risks and impacts the Associated Facilities may present to the project.
- 33. For projects that are *High Risk* or contentious, or that involve serious multidimensional environmental or social risks or impacts, the Borrower may be required to engage one or more internationally recognized independent experts. Such experts may, depending on the project, form part of an advisory panel or be otherwise employed by the Borrower, and will provide independent advice and oversight to the project.
- 34. The environmental and social assessment will also consider risks and impacts associated with the primary suppliers²⁵, and such risks and impacts will be addressed as required by ESS2 and ESS6.
- 35. 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, emissions of short and long-lived climate pollutants²⁶, climate change mitigation, adaptation and resilience issues, and impacts on threatened or depleted migratory species and their habitats.

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²⁴ The 'requirements of the ESSs' will relate to the reasons for which the risk rating has increased.

²⁵ Primary suppliers are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

²⁶ This includes all greenhouse gases (GHGs) and black carbon (BC).



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C. Environmental and Social Commitment Plan

- 36. The Borrower will develop 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. The ESCP will be disclosed.
- 37. The ESCP will take into account the findings of the environmental and social assessment, the Bank's environmental and social due diligence, and the results of engagement with stakeholders. It will be an accurate summary of the material measures and actions required to avoid, minimize, reduce or otherwise mitigate the potential environmental and social risks and impacts of the project.²⁷ A completion date for each action will be specified in the ESCP.
- 38. Where a common approach²⁸ has been agreed, the ESCP will include all measures and actions that have been agreed by the Borrower to enable the project to meet the common approach.
- 39. The ESCP will include a requirement that the Borrower prepare and implement a process that allows for adaptive management of proposed project changes or unforeseen circumstances. The process will set out how such changes or circumstances will be managed and reported and any necessary changes will be made to the ESCP and relevant management tools.
- 40. The Borrower will implement diligently the measures and actions identified in the ESCP in accordance with the timeframes specified, and will review the status of implementation of the ESCP as part of its monitoring and reporting.²⁹
- 41. The ESCP will describe the different management tools³⁰ that the Borrower will use to develop and implement the agreed measures and actions. These management tools will include, as appropriate, environmental and social management plans, environmental and social management frameworks, operational policies, operational manuals, management systems, procedures, practices and capital investments. All management tools will apply the mitigation hierarchy, and incorporate measures so

²⁷ 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.

²⁸ See Paragraph 8.

²⁹ See Section D.

³⁰ The level of detail and complexity of the management tools will be proportionate to the project's risks and impacts, and the measures and actions identified to address such risks and impacts. They will take into account the experience and capacity of the parties involved with the project, including the implementing agencies, project-affected communities and other interested parties, and aim to support improved environmental and social performance.



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

that the project will meet the requirements of applicable laws and regulations and the ESSs³¹ in accordance with the ESCP throughout the project life-cycle.

- 42. The management tools will define desired outcomes in measurable terms (for example, against baseline conditions) to the extent possible, with elements such as targets and performance indicators that can be tracked over defined time periods.
- 43. Recognizing the dynamic nature of the project development and implementation process, the management tools will take a long-term and phased approach, and be designed to be responsive to changes in project circumstances, unforeseen events, regulatory changes and the results of monitoring and review.
- 44. The Borrower will notify the Bank promptly of any proposed changes to the scope, design, implementation or operation of the project that are likely to cause a significant change in the environmental or social risks or impacts of the project. The Borrower will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the ESSs, and propose changes, for approval by the Bank, to the ESCP and relevant management tools, as appropriate, in accordance with the findings of such assessments and consultation.

D. Project Monitoring and Reporting

- 45. 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 proportionate to the nature of the project, the project's environmental and social risks and impacts, and compliance requirements. The Borrower will ensure that adequate 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.
- 46. Monitoring will normally include recording information to track performance, and establishing relevant operational controls to verify and compare compliance and progress. Monitoring will be adjusted according to performance experience, as well as actions requested by relevant regulatory authorities and feedback from stakeholders such as community members. The Borrower will document monitoring results.
- 47. The Borrower will provide regular reports as set out in the ESCP (in any event, no less than annually) to the Bank of the results of the monitoring. Such reports will provide an accurate and objective record of project implementation, including compliance with the ESCP and the requirements

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³¹ Including relevant GIIP.



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of the ESSs. Such reports will include information on stakeholder engagement conducted during project implementation in accordance with ESS10. The Borrower, and the agencies implementing the project, will designate senior officials to be responsible for reviewing the reports.

- 48. Based on the results of the monitoring, the Borrower will identify any necessary corrective and preventive actions, and will incorporate these in an amended ESCP or the relevant management tool, in a manner acceptable to the Bank. The Borrower will implement the agreed corrective and preventive actions in accordance with the amended ESCP or relevant management tool, and monitor and report on these actions.
- 49. The Borrower will facilitate site visits by Bank staff or consultants acting on the Bank's behalf.
- 50. The Borrower will notify the Bank promptly of any incident or accident relating to the project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers. The notification will provide sufficient detail regarding such incident or accident, including any fatalities or serious injuries. The Borrower will take immediate measures to address the incident or accident and to prevent any recurrence, in accordance with national law and the ESSs.

E. Stakeholder Engagement and Information Disclosure

- 51. The Borrower will continue to engage with, and provide information to stakeholders throughout the life-cycle of the project, in a manner appropriate to the nature of their interests and the potential environmental and social risks and impacts of the project.
- 52. If there are significant changes to the project that result in additional risks and impacts, particularly where these will impact project-affected parties, the Borrower will provide information on such risks and impacts and consult with project-affected parties as to how these risks and impacts will be mitigated. The Borrower will disclose an updated ESCP, setting out the mitigation measures.

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ESS1 – ANNEX 1. ENVIRONMENTAL AND SOCIAL ASSESSMENT

A. General

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

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¹ See ESS1 Section B.

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measures to be implemented, will reflect the nature and scale of the project². As specified in ESS1³, these will include, as appropriate, a combination or elements of the following:

a. Environmental and Social Impact Assessment (ESIA)

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

b. Environmental and Social Audit

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

c. Hazard or Risk Assessment

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

d. Cumulative Impact Assessment

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

e. Social and Conflict Analysis

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

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

³ See ESS1, para 21.

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f. Environmental and Social Management Plan (ESMP)

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

g. Environmental and Social Management Framework (ESMF)

Environmental and social management framework (ESMF) is an instrument that examines the risks and impacts when a project consists of a program and/or series of sub-projects, and the risks and impacts cannot be determined until the program or sub-project details have been identified. The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts. It contains measures and plans to reduce, mitigate and/or offset adverse risks and impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project risks and impacts.

h. Regional ESIA

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

i. Sectoral ESIA

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

j. Strategic Environmental and Social Assessment (SESA)

Strategic environmental and social assessment (SESA) is a systematic examination of environmental and social risks and impacts, and issues, associated with a policy, plan or program, typically at the national level but also in smaller areas. The examination of environmental and social risks and impacts will include consideration of the full range of environmental and social risks and impacts incorporated in ESS 1 through 10. SESAs are typically

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not location-specific. They are therefore prepared in conjunction with project and site -specific studies that assess the risks and impacts of the project.

- 6. Specific features of a project may require the Borrower to utilize specialized methods and tools for assessment, such as a Resettlement Plan, Livelihood Restoration Plan, Indigenous Peoples Plan, Biodiversity Action Plan, Cultural Heritage Management Plan, and other plans as agreed with the Bank.
- 7. To ensure a comprehensive environmental and social assessment, the Borrower will:
 - a. Conduct a scoping exercise to identify all aspects of the project with the potential to cause environmental or social risks and impacts. If needed, the Borrower will support a visit by the Bank specialist(s) to resolve uncertainty in project scoping/screening.
 - b. Define the applicable legal and regulatory environment, including the requirements of national and local law and permits, relevant requirements of ESS1-10, EHSGs and relevant GIIP. The Borrower will also identify any inconsistencies or conflicts between applicable requirements, and explain how these will be resolved.
 - c. Define and characterize the people and environmental and natural resources that could be affected by the project, including the extent to which people may rely upon or benefit from potentially affected ecosystems and their associated attributes.
 - d. Identify and evaluate the project's potential direct, indirect and cumulative environmental and social risks and impacts. The level of detail and analysis should be proportionate to the potential risks and impacts and the need for specific mitigation.
 - e. Identify and evaluate project alternatives, focusing on alternatives that could avoid or reduce impacts, including size, siting, materials use, labor force, construction methods, and other elements of design and operation. If the least-impact alternative is not preferred, this should be fully justified.⁴
 - f. Identify measures to address risks and impacts in accordance with the mitigation hierarchy set out in ESS1, para 25. Where complex or multiple measures and actions are needed to control risks, including those that are the subject of ESS 5 or ESS7, stand-alone plans may be required to ensure the project meets the ESSs.
 - g. Where adverse impacts are anticipated to fall disproportionately on individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable, measures and actions should be identified and adopted to prevent such disproportionate impacts⁵. These measures and actions will take into account any group which, by virtue of

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⁴ Project design (including location, size, components, etc.) should be an iterative process that considers the results of impact assessment and that allows refinements of design to further avoid or reduce significant impacts, including the need for less active mitigation.

⁵ See ESS1, para 27.

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(for example) age⁶, gender, ethnicity, religion, physical, mental or other disability, social, civic or health status, migrant or internally displaced status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources may be more likely to be:

- i. adversely affected by the project impacts; and/or
- ii. more limited than others in their ability to take advantage of a project's benefits; and/or
- iii. excluded from or unable to participate fully in mainstream consultation processes.
- h. Provide the documents comprising the environmental and social assessment for review by the Bank to determine whether they provide an adequate basis for disclosure by the Bank and for processing the project for Bank support.
- i. Revise or refine the documents comprising the environmental and social assessment as needed to be acceptable to the Bank and suitable for disclosure by the Bank.
- j. Engage and consult with stakeholders, including affected communities, in accordance with ESS10.
- 8. Borrowers should initiate the environmental and social assessment as early as possible in project processing and integrate it closely with the economic, financial, institutional, social, and technical analyses of the proposed project. Borrowers will consult with the Bank as early as possible so the environmental and social assessment is designed from the outset to meet the requirements of the ESSs.
- 9. When the Borrower has completed or partially completed environmental and social assessment prior to the Bank's involvement in a project, the environmental and social assessment is subject to the Bank's review to ensure that it meets the requirements of the ESSs. If appropriate, the Borrower is required to conduct additional work, including public consultation and disclosure.
- 10. 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 environmental and social assessment. ⁷

⁶ 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.

⁷ Environmental and social assessment is closely integrated with the project's economic, financial, institutional, social, and technical analyses to ensure that (a) environmental and social considerations are given adequate weight in project selection, siting, and design decisions; and (b) environmental and social assessment does not delay project processing. However, the Borrower ensures that when individuals or entities are engaged to carry out environmental and social assessment, any conflict of interest is avoided. For example, when an independent ESIA is required, it should not be carried out by the consultants who prepare the engineering design.

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11. Where the Borrower is required by ESS1⁸ to engage internationally recognised independent experts, the experts will be expected to advise on key aspects of the project, including stakeholder engagement. Their role will depend on the degree to which project preparation has progressed, and on the extent and quality of the environmental and social assessment that has been completed at the time the Bank begins to consider the project.

B. Institutional Capacity

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

C. Other requirements for certain projects

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

D. Indicative Outline of ESIA

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

(A) Executive summary

- Concisely discusses significant findings and recommended actions.

(B) Legal and institutional framework

⁸ ESS1, para 33.

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- Analyzes the legal and institutional framework for the project, within which the environmental and social assessment is carried out, including the issues set out in ESS1, para 24⁹.
- Compare the Borrower's existing environmental and social framework and the ESSs and identify the gaps between them.
- Identifies and assesses the environmental and social requirements of any co-financiers.

(C) Project description

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

(D) Baseline data

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

(E) Environmental and social risks and impacts

⁹ ESS1, para 24, states that the environmental and social assessment takes into account in an appropriate manner all issues relevant to the project, including: (a) the country's applicable policy framework, national laws and regulations, and institutional capabilities (including implementation) relating to environment and social issues; variations in country conditions and project context; country environmental or social studies; national environmental or social action plans; and obligations of the country directly applicable to the project under relevant international treaties and agreements; (b) applicable requirements under the ESSs; and (c) the EHSGs, and other relevant GIIP.

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

(a) Environmental risks and impacts, including:

- (i) those defined by the EHSGs;
- (ii) those related to community health and safety, including those issues specifically identified in ESS4 (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 restoration of natural habitats and biodiversity; and
- (v) those related to ecosystem services and the use of living natural resources, such as fisheries and forests.

(b) Social risks and impacts, including:

- (i) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence;
- (ii) risks that project impacts fall disproportionately on individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable;
- (iii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged or vulnerable;
- (iv) negative economic and social impacts relating to the involuntary taking of land or restrictions on land use, including as set out in ESS5 (including physical displacement and economic displacement);
- (v) risks or impacts associated with land and natural resource tenure and use¹⁰, including (as relevant) potential project impacts on local land use patterns and

¹⁰ Such risks and impacts could be caused by a project supporting land titling and related activities, which are intended to confirm or strengthen land rights of project beneficiaries and to lead to positive social and economic outcomes. Due to the complexity of tenure issues in many contexts, and the importance of secure tenure for livelihoods, careful assessment and design is needed in order to help ensure that such activities do not inadvertently compromise existing legitimate rights (including collective rights, subsidiary rights and the rights of women) or have other unintended consequences. In connection with such an assessment, the Borrower will at a minimum demonstrate to the Bank's satisfaction that applicable laws and procedures, along with project design features (a) provide clear and adequate rules for the recognition of relevant land tenure rights; (b) establish fair criteria and functioning, transparent and participatory processes for resolving competing tenure claims; and (c) include genuine efforts to inform affected people about their rights and provide access to impartial advice.

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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.

(F) Mitigation measures

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

(G) Analysis of alternatives

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

(H) Design measures

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

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

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

(J) Appendices

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

E. Indicative Outline of ESMP

- 16. An ESMP consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation of a project to eliminate adverse environmental and social risks and impacts, offset them, or reduce them to acceptable levels. The ESMP also includes the measures and actions needed to implement these measures. The Borrower will (a) identify the set of responses to potentially adverse impacts; (b) determine requirements for ensuring that those responses are made effectively and in a timely manner; and (c) describe the means for meeting those requirements.
- 17. Depending on the project, an ESMP may be prepared as a stand-alone document¹¹ or the content may be incorporated directly into the ESCP. The content of the ESMP will include the following:

(A) Mitigation

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

¹¹ This may be particularly relevant where the Borrower is engaging contractors, and the ESMP sets out the requirements to be followed by contractors. In this case the ESMP should be incorporated as part of the contract between the Borrower and the contractor, together with appropriate monitoring and enforcement provisions.

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

(B) Monitoring

- The ESMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the environmental and social assessment and the mitigation measures described in the ESMP¹². Specifically, the monitoring section of the ESMP provides(a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

(C) Capacity development and training

 To support timely and effective implementation of environmental and social project components and mitigation measures, the ESMP draws on the environmental and social assessment of the existence, role, and capability of responsible parties on site or at the agency and ministry level.

- Specifically, the ESMP provides a specific description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g. for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training).

¹² Monitoring during project implementation provides information about key environmental and social aspects of the project, particularly the environmental and social impacts of the project and the effectiveness of mitigation measures. Such information enables the Borrower and the Bank to evaluate the success of mitigation as part of project supervision, and allows corrective action to be taken when needed.



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 To strengthen environmental and social management capability in the agencies responsible for implementation, the ESMP recommends the establishment or expansion of the parties responsible, the training of staff and any additional measures that may be necessary to support implementation of mitigation measures and any other recommendations of the environmental and social assessment.

(D) Implementation schedule and cost estimates

For all three aspects (mitigation, monitoring, and capacity development), the ESMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the ESMP. These figures are also integrated into the total project cost tables.

(E) Integration of ESMP with project

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

F. Indicative Outline of Environmental and Social Audit

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

(A) Executive summary

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

(B) Legal and institutional framework

- Analyzes the legal and institutional framework for the existing project or activities, including the issues set out in ESS1, para 24, and (where relevant) any applicable environmental and social requirements of existing financiers.

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(C) Project description

- Concisely describes the existing project or activities, and the geographic, environmental, social, and temporal context, including any offsite investments that may exist (e.g., dedicated pipelines, access roads, power supply, water supply, housing, and raw material and product storage facilities).
- Identifies the existence of any plans already developed to address specific environmental and social impacts (e.g. land acquisition or resettlement plan, cultural heritage plan, biodiversity plan)
- Includes a map of sufficient detail, showing the site of the existing project or activities and the proposed site for the proposed project.

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

- The review will consider the key issues relating to the existing project or activities. The issues addressed in the ESSs will serve as a starting point and these will be addressed as relevant to the existing project or activities. The audit will also review issues not covered by the ESSs, to the extent that they represent key issues in the circumstances of the project.
- Issues typically covered under an environmental and social audit include a review of the following:
 - the existing systems for managing environmental and social risks and impacts
 - Stakeholder engagement, including identification of stakeholders, disclosure of information and conduct of consultations, as required by ESS10
 - the organizational capacity and resources available for managing environmental and social risks and impacts
 - Policies or procedures relating to labor issues, e.g., terms and conditions of employment, child labor, forced labor, non-discrimination, equal opportunity and grievance mechanisms
 - Procedures relating to management of contractors
 - Occupational health and safety (local and national requirements, key health and safety issues, control and major accident hazards, current health and safety monitoring program, summary of regulatory compliance status, summary of health and safety expenditures, emergency response etc.)
 - Management of potentially hazardous works
 - Pollution prevention measures and overall compliance with applicable requirements and other pertinent standards, including GIIP
 - Management of waste, including the use and management of hazardous materials

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- Community health, safety and security as it relates to the project or activities, including summary of incidents and grievances
- Major hazards assessment and management; environmental/emergency response management plans in the event of an incident, accident or spill
- Biodiversity conservation and management
- Policy, procedures and practice relating to land acquisition and resettlement (e.g. process, consultation, compensation, grievance mechanism). This should include a review of grievance reports and resolution
- Policy, procedures and practice relating to Indigenous Peoples
- Issues set out in the Indicative Outline for an ESIA, section (E)

(E) Environmental and social analysis

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

(F) Proposed environmental and social measures

- Based on the findings of the audit, this section will set out the suggested measures to address such findings. These measures will be included in the Environmental and Social Commitment Plan (ESCP) for the proposed Project. Measures typically covered under this section include the following:
 - specific actions required to meet the requirements of the ESSs
 - corrective measures and actions to mitigate potentially significant environmental and/or social risks and impacts associated with the existing project or activities
 - measures to avoid or mitigate any potential adverse environmental and social risks or impacts associated with the proposed project

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ESS1 – ANNEX 2. ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

A. Introduction

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

B. Content of an ESCP

- 3. The ESCP will be an accurate summary of the material measures and actions to avoid, minimize, reduce or otherwise mitigate the potential environmental and social risks and impacts of the project. It will form the basis for monitoring the environmental and social performance of the project. All requirements will be set out clearly, so that there is no ambiguity around compliance, timing and monitoring. Depending on the project, the ESCP may specify funding to be made available for completion of a measure or action, and include other details relevant to completion.
- 4. The ESCP will also 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.
- 5. 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.
- 6. 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.
- 7. The content of an ESCP will differ from project to project. For some projects, the ESCP will capture all relevant obligations of the Borrower, and there will be no requirement for additional plans. For other projects, the ESCP will refer to other plans, either plans that already exist or plans to be prepared (e.g. an ESMP, a resettlement plan, a hazardous waste plan) which set out detailed project

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requirements. In such circumstances, the ESCP will summarize key aspects of the plans. Where plans are to be developed, the ESCP will set out timeframes for completion of such plans.

8. Where, and to the extent that, the project is relying on use of the Borrower's existing environmental and social framework, the ESCP will identify the specific aspects of the national framework with reference to the relevant ESSs.

C. Implementation of ESCP

- 9. 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.¹
- 10. The Borrower will maintain, and strengthen as necessary throughout the project life-cycle, the organizational structure established to oversee environmental and social aspects of the project. Key social and environmental responsibilities will be well-defined, and communicated to all personnel involved. Sufficient high-level commitment, and human and financial resources, will be provided on an ongoing basis to implement the ESCP.
- 11. 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.

D. Timing for conducting project activities

12. If the Borrower is required to plan or take specific measures and actions over a specified timeframe to avoid, minimize, reduce or mitigate specific risks and impacts of the project, the Borrower may not carry out any activities in relation to the project that may cause material adverse environmental or social risks or impacts, until the relevant plans, measures or actions have been completed in accordance with the ESCP, including satisfying applicable requirements on consultation and disclosure.

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¹ See ESS1 Section D.

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ESS1 – ANNEX 3. MANAGEMENT OF CONTRACTORS

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 equivalent arrangements with their subcontractors.

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Environmental and Social Standard 2. Labor and Working Conditions

Introduction

1. ESS2 recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive 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

- To promote safety and health at work.
- To promote the fair treatment, non-discrimination and equal opportunity of project workers.
- To protect project workers, including vulnerable workers such as women, persons with disabilities, children (of working age, in accordance with this ESS), migrant workers, contracted workers and primary supply workers.
- To prevent the use of all forms of forced labor and harmful child labor.
- To support the principles of freedom of association and collective bargaining of workers.

Scope of Application

- 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. ¹
- 3. The scope of application of ESS2 depends on the type of employment relationship between the Borrower and the project workers. The term "*project worker*" refers to:
 - (a) people employed or engaged directly by the Borrower, the project proponent and/or project implementing agencies to work specifically in relation to the project (*direct workers*);
 - (b) people employed or engaged through third parties ²to perform work related to core functions³ of the project, regardless of location (*contracted workers*);

¹ In conducting the environmental and social assessment and depending on the significance of the potential issues in the project relating to labor and working conditions, the views of representative workers' and employers organizations may be sought.

² 'Third parties' may include contractors, subcontractors, brokers, agents or intermediaries.

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ESS2. Labor and Working Conditions

- (c) people employed or engaged by the Borrower's primary suppliers⁴ (*primary supply workers*);
- (d) people engaged in community labor such as in community-driven development projects or workfare programs (*workers in community labor*).

ESS2 applies to project workers including full-time, part-time, temporary, seasonal and migrant workers.⁵

Direct Workers

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

Contracted Workers

5. The requirements of paragraphs 31 to 33 of this ESS will apply to contracted workers.

Workers in Community Labor

6. The requirements of paragraphs 34 to 36 of this ESS will apply to community labor.

Primary Supply Workers

- 7. The requirements of paragraphs 37 to 39 of this ESS will apply to primary supply workers.
- 8. Where government civil servants are working in connection with the project, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project⁶. ESS2 will not apply to such government civil servants, except for the provisions of paragraphs 17 to 20 (Protecting the Work Force) and paragraphs 24 to 30 (Occupational Health and Safety).

³ 'Core functions' of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

⁴ 'Primary suppliers' are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project.

⁵ 'Migrant workers' are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.

⁶ Such transfer will be conducted in accordance with all legal requirements and will be subject to all requirements of this ESS.



ESS2. Labor and Working Conditions

Requirements

A. Working Conditions and Management of Worker Relationships

9. The Borrower will have in place written labor management procedures applicable to the project. These procedures will set out the way in which project workers will be managed, in accordance with the requirements of national law and this ESS. The procedures will address the way in which this ESS will apply to different categories of project workers including direct workers, and the way in which the Borrower will require third parties to manage their workers in accordance with paragraphs 31-33.

Terms and Conditions of Employment

- 10. Project workers will be provided with information and documentation that is clear and understandable regarding their terms and conditions of employment. The information and documentation will set out their rights under national labor and employment law (which will include any applicable collective agreements), including their rights related to hours of work, wages, overtime, compensation and benefits, as well as those arising from the requirements of this ESS. This information and documentation will be provided at the beginning of the working relationship and when any material changes to the terms or conditions of employment occur.
- 11. Project workers will be paid on a regular basis as required by national law and labor management procedures. Deductions from payment of wages will only be made as allowed by national law and the labor management procedures, 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, maternity and family leave, as required by national law and labor management procedures.
- 12. On termination of the working relationship, each project workers will receive written notice of dismissal and details of severance payments as required by national law and the labor management procedures in a timely manner. All wages that have been earned, social security benefits, pension contributions and any other entitlements will be paid on or before termination of the working relationship, either directly to the project workers or where appropriate, for the benefit of the project workers. Where payments are made for the benefit of project workers, project workers will be provided with evidence of such payments.

Non-Discrimination and Equal Opportunity

13. Decisions relating to the employment or treatment of project workers will not be made on the basis of personal characteristics unrelated to inherent job requirements. The employment of project workers will be based on the principle of equal opportunity and fair treatment, and there will be no

⁷ To the extent that provisions of national law are relevant to project activities and satisfy the requirements of this ESS, the Borrower will not be required to duplicate such provisions in labor management procedures.



ESS2. Labor and Working Conditions

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 labor management procedures will set out measures to prevent and address harassment, intimidation and/or exploitation. Where national law is inconsistent with this paragraph, the project will seek to carry out project activities in a manner that is consistent with the requirements of this paragraph to the extent possible.

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

Worker's Organizations

16. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing and to bargain collectively without interference, the project will 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. Where national law restricts workers' organizations, the project will not restrict workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. The Borrower should not seek to influence or control these alternative mechanisms.

B. Protecting the Work Force

Child Labor and Minimum Age

- 17. A child under the minimum age established in accordance with this paragraph will not be employed or engaged in connection with the project. The labor management procedures will specify the minimum age for employment or engagement in connection with the project, which will be the age of 14 unless national law specifies a higher age.
- 18. A child over the minimum age and under the age of 18 may be employed or engaged in connection with the project only under the following specific conditions:
 - (a) the work does not fall within paragraph 19 below;
 - (b) an appropriate risk assessment is conducted prior to the work commencing; and

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- (c) the Borrower conducts regular monitoring of health, working conditions, hours of work and the other requirement of this ESS.
- 19. A child over the minimum age and under the age of 18 will not be employed or engaged in connection with the project in a manner that is likely to be hazardous⁸ or interfere with the child's education or be harmful to the child's health or physical, mental, spiritual, moral or social development (*harmful child labor*).

Forced Labor

20. 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. ¹⁰

C. Grievance Mechanism

21. 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 the measures put in place to protect them against any reprisal for its use. Measures will be put in place to make the grievance mechanism easily accessible to all project workers.

⁸ Work considered hazardous for children is work that, by its nature or the circumstances in which it is carried out, is likely to jeopardize the health, safety, or morals of children. Examples of hazardous work activities prohibited for children include work: (a) with exposure to physical, psychological or sexual abuse; (b) underground, underwater, working at heights or in confined spaces; (c) with dangerous machinery, equipment or tools, or involving handling or transport of heavy loads; (d) in unhealthy environments exposing children to hazardous substances, agents, or processes, or to temperatures, noise or vibration damaging to health; or (e) under particularly difficult conditions such as work for long hours, during the night or in unreasonable confinement on the premises of the employer.

⁹ Work is on a voluntary basis when it is done with the free and informed consent of a worker. Such consent must exist throughout the employment relationship and the worker must have the possibility to revoke freely given consent. In particular, there can be no "voluntary offer" under threat or other circumstances of restriction or deceit. To assess the authenticity of a free and informed consent, it is necessary to ensure that no external constraint or indirect coercion has been carried out, either by an act of the authorities or by an employer's practice. ¹⁰ 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.

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- 22. 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.
- 23. 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.

D. Occupational Health and Safety (OHS)

- 24. Measures relating to occupational health and safety will be applied to the project. The OHS measures will include the requirements of this Section, and will take into account the General EHSGs and, as appropriate, the industry-specific EHSGs and GIIP. The OHS measures applying to the project will be set out in the legal agreement and the ESCP. 11
- 25. The OHS measures will be designed and implemented to address: (a) identification of potential hazards to project workers, particularly those that may be life-threatening; (b) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (c) training of project workers and maintenance of training records; (d) documentation and reporting of occupational accidents, diseases and incidents; (e) emergency prevention and preparedness and response arrangements to emergency situations¹²; and (f) remedies for adverse impacts such as occupational injuries, deaths, disability and disease, taking into account, as applicable, the wage level and age of the project worker, the degree of adverse impact, and the number and age of dependents concerned.
- 26. All parties who employ or engage project workers will develop and implement procedures to ensure, as far as is reasonably practicable, that workplaces, machinery, equipment and processes under their control are safe and without risk to health, including by use of appropriate measures relating to chemical, physical and biological substances and agents. Such parties will actively collaborate and consult with project workers in promoting understanding, and methods for, implementation of OHS requirements, as well as in providing information to project workers, training on occupational safety and health, and provision of personal protective equipment without expense to the project workers.

¹¹ Section 2 of the General EHSGs 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/

These arrangements will be coordinated with the Emergency Preparedness and Response measures established under ESS4.



ESS2. Labor and Working Conditions

- 27. Workplace processes will be put in place for project workers to report work situations that they believe are not safe or healthy, and to remove themselves from a work situation which they have reasonable justification to believe presents an imminent and serious danger to their life or health. Project workers who remove themselves from such situations will not be required to return to work until necessary remedial action to correct the situation has been taken. Project workers will not be retaliated against or otherwise subject to reprisal or negative action for such reporting or removal.
- 28. 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 are provided to project workers, policies will be put in place and implemented on the management and quality of accommodation to protect and promote the health, safety, and well-being of the project workers, and to provide access to or provision of services that accommodate their physical, social and cultural needs.
- 29. Where project workers are employed or engaged by more than one party and are working together in one location, the parties who employ or engage the workers will collaborate in applying the OSH requirements, without prejudice to the responsibility of each party for the health and safety of its own workers.
- 30. A system for regular review of occupational safety and health performance and the working environment will be put in place and include identification of safety and health hazards and risks, implementation of effective methods for responding to identified hazards and risks, setting priorities for taking action, and evaluation of results.

E. Contracted Workers

- 31. The Borrower will make all reasonable efforts to ascertain that third parties¹⁴ who engage contracted workers are reputable and legitimate entities and have in place labor management procedures applicable to the project that will allow them to operate in accordance with the requirements of this ESS, except for paragraphs 34-39.
- 32. The Borrower will establish procedures for managing and monitoring the performance of such third parties in relation to the requirements of this ESS. In addition, the Borrower will incorporate the requirements of this ESS into contractual agreements with such third parties, together with appropriate non-compliance remedies. In the case of subcontracting, the Borrower will require such third parties to include equivalent requirements and non-compliance remedies in their contractual agreements with subcontractors.
- 33. Contracted workers will have access to a grievance mechanism. In cases where the third party employing or engaging the workers is not able to provide a grievance mechanism to such workers, the

¹⁴ See footnote 2: this may include contractors, subcontractors, brokers, agents or intermediaries.

¹³ Those services might be provided either directly by the Borrower or by third parties.

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Borrower will make the grievance mechanism provide under Section C of this ESS available to the contracted workers.

F. Workers in Community Labor

- 34. 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 is or will be provided on a voluntary basis as an outcome of individual or community agreement¹⁵.
- 35. The provisions of paragraphs 9 to 16 (Working Conditions and Management of Worker Relationships) and paragraphs 24 to 30 (Occupational Health and Safety) will apply to community labor in a manner proportionate to the type of the project, the specific project activities in which community labor is used, and the nature of the potential risks and impacts.
- 36. Where there is a risk of harmful child labor or forced labor in the community labor, the Borrower will identify those risks consistent with paragraphs 17 to 20 above. If cases of harmful child labor or forced labor are identified, the Borrower will take appropriate steps to remedy them. The Borrower will monitor community labor in order to identify any significant changes and if new risks or incidents of harmful child or forced labor are identified, the Borrower will take appropriate steps to remedy them.

G. Primary Supply Workers

- 37. Where there is a significant risk of harmful child labor or forced labor related to primary supply workers, the Borrower will identify those risks consistent with paragraphs 17 to 20 above. If harmful child labor or forced labor cases are identified, the Borrower will take appropriate steps to remedy them. The Borrower will monitor its primary suppliers, and if new risks or incidents of harmful child or forced labor are identified, the Borrower will take appropriate steps to remedy them.
- 38. Additionally, where there is a significant risk of serious safety issues related to primary supply workers, the Borrower will introduce procedures and mitigation measures to ensure that primary suppliers are taking steps to prevent or to correct life-threatening situations.
- 39. The ability of the Borrower to address these risks will depend upon the Borrower's level of control or influence over its primary suppliers. Where remedy is not possible, the Borrower will shift the project's primary suppliers to suppliers that can demonstrate that they are complying with the relevant requirements of this ESS.

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¹⁵ See footnote 9.



Environmental and Social Standard 3. Resource Efficiency and Pollution Prevention and Management

Introduction

- 1. ESS3 recognizes that increased economic activity and urbanization often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people, ecosystem services and the environment at the local, regional, and global levels. There is also a growing global consensus that the current and projected atmospheric concentration of greenhouse gases (GHG) threatens the health and welfare of current and future generations. At the same time, more efficient and effective resource use and pollution prevention and GHG emission avoidance and mitigation technologies and practices have become more accessible and achievable in virtually all parts of the world.
- 2. This ESS sets out the requirements to address resource efficiency and pollution¹ management² throughout the project life-cycle in line with GIIP.

Objectives

- To promote more sustainable use of resources, including energy, water and raw materials.
- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.
- To avoid or minimize project-related emissions of short and long-lived climate pollutants³.

Scope of Application

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

Requirements

4. The Borrower will consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention measures in accordance with the mitigation hierarchy. The

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

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

³ This includes all GHGs and black carbon (BC).



ESS3. Resource Efficiency and Pollution Prevention and Management

measures will be proportionate to the risks and impacts associated with the project and consistent with GIIP, in the first instance, the EHSGs.

Resource Efficiency

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

A. Energy Use

6. When the project is a potentially significant user of energy, the Borrower, in addition to applying the resource efficiency requirements of this ESS, will adopt measures specified in the EHSGs that aim to reduce or minimize energy usage, to the extent technically and financially feasible.

B. Water Use

- 7. When the project is a potentially significant user of water, the Borrower, in addition to applying the resource efficiency requirements of this ESS, will adopt measures, to the extent technically and financially feasible, that avoid or minimize water usage so that the project's water use does not have significant adverse impacts on 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 that have potentially significant adverse impacts on communities, other users or the environment, the following will be applied:
 - A detailed water balance will be developed, maintained, monitored and reported periodically;
 - 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. As part of the



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environmental and social assessment, the Borrower will identify and implement appropriate mitigation measures.

C. Raw Material Use

10. When the project is a potentially significant user of raw materials, the Borrower, in addition to applying the resource efficiency requirements of this ESS, will adopt measures⁴ specified in the EHSGs and GIIP that avoid or minimize use of raw materials, to the extent technically and financially feasible.

Pollution Prevention and Management

- 11. The Borrower will avoid the release of pollutants or, when avoidance is not feasible, minimize and control the concentration and mass flow of their release using the performance levels and measures specified in national law or the EHSGs, whichever is most stringent. This applies to the release of pollutants to air, water and land due to routine, non-routine, and accidental circumstances, and with the potential for local, regional, and transboundary impacts.
- 12. Where the project involves historical pollution,⁵ the Borrower will establish a process to identify the responsible party. If the historical pollution could pose a significant risk to human health or the environment, the Borrower will undertake a health and safety risk assessment⁶ of the existing pollution which may affect communities, workers and the environment. Any remediation of the site will be undertaken in accordance with national law and GIIP, whichever is most stringent.⁷
- 13. To address potential adverse project impacts on human health and the environment,⁸ the Borrower will consider relevant factors, including, for example: (a) existing ambient conditions; (b) the finite assimilative capacity⁹ of the environment; (c) existing and future land use; (d) the project's proximity to areas of importance to biodiversity; (e) the potential for cumulative impacts with uncertain and/or irreversible consequences; and (f) impacts of climate change.
- 14. In addition to applying resource efficiency and pollution control measures as required in this ESS, when the project has the potential to constitute a significant source of emissions in an already degraded

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

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

⁶ Such assessment will follow a risk-based approach consistent with GIIP as reflected in the EHSGs.

⁷ If one or more third parties are responsible for the historical pollution, the Borrower will consider seeking recourse from such parties to ensure that such pollution is remediated in accordance with national law and 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.

⁸ Such as air, surface and groundwater and soils.

⁹ 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.



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

A. Air Pollution

- 15. 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 avoid or minimize project-related air emissions during the design and operation of the project.¹⁰
- 16. For projects that are expected to produce GHG emissions in excess of the threshold established by the Bank¹¹ of CO₂-equivalent annually,¹² the Borrower will, where technically and financially feasible, estimate (a) direct emissions from the facilities owned or controlled within the physical project boundary; ¹³ and (b) indirect emissions associated with off-site production of energy¹⁴ used by the project. Estimation of GHG emissions will be conducted by the Borrower annually in accordance with internationally recognized methodologies and good practice.

B. Management of Hazardous and Non-hazardous Wastes

- 17. The Borrower will avoid the generation of hazardous and non-hazardous waste¹⁵. Where waste generation cannot be avoided, the Borrower will minimize the generation of waste, and reuse, recycle and recover waste in a manner that is safe for human health and the environment. Where waste cannot be reused, recycled or recovered, the Borrower will treat, destroy, or dispose of it in an environmentally sound and safe manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material.
- 18. If the generated waste is considered hazardous,¹⁶ 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

¹² The estimation of emissions will consider all significant sources of GHG emissions, including non-energy related sources such as methane and nitrous oxide, among others.

¹⁰ These options may include adoption of renewable or low carbon energy sources; alternatives to refrigerants with high global warming potential; sustainable agricultural, forestry and livestock management practices; the reduction of fugitive emissions and gas flaring; and carbon sequestration and storage; sustainable transport alternatives; and proper waste management practices.

¹¹ [Guidance to be provided]

¹³ 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 estimation where such emissions are expected to be significant.

¹⁴ These emissions result from the off-site generation by others of electricity, heating and cooling energy used in the project.

¹⁵ These wastes may include municipal waste, e-waste and animal waste.

¹⁶ As defined by the EHSGs and relevant national law.



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

C. Management of Chemicals and Hazardous Materials

- 19. The Borrower will avoid the manufacture, trade and use of chemicals and hazardous materials subject to international bans, restrictions or phase-outs unless for an acceptable purpose as defined by the conventions or protocols or if an exemption has been obtained by the Borrower, consistent with Borrower government commitments under the applicable international agreements.
- 20. The Borrower will minimize and control the release and use of hazardous materials¹⁷. The production, transportation, handling, storage, and use of hazardous materials for project activities will be assessed through the environmental and social assessment. The Borrower will consider less hazardous substitutes where hazardous materials are intended to be used in manufacturing processes or other operations.

D. Pesticide Management

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

22. In the procurement of any pesticide the Borrower will assess the nature and degree of associated risks, taking into account the proposed use and the intended users.²⁰ The Borrower will not use any pesticides or pesticide products or formulations unless such use is in compliance with the EHSGs. In addition, the Borrower will also not use any pesticide products that contain active ingredients that are

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

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

¹⁹ 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." This assessment is made in the context of the environmental and social impact assessment.



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restricted under applicable international conventions or their protocols or that are listed in, or meeting, the criteria of their annexes, unless for an acceptable purpose as defined by such conventions, their protocols or annexes, or if an exemption has been obtained by the Borrower under such conventions, their protocol or annexes, consistent with Borrower commitments under these and other applicable international agreements. The Borrower will also not use any formulated pesticide products that meet the criteria of carcinogenicity, mutagenicity, or reproductive toxicity as set forth by relevant international agencies. For any other pesticide products that poses other potentially serious risk to human health or the environment and that are identified in internationally recognized classification and labelling systems, the Borrower will not use pesticide formulations of products if: (a) the country lacks restrictions on their distribution, management and use; or (b) they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply these products properly.

- 23. The following additional criteria apply to the selection and use of such pesticides: (a) they will have negligible adverse human health effects; (b) they will be shown to be effective against the target species; (c) they will have minimal effect on non-target species and the natural environment. The methods, timing, and frequency of pesticide application are aimed to minimize damage to natural enemies. Pesticides used in public health programs will be demonstrated to be safe for inhabitants and domestic animals in the treated areas, as well as for personnel applying them; (d) their use will take into account the need to prevent the development of resistance in pests; (e) where registration is required, all pesticides will be registered or otherwise authorized for use on the crops, or for the use patterns, for which they are intended under the project.
- 24. The Borrower will ensure that any pesticides it uses be manufactured, formulated, packaged, labeled, handled, stored, disposed of, and applied according to relevant international standards and codes of conduct, as well as the EHSGs.
- 25. For any project involving significant pest management issues²¹ or any project contemplating activities that may lead to significant pest and pesticide management issues,²² the Borrower will prepare 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.²³

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

²² 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).

²³ This is when financing of substantial quantities of pesticides is envisaged. A pest management plan is not required for the procurement or use of impregnated bednets for malaria control, or of insecticides for intradomiciliary spraying for malaria control identified in internationally recognized classification systems.

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Environmental and Social Standard 4. Community Health and Safety

Introduction

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

Objectives

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

Scope of Application

- 3. The applicability of this ESS is established during the environmental and social assessment described in ESS1.
- 4. This ESS addresses potential risks and impacts on communities that may be affected by project activities. Occupational health and safety (OHS) requirements for project workers are set out in ESS2, and 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

A. Community Health and Safety

5. The Borrower will evaluate the risks and impacts of the project on the health and safety of the affected communities during the project life-cycle. The Borrower will identify risks and impacts and propose mitigation measures in accordance with the mitigation hierarchy.

Infrastructure and Equipment Design and Safety

6. The Borrower will design, construct, operate, and decommission the structural elements of the project in accordance with national legal requirements, the EHSGs and GIIP, taking into consideration safety risks to third parties and affected communities. Structural elements of a project will be designed

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ESS4. Community Health and Safety

and constructed by competent professionals, and certified or approved by competent authorities or professionals¹. Structural design will take into account climate change considerations, as technically and financially feasible.

- 7. Where the project includes new buildings and structures that will be accessed by members of the public, the Borrower will consider the incremental risks of the public's potential exposure to operational accidents or natural hazards, including extreme weather events. Where technically and financially feasible, the Borrower will also apply the principles of universal access² to the design and construction of such new buildings and structures.
- 8. When structural elements or components of a project³ are situated in high-risk locations, including those with risk of extreme weather or slow onset events, and their failure or malfunction may threaten the safety of communities, the Borrower will engage one or more 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.

Safety of Services

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

Traffic and Road Safety

- 10. The Borrower will identify, evaluate and monitor the potential traffic⁴ 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.
- 11. The Borrower will identify road safety measures and incorporate technically and financially feasible road safety components into the project design to prevent and mitigate potential road safety impacts on the local affected communities.
- 12. Where appropriate, the Borrower will undertake a road safety audit for each phase of the project, and will monitor incidents and accidents, and prepare regular reports of such monitoring. The Borrower will use the reports to identify negative safety trends, and establish and implement measures to resolve them. For Borrowers with vehicles or fleets of vehicles (owned or leased), the Borrower will

⁴ May include all motorized transportation relevant to the project.

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

² Universal access means unimpeded access for people of all ages and abilities in different situations and under various circumstances.

³ Such as dams, tailing dams or ash ponds.



ESS4. Community Health and Safety

provide appropriate training to workers on driver and vehicle safety. The Borrower will ensure regular maintenance of all project vehicles.

13. 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 Ecosystem Services

14. The project's direct impacts on ecosystem services may result in adverse health and safety risks to and impacts on affected communities⁵. With respect to this ESS, ecosystem services are limited to provisioning and regulating services as defined in paragraph 5 of ESS6. Where appropriate and feasible, the Borrower will identify the project's risks and potential impacts on ecosystem services that may be exacerbated by climate change. Adverse impacts will be avoided, and if they are unavoidable, the Borrower will implement appropriate mitigation measures.

Community Exposure to Health Issues

- 15. The Borrower will avoid or minimize the potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and communicable and non-communicable diseases that could result from project activities, taking into consideration differentiated exposure to and higher sensitivity of vulnerable groups. Where specific diseases⁶ are endemic in communities in the project area, the Borrower is encouraged to explore opportunities during the project life-cycle to improve environmental conditions that could help minimize their incidence.
- 16. The Borrower will take measures to avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor.

Management and Safety of Hazardous Materials

17. The Borrower will avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be lifethreatening, 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

⁵ 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.

⁶ Such as malaria.

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ESS4. Community Health and Safety

during construction and implementation of the project, including decommissioning, to avoid exposure to the community.

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

Emergency Preparedness and Response

- 19. The Borrower will identify and implement measures to address emergency events. An emergency event is an unanticipated incident, arising from both natural and man-made hazards, typically in the form of fire, explosions, leaks or spills, which may occur for a variety of different reasons, including failure to implement operating procedures that are designed to prevent their occurrence, extreme weather or lack of early warning. The measures will be designed to address the emergency event in a coordinated and expeditious manner, to prevent it from injuring the health and safety of the community, and to minimize, mitigate and compensate for any impacts that may occur.
- 20. Borrowers engaged in projects having the potential to generate emergency events will conduct a Risk Hazard Assessment (RHA), as part of the environmental and social assessment undertaken pursuant to ESS1. Based on the results of the RHA, the Borrower will prepare an Emergency Response Plan (ERP) in coordination with the relevant local authorities and the affected community, and will take into account the emergency prevention, preparedness and response arrangements put into place with project workers under ESS2.⁷
- 21. An ERP will include, as appropriate: (a) engineering controls (such as containment, automatic alarms, and shut-off systems) proportionate to the nature and scale of the hazard; (b) identification of and secure access to emergency equipment available on-site and nearby; (c) notification procedures for designated emergency responders; (d) diverse media channels for notification of the affected community and other stakeholders; (e) a training program for emergency responders including drills at regular intervals; (f) public evacuation procedures; (g) designated coordinator for ERP implementation; and (h) measures for restoration and clean-up of the environment following any major accident.
- 22. The Borrower will document its emergency preparedness and response activities, resources, and responsibilities, and will disclose appropriate information, as well as any subsequent material changes thereto, to affected communities, relevant government agencies, or other relevant parties. The Borrower will assist and collaborate with affected communities, relevant government agencies and other relevant parties in their preparations to respond effectively to emergency event, especially where their participation and collaboration will be an important part of an effective response.
- 23. The Borrower will review the ERP on a regular basis, and ensure that it is still capable of addressing the potential range of emergency events that might arise in connection with the project. The Borrower will support affected communities, relevant government agencies and other relevant parties

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⁷ ESS2, paragraph 25.

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ESS4. Community Health and Safety

through training and collaboration, and will ensure that such training is conducted in conjunction with the training provided to project workers as part of the OHS requirements under ESS2.

B. Security Personnel

- 24. When the Borrower retains direct or contracted workers to provide security to safeguard its personnel and property, it will assess risks posed by these security arrangements to those within and outside the project site. In making such arrangements, the Borrower will be guided by the principles of proportionality and GIIP, and by applicable law, in relation to hiring, rules of conduct, training, equipping, and monitoring of such security workers. The Borrower will not sanction any use of force by direct or contracted workers in providing security except when used for preventive and defensive purposes in proportion to the nature and extent of the threat.
- 25. The Borrower will seek to ensure that government security personnel deployed to provide security services act in a manner consistent with paragraph 24 above, and encourage the relevant authorities to disclose the security arrangements for the Borrower's facilities to the public, subject to overriding security concerns.
- 26. The Borrower will (i) make reasonable inquiries to ensure that the direct or contracted workers retain by the Borrower to provide security are not implicated in past abuses; (ii) train them adequately (or determine that they are properly trained) in the use of force (and where applicable, firearms), and appropriate conduct toward workers and affected communities; and (iii) require them to act within the applicable law.
- 27. The Borrower will review all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence and, where necessary, report unlawful and abusive acts to the relevant authorities.

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ESS4. Community Health and Safety

ESS4 – ANNEX 1. SAFETY OF DAMS

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 Annex¹ apply to:
 - (a) "Large dams" which are defined as dams with a height of 15 meters or greater from the lowest foundation to crest or dams between 5 meters and 15 meters impounding more than 3 million cubic meters;
 - (b) All other dams (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.²

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

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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.³ 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.

² 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.

³ 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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ESS4. Community Health and Safety

- 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.
- 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 of this Annex 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

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ESS4. Community Health and Safety

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 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.

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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 acquisition¹ or restrictions on land use² 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),³ or both. The term "involuntary resettlement" refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.
- 2. Experience indicates that physical and economic displacement, if unmitigated, may give rise to severe economic, social and environmental risks: production systems may be dismantled; people face impoverishment if their productive resources or other income sources are lost; people may be relocated to environments where their productive skills are less applicable and the competition for resources greater; community institutions and social networks may be weakened; kin groups may be dispersed; and cultural identity, traditional authority, and the potential for mutual help may be diminished or lost. For these reasons, involuntary resettlement should be avoided. 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.

"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.

² "Restrictions on land use" refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the 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.

³ "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.

⁴ 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.

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

Objectives

- To avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives.
- To avoid forced eviction.⁵
- 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 and (b) assisting displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
- To improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure.⁷
- To conceive and execute resettlement as a development opportunity, including measures enabling displaced persons to benefit directly from the project as the nature of the project may warrant
- To ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.

Scope of Application

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

⁵ See paragraph 31.

⁶ "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.

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

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

- 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;
 - (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;⁸
 - (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;⁹
 - (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; ¹⁰ and

⁸ 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.

⁹ In such situations, affected persons frequently do not have formal ownership. This may include freshwater and marine environments.

¹⁰ In some circumstances, it may be proposed that part or all of the land to be used by the project is donated on a voluntary basis without payment of full compensation. Subject to prior Bank approval, this may be acceptable providing the Borrower demonstrates that: (a) the potential donor or donors have been appropriately informed and consulted about the project and the choices available to them; (b) potential donors are aware that refusal is an option, and have confirmed in writing their willingness to proceed with the donation; (c) the amount of land being donated is minor and will not reduce the donor's remaining land area below that required to maintain the donor's livelihood at current levels; (d) no household relocation is involved; (e) the donor is expected to benefit directly from the project; and (f) for community or collective land, donation can only occur with the consent of individuals using or occupying the land. The Borrower will maintain a transparent record of all consultations and agreements reached.

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

- (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 impacts on incomes or livelihoods that are not a direct result of land acquisition or land use restrictions imposed by the project. Such impacts will be addressed in accordance with ESS 1.
- 6. This ESS does not apply to voluntary, legally recorded market transactions in which the seller is given a genuine opportunity to retain the land and to refuse to sell it, and is fully informed about available choices and their implications. However, where such voluntary land transactions may result in the displacement of persons, other than the seller, who occupy, use or claim rights to the land in question, this ESS will apply.¹¹
- 7. Where a project supports land titling or other activities intended to confirm, regularize or determine land rights, a social, legal and institutional assessment will be required under ESS 1¹². The assessment aims to identify potential risks and impacts, as well as appropriate design measures to minimize and mitigate adverse economic and social impacts, especially those that affect poor and vulnerable groups¹³. This ESS does not apply to disputes between private parties in land titling or related contexts. However, where persons are required to vacate land as a direct result of a project-supported determination that the land in question is state land, this ESS will apply (in addition to the relevant provisions of ESS 1 mentioned above).

¹³ Land titling and related activities are intended to confirm or strengthen land rights of project beneficiaries and to lead to positive social and economic outcomes. However, due to the complexity of tenure issues in many contexts, and the importance of secure tenure for livelihoods, careful assessment and design is needed in order to help ensure that such activities do not inadvertently compromise existing legitimate rights (including collective rights, subsidiary rights and the rights of women) or have other unintended consequences. In connection with such an assessment, the Borrower will at a minimum demonstrate to the Bank's satisfaction that applicable laws and procedures, along with project design features (a) provide clear and adequate rules for the recognition of relevant land tenure rights; (b) establish fair criteria and functioning, transparent and participatory processes for resolving competing tenure claims; and (c) include genuine efforts to inform affected people about their rights and provide access to impartial advice.

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

¹² ESS 1, para. 26(b).

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- 8. This ESS does not apply to land use planning activities or to the regulation of natural resources on a regional, national or subnational level (including watershed management, groundwater management, fisheries management, and coastal zone management). Where a project supports such activities, the Borrower will be required to conduct a social, legal and institutional assessment under ESS 1, in order to identify potential economic and social risks and impacts of the planning or regulation, and appropriate measures to minimize and mitigate them, in particular those that affect poor and vulnerable groups.
- 9. This ESS does not apply to management of refugees from, or persons internally displaced by, natural disasters, conflict, crime or violence.

Requirements

A. General

Eligibility Classification

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

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

Project Design

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

Compensation and Benefits for Affected Persons

12. When land acquisition or restrictions on land use (whether permanent or temporary) cannot be avoided, the Borrower will offer affected persons compensation at replacement cost, and other

¹⁴ Such claims could be derived from adverse possession or from customary or traditional tenure arrangements.



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assistance as may be necessary to help them improve or at least restore their standards of living or livelihoods, subject to the provisions of paragraph 26 through 36 of this ESS.¹⁵

- 13. 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.
- 14. Where livelihoods of displaced persons are land-based,¹⁶ or where land is collectively owned, the Borrower will offer the displaced persons an option for replacement in kind, unless it can be demonstrated to the Bank's satisfaction that equivalent replacement land is unavailable. As the nature and objectives of the project may allow, the Borrower will also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project. In the case of affected persons under paragraph 10 (c), resettlement assistance will be provided in lieu of compensation for land, as described in paragraphs 29 and 34 (c).
- 15. The Borrower will take possession of acquired land and related assets only after compensation in accordance with this ESS has been made available and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons in addition to compensation. In addition, livelihood restoration and improvement programs will commence in a timely fashion in order to ensure that affected persons are sufficiently prepared to take advantage of alternative livelihood opportunities as the need to do so arises.
- 16. In certain cases there may be significant difficulties related to the payment of compensation to particular affected persons, for example, 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.

Community Engagement

17. The Borrower will engage with affected communities, including host communities, through the process of stakeholder engagement described in ESS10. Decision-making processes related to resettlement and livelihood restoration will include options and alternatives from which affected

¹⁵ 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.

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



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persons may choose, where applicable. Disclosure of relevant information and participation of affected communities and persons will take place during the consideration of alternative project designs referred to in paragraph 11, and thereafter throughout the planning, implementation, monitoring, and evaluation of the compensation process, livelihood restoration activities, and relocation process. Additional provisions apply to consultations with displaced Indigenous Peoples, in accordance with ESS7.

18. The consultation process should ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation. Addressing livelihood impacts may require intra-household analysis in cases where women's and men's livelihoods are affected differently. Women's and men's preferences in terms of compensation mechanisms, such as compensation in kind rather than in cash, should be explored.

Grievance Mechanism

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

Planning and Implementation

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

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

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

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- 21. To address the issues identified in the environmental and social assessment, the Borrower will prepare a plan¹⁹ proportionate to the risks and impacts associated with the project:
 - (a) For projects with minor land acquisition or restrictions on land use, as a result of which there will be no significant impact on incomes or livelihoods, the plan will establish eligibility criteria for affected persons, set out procedures and standards for compensation, and incorporate arrangements for consultations, monitoring and addressing grievances;
 - (b) For projects causing physical displacement, the plan will set out the additional measures relevant to relocation of affected persons;
 - (c) For projects involving economic displacement with significant impacts on livelihoods or income generation, the plan will set out the additional measures relating to livelihood improvement or restoration; and
 - (d) For projects that may impose changes in land use that restrict access to resources in legally designated parks or protected areas or other common property resources on which local people may depend for livelihood purposes, the plan will establish a participatory process for determining appropriate restrictions on use and set out the mitigation measures to address adverse impacts on livelihoods that may result from such restrictions.
- 22. The Borrower's plan will establish the roles and responsibilities relating to financing and implementation, and include arrangements for contingency financing to meet unanticipated costs, as well as arrangements for timely and coordinated response to unforeseen circumstances impeding progress toward desired outcomes. ²⁰ The full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project; and any net benefits to resettlers (as compared to the "without-project" circumstances) are added to the benefits stream of the project.
- 23. The Borrower will establish procedures to monitor and evaluate the implementation of the plan and will take corrective action as necessary during implementation to achieve the objectives of this ESS. The extent of monitoring activities will be proportionate to the project's risks and impacts. For all projects with significant involuntary resettlement impacts, the Borrower will retain competent resettlement professionals to monitor the implementation of resettlement plans, design corrective actions as necessary, provide advice on compliance with this ESS and produce periodic monitoring reports. Affected persons will be consulted during the monitoring process. Periodic monitoring reports will be prepared and affected persons will be informed about monitoring results.

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¹⁹ See Annex 1.

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

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- 24. Implementation of the Borrower's plan will be considered completed when the adverse impacts of resettlement have been addressed in a manner that is consistent with the objectives of this ESS. For all projects with significant involuntary resettlement impacts, the Borrower will commission an external completion audit of the plan when all mitigation measures have been substantially completed. The completion audit will be undertaken by competent resettlement professionals, will assess whether livelihoods and living standards have been improved or at least restored and, as necessary, will propose corrective actions to meet objectives not yet achieved
- 25. Where the 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 proportionate to potential risks and impacts. Project activities that will cause physical and/or economic displacement will not commence until plans required by this ESS have been finalized and approved by the Bank.

B. Displacement

Physical Displacement

- 26. In the case of physical displacement, the Borrower will develop a plan that covers, at a minimum, the applicable requirements of this ESS regardless of the number of people affected. The plan will be designed to mitigate the negative impacts of displacement and, as warranted, to identify development opportunities. It will include a resettlement budget and implementation schedule, and establish the entitlements of all categories of affected persons (including host communities). Particular attention will be paid to gender aspects and the needs of the poor and the vulnerable. The Borrower will document all transactions to acquire land rights, provision of compensation and other assistance associated with relocation activities.
- 27. If people living in the project area are required to move to another location, the Borrower will: (a) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation; and (b) provide relocation assistance suited to the needs of each group of displaced persons. New resettlement sites will offer living conditions at least equivalent to those previously enjoyed, or consistent with prevailing minimum codes or standards, whichever set of standards is higher. If new resettlement sites are to be prepared, host communities will be consulted regarding planning options, and resettlement plans will ensure continued access, at least at existing levels or standards, for host communities to facilities and services. The displaced persons' preferences with respect to relocating in preexisting communities and groups will be respected wherever possible. Existing social and cultural institutions of the displaced persons and any host communities will be respected.
- 28. In the case of physically displaced persons under paragraph 10 (a) or (b), the Borrower will offer the choice of replacement property of equal or higher value, with security of tenure, equivalent or better characteristics, and advantages of location, or cash compensation at replacement cost. Where

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livelihoods of displaced persons are derived primarily from land, compensation in kind will, where possible, be offered in lieu of cash.²¹

- 29. In the case of physically displaced persons under paragraph 10 (c), the Borrower will provide arrangements to allow them to obtain adequate housing with security of tenure. Where these displaced persons own structures, the Borrower will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at replacement cost. ²² 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. ²³
- 30. The Borrower is not required to compensate or assist those who encroach on the project area after the cut-off date for eligibility, provided the cut-off date has been clearly established and made public.
- 31. The Borrower will not resort to forced evictions of affected persons. "Forced eviction" is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in this ESS. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower will not be considered to be forced eviction providing it complies with the requirements of national law and the provisions of this ESS, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).
- 32. As an alternative to displacement, the Borrower may consider negotiating in situ land development arrangements by which those to be affected may elect to accept a partial loss of land or localized relocation in return for improvements that will increase the value of their property after development. Any person not wishing to participate will be allowed to opt instead for full compensation and other assistance as required in this ESS.

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

²² Where the Borrower demonstrates that an affected person derives 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.

²³ 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 35 (c)).

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Economic Displacement

- 33. In the case of projects affecting livelihoods or income generation, the Borrower's plan will include measures to allow affected persons to improve, or at least restore, their incomes or livelihoods. The plan will establish the entitlements of affected persons and/or communities, paying particular attention to gender aspects and the needs of vulnerable segments of communities, and will ensure that these are provided in a transparent, consistent, and equitable manner. The plan will incorporate arrangements to monitor the effectiveness of livelihood measures during implementation, as well as evaluation once implementation is completed. The mitigation of economic displacement will be considered complete when the completion audit concludes that affected persons or communities have received all of the assistance for which they are eligible, and have been provided with adequate opportunity to reestablish their livelihoods.
- 34. Economically displaced persons who face loss of assets or access to assets will be compensated for such loss at replacement cost:
 - (a) In cases where land acquisition or restrictions on land use affect commercial enterprises, ²⁴ affected business owners will be compensated for the cost of identifying a viable alternative location; for lost net income during the period of transition; for the cost of the transfer and reinstallation of the plant, machinery, or other equipment; and for reestablishing commercial activities. Affected employees will receive assistance for temporary loss of wages and, if necessary, assistance in identifying alternative employment opportunities;
 - (b) In cases affecting persons with legal rights or claims to land that are recognized or recognizable under national law (see paragraph 10 (a) and (b)), replacement property (e.g., agricultural or commercial sites) of equal or greater value will be provided, or, where appropriate, cash compensation at replacement cost; and
 - (c) Economically displaced persons who are without legally recognizable claims to land (see paragraph 10(c)) will be compensated for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at replacement cost. Additionally, the Borrower will provide assistance in lieu of land compensation sufficient to provide such persons with an opportunity to reestablish livelihoods elsewhere. The Borrower is not required to compensate or assist persons who encroach on the project area after the cut-off date for eligibility.
- 35. Economically displaced persons will be provided opportunities to improve, or at least restore, their means of income-earning capacity, production levels, and standards of living:

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

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- (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 apply, measures will be implemented to either allow continued access to affected resources or to provide access to alternative resources with equivalent livelihood-earning potential and accessibility. Where common property resources are affected, benefits and compensation associated with restrictions on natural resource usage may be collective in nature; and
- (c) If it is demonstrated that replacement land or resources are unavailable, the Borrower will offer economically displaced persons options for alternative income earning opportunities, such as credit facilities, skills training, business start-up assistance, employment opportunities, or cash assistance additional to compensation for assets. Cash assistance alone, however, frequently fails to provide affected persons with the productive means or skills to restore livelihoods.
- 36. Transitional support will be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.

C. Collaboration with Other Responsible Agencies or Subnational Jurisdictions

37. The Borrower will establish means of collaboration 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.

D. Technical and Financial Assistance

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

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

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ESS5. Land Acquisition, Restrictions on Land Use and Involuntary Resettlement ESS5 – ANNEX 1. INVOLUNTARY RESETTLEMENT INSTRUMENTS

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

A. Resettlement Plan

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

Minimum Elements of a Resettlement Plan

- 3. *Description of the project*. General description of the project and identification of the project area.
- 4. Potential impacts. Identification of:
 - (a) the project components or activities that give rise to displacement, explaining why the selected land must be acquired for use within the timeframe of the project;
 - (b) the zone of impact of such components or activities;
 - (c) the scope and scale of land acquisition and impacts on structures and other fixed assets;
 - (d) any project-imposed restrictions on use of, or access to, land or natural resources;
 - (e) alternatives considered to avoid or minimize displacement and why those were rejected; and
 - (f) the mechanisms established to minimize displacement, to the extent possible, during project implementation.
- 5. *Objectives*. The main objectives of the resettlement program.
- 6. Census survey and baseline socio-economic studies. The findings of of a household-level census identifying and enumerating affected persons, and, with the involvement of affected persons, surveying land, structures and other fixed assets to be affected by the project. The census survey also serves other essential functions:

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

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

- (g) land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems (including fishing, grazing, or use of forest areas) governed by local recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area;
- (h) the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project; and
- (i) social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (NGOs)) that may be relevant to the consultation strategy and to designing and implementing the resettlement activities.
- 7. Legal framework. The findings of an analysis of the legal framework, covering
 - (a) the scope of the power of compulsory acquisition and imposition of land use restriction and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;
 - (b) the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process and the normal timeframe for such procedures, and any available grievance redress mechanisms that may be relevant to the project;

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- (c) laws and regulations relating to the agencies responsible for implementing resettlement activities; and
- (d) gaps, if any, between local laws and practices covering compulsory acquisition, imposition of land use restrictions and provision of resettlement measures and ESS 5, and the mechanisms to bridge such gaps.
- 8. Institutional Framework. The findings of an analysis of the institutional framework covering
 - (a) the identification of agencies responsible for resettlement activities and NGOs/CSOs that may have a role in project implementation;
 - (b) an assessment of the institutional capacity of such agencies and NGOs/CSOs; and
 - (c) any steps that are proposed to enhance the institutional capacity of agencies and NGOs/CSOs responsible for resettlement implementation.
- 9. *Eligibility*. Definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.
- 10. Valuation of and compensation for losses. The methodology to be used in valuing losses to determine their replacement cost; and a description of the proposed types and levels of compensation for land and other assets under local law and such supplementary measures as are necessary to achieve replacement cost for them.
- 11. Community participation. Involvement of displaced persons (including host communities, where relevant)
 - (a) a description of the strategy for consultation with, and participation of, displaced persons in the design and implementation of the resettlement activities;
 - (b) a summary of the views expressed and how these views were taken into account in preparing the resettlement plan;
 - (c) a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them; and
 - (d) institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that such vulnerable groups as indigenous people, ethnic minorities, the landless, and women are adequately represented.
- 12. *Implementation schedule*. An implementation schedule providing anticipated dates for displacement, and estimated initiation and completion dates for all resettlement plan activities. The schedule

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should indicate how the resettlement activities are linked to the implementation of the overall project.

- 13. Costs and budget. Tables showing categorized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.
- 14. *Grievance redress mechanism*. The plan describes affordable and accessible procedures for third-party settlement of disputes arising from displacement or resettlement; such grievance mechanisms should take into account the availability of judicial recourse and community and traditional dispute settlement mechanisms.
- 15. Monitoring and evaluation. Arrangements for monitoring of displacement and resettlement activities by the implementing agency, supplemented by third-party monitors as considered appropriate by the Bank, to ensure complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; involvement of the displaced persons in the monitoring process; evaluation of results for a reasonable period after all resettlement activities have been completed; using the results of resettlement monitoring to guide subsequent implementation.
- 16. Arrangements for adaptive management. The plan should include provisions for adapting resettlement implementation in response to unanticipated changes in project conditions, or unanticipated obstacles to achieving satisfactory resettlement outcomes.

Additional Planning Requirements where Resettlement involves Physical Displacement

- 17. When project circumstances require the physical relocation of residents (or businesses), resettlement plans require additional information and planning elements. Additional requirements include:
- 18. Transitional assistance. The plan describes assistance to be provided for relocation of household members and their possessions (or business equipment and inventory). The plan describes any additional assistance to be provided for households choosing cash compensation and securing their own replacement housing, including construction of new housing. If planned relocation sites (for residences or businesses) are not ready for occupancy at the time of physical displacement, the plan establishes a transitional allowance sufficient to meet temporary rental expenses until occupancy is available.
- 19. Site selection, site preparation, and relocation. When planned relocation sites are to be prepared, the resettlement plan describes the alternative relocation sites considered and explains sites selected, covering
 - (a) institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and

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other factors is comparable to the advantages of the old sites, with an estimate of the time needed to acquire and transfer land and ancillary resources;

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

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(d) any measures necessary to augment services (e.g., education, water, health, and production services) in host communities to meet increased demands upon them, or to make them at least comparable to services available within planned relocation sites.

Additional Planning Requirements where Resettlement involves Economic Displacement

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

B. Resettlement Framework

30. The purpose of the resettlement framework is to clarify resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation (see ESS5, para. 25). Once the subproject or individual

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project components are defined and the necessary information becomes available, such a framework will be expanded into a specific plan proportionate to potential risks and impacts. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.

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

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C. Process Framework

- 32. A process framework is prepared when Bank-supported projects may cause restrictions in access to natural resources in legally designated parks and protected areas. The purpose of the process framework is to establish a process by which members of potentially affected communities participate in design of project components, determination of measures necessary to achieve the objectives of this ESS, and implementation and monitoring of relevant project activities.
- 33. Specifically, the process framework describes participatory processes by which the following activities will be accomplished
 - (a) Project components will be prepared and implemented. The document should briefly describe the project and components or activities that may involve new or more stringent restrictions on natural resource use. It should also describe the process by which potentially displaced persons participate in project design.
 - (b) Criteria for eligibility of affected persons will be determined. The document should establish that potentially affected communities will be involved in identifying any adverse impacts, assessing of the significance of impacts, and establishing of the criteria for eligibility for any mitigating or compensating measures necessary.
 - (c) Measures to assist affected persons in their efforts to improve their livelihoods or restore them, in real terms, to pre-displacement levels, while maintaining the sustainability of the park or protected area will be identified. The document should describe methods and procedures by which communities will identify and choose potential mitigating or compensating measures to be provided to those adversely affected, and procedures by which adversely affected community members will decide among the options available to them.
 - (d) Potential conflicts or grievances within or between affected communities will be resolved. The document should describe the process for resolving disputes relating to resource use restrictions that may arise between or among affected communities, and grievances that may arise from members of communities who are dissatisfied with the eligibility criteria, community planning measures, or actual implementation.

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

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

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Environmental and Social Standard 6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

Introduction

- 1. ESS6 recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development. This ESS addresses conservation of biodiversity, which is defined as the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.
- 2. This ESS also addresses sustainable management of living natural resources, which are defined as plants and animals produced or harvested for human or animal consumption and use. These resources come from a variety of sources, including all types of forestry, biomass, agriculture, including both annual and perennial crops and animal husbandry, including livestock; and both wild and capture fisheries, including all types of marine and freshwater organisms.
- 3. 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.
- 4. ESS6 also addresses the need to consider the livelihood of affected communities, including Indigenous Peoples, whose access to, or use of, biodiversity, ecosystem services, or living natural resources may be affected by a project. The potential, positive role of affected communities, including Indigenous Peoples, in biodiversity conservation and sustainable management of living natural resources will also be considered.
- 5. Ecosystem services are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.
- 6. Ecosystem services valued by humans are often underpinned by biodiversity. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services. This ESS addresses how the Borrower can sustainably manage and mitigate impacts on biodiversity and ecosystem services throughout the project's lifecycle.

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ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

Objectives

- To protect and conserve biodiversity and its multiple values using a precautionary approach.
- To maintain the benefits from ecosystem services derived from the sustainable management of biodiversity and living natural resources.
- To promote the sustainable management of living natural resources to support local livelihoods and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities.

Scope of Application

- 7. The applicability of this ESS is established during the environmental and social assessment described in ESS1.
- 8. Based on the environmental and social assessment, the requirements of this ESS are applied to all projects that potentially affect biodiversity or habitat supporting biodiversity, either positively or negatively.
- 9. This ESS also applies to projects that involve the primary production and/or use of living natural resources.

Requirements

A. General

- 10. 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 interested parties.
- 11. 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 Management Plan.

Assessment of Risks and Impacts

12. 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

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ecological integrity of the habitats, independent of their protection status and regardless of the current degree¹ of their disturbance or degradation. The extent of the assessment will be proportionate to 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 interested parties.

- 13. 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 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.
- 14. Where applicable, the assessment will consider the use of and dependence on living natural resources by affected communities, including Indigenous Peoples, who live in or around the project area and whose use of biodiversity may be affected by the project, as well as their potential role in the conservation and sustainable use of such biodiversity.
- 15. 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

- 16. "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.
- 17. This ESS requires a differentiated risk management approach to habitat based on such sensitivity and values. This ESS addresses all habitats, including 'modified habitat', 'natural habitat', and 'critical habitat', along with 'legally protected and internationally and regionally recognized areas of biodiversity value'.
- 18. For the protection and conservation of biodiversity, the mitigation hierarchy includes biodiversity offsets, which will be considered as a last resort only after appropriate avoidance, minimization, and restoration measures have been applied but residual adverse impacts remain.² A

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¹ Pre-project.

² Biodiversity offsets lead to measurable, long-term conservation outcomes as a result of actions designed to compensate for adverse biodiversity impacts from projects that remain after appropriate avoidance, minimization

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biodiversity offset will be designed and implemented to achieve measurable, additional, and long-term conservation outcomes³ that can reasonably be expected to result in no net loss⁴ and preferably a net gain of biodiversity; in the case of critical habitats, a net gain⁵ is required. The design of a biodiversity offset will adhere to the "like-for-like or better" principle⁶ 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, qualified experts with knowledge in offset design and implementation will be involved. Certain adverse residual impacts cannot be offset, particularly if the affected area is unique and irreplaceable from a biodiversity standpoint. In such cases, the Borrower will not undertake the project unless it is redesigned to avoid the need for such offset, and to meet the requirements of this ESS.

Modified Habitat

- 19. Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area's primary ecological functions and species composition⁷. Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed⁸ coastal zones, and reclaimed wetlands.
- 20. This ESS applies to those areas of modified habitat that include significant biodiversity value, as determined by the risks and impacts identification process required in ESS1. The Borrower will minimize impacts on such biodiversity and implement mitigation measures as appropriate.

and restoration measures have been taken. Biodiversity offsets should follow GIIP and be developed with relevant stakeholders.

³ Measurable conservation outcomes for biodiversity must be demonstrated in situ (on-the-ground) and on an appropriate geographic scale (e.g., at the local, national or regional level).

⁴ No net loss is defined as the point at which project-related impacts on biodiversity are balanced by measures taken to avoid and minimize the project's impacts, to undertake on-site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale.

⁵ 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 24 of this ESS without a biodiversity offset, through the implementation of programs in situ (on-the-ground) to enhance habitat, and protect and conserve biodiversity.

⁶ 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 24 of this ESS.

⁷ This excludes habitat that has been converted in anticipation of the project.

⁸ Reclamation as used in this context is the process of creating new land from sea or other aquatic areas for productive use.

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Natural Habitat

- 21. Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.
- 22. If natural habitats are identified as part of the assessment, the Borrower will seek to avoid adverse impacts on them in accordance with the mitigation hierarchy. Where natural habitats have the potential to be adversely affected by the project, the Borrower will not implement any project related activities unless:
 - (a) There are no technically and financially feasible alternatives; and
 - (b) Appropriate mitigation measures are put in place, in accordance with the mitigation hierarchy, to ensure no net loss and preferably a net gain of biodiversity 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 implement compensatory measures, such as biodiversity offsets, where appropriate.

Critical Habitat

- 23. Critical habitat is defined as areas with high importance for biodiversity, including:
 - (a) highly threatened or unique ecosystems;
 - (b) habitat important to Critically Endangered or Endangered species, as listed in the IUCN Red List of threatened species or under national law;
 - (c) habitat important to endemic or restricted-ranges species;
 - (d) habitat supporting globally or nationally significant concentrations of migratory or congregatory species;
 - (e) ecological functions or characteristics that are needed to maintain the viability of the biodiversity features described above in (a) to (d).
- 24. In areas of critical habitat, the Borrower will not implement any project activities unless all of the following conditions are met:
 - (a) No other viable alternatives within the region exist for development of the project in habitats of lesser biodiversity value;

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- (b) All due process required under international obligations or national law that is a prerequisite to a country granting approval for project activities in or adjacent to a critical habitat has been complied with;
- (c) The potential adverse impacts, or likelihood of such, on the habitat will not lead to measurable adverse impacts on those biodiversity values for which the critical habitat was designated;
- (d) The project is designed to deliver net gains for critical habitat of concern to the project area;
- (e) The project is not anticipated to lead to a net reduction in the population of any Critically Endangered, Endangered, or range-restricted Vulnerable species, over a reasonable time period; 10
- (f) New or renewed forestry or agricultural plantations will not convert or degrade any critical habitat, either on-site, in adjacent or downstream areas;
- (g) The project will not involve significant conversion or degradation of critical habitats, including forest areas; and
- (h) 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.
- 25. Where a Borrower has satisfied the conditions set out in paragraph 24, the project's mitigation strategy will be described in a Biodiversity Management Plan and set out in the legal agreement (including the ESCP).
- 26. 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 paragraphs 18 and 24.

⁹ 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.

¹⁰ 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 qualified experts and taking into account the species' biology.

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Legally Protected and Internationally Recognized Areas of Biodiversity Value

- 27. Where the project occurs within or has the potential to adversely affect an area that is legally protected¹¹, designated for protection, or regionally or internationally recognized, the Borrower will ensure that any activities undertaken are consistent with the area's legal protection status and management objectives. The Borrower will also identify and assess potential project-related adverse impacts and apply the mitigation hierarchy so as to prevent or mitigate adverse impacts from projects that could compromise the integrity, conservation objectives or biodiversity importance of such an area.
- 28. The Borrower will meet the requirements of paragraphs 16 through 26 of this ESS, as applicable. In addition, the Borrower will:
 - (a) Demonstrate that the proposed development in such areas is legally permitted;
 - (b) Act in a manner consistent with any government recognized management plans for such areas;
 - (c) Consult and involve protected area sponsors and managers, affected communities including Indigenous Peoples, and other interested parties on planning, designing, implementing, monitoring, and evaluating the proposed project, as appropriate; and
 - (d) Implement additional programs, as appropriate, to promote and enhance the conservation aims and effective management of the area.

Invasive Alien Species

29. 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.

30. 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

¹¹ This ESS recognizes legally protected areas that meet the following definition: "A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values." For the purpose of this ESS, this includes areas proposed by governments for such designation.

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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.

31. 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

- 32. Borrowers with projects involving the primary production or use of living natural resources will assess the sustainability of the resources and their use, as well as the potential impacts of this production or use on local, nearby or ecologically linked habitats, biodiversity and communities, including Indigenous Peoples.
- 33. Borrowers will manage living natural resources in a sustainable manner, through the application of good management practices and available technologies. Where such primary production practices are codified in standards that are globally, regionally, or nationally recognized¹², particularly for industrial-scale operations, the Borrower will implement sustainable management practices consistent with these standards, as relevant to such operations.
- 34. 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.
- 35. 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.
- 36. Where the project includes land-based commercial agriculture and forestry plantation (particularly projects involving land clearing or afforestation), the Borrower will locate such projects on land that is already converted or highly degraded (excluding any land that has been converted in anticipation of the project). In view of the potential for plantation projects to introduce invasive alien species and threaten biodiversity, such projects will be designed to prevent and mitigate these potential threats to natural habitats. When the Borrower invests in production forestry in natural forests, these forests will be managed sustainably.

¹² 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-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.

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- 37. For harvesting operations conducted by small-scale producers, by local communities under community forest management, or by such entities under joint forest management arrangements, where such operations are not directly associated with an industrial-scale operation, the Borrower will ensure that they: (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 36, 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.
- 38. If a non-forestry project financed by the Bank includes land clearing and related salvage logging that cannot follow applicable globally, regionally or nationally recognized standards as per paragraph 33 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.
- 39. Borrowers involved in the industrial production of crops and animal husbandry will follow GIIP to avoid or minimize adverse risks and impacts and resource consumption. Borrowers involved in large-scale commercial farming of animals for meat or other animal products (such as milk, eggs, wool) will employ GIIP in animal husbandry techniques, with due consideration for religious and cultural principles.

B. Primary Suppliers

- 40. Where a Borrower is purchasing primary production including food, timber and fiber commodities that is known to originate from locations or areas where there is a risk of significant conversion or degradation of natural or critical habitats, the Borrower's environmental and social assessment will include an evaluation of the systems and verification practices used by the primary suppliers.¹³
- 41. The Borrower will establish systems and verification practices which will:
 - (a) identify where the supply is coming from and the habitat type of the source area;
 - (b) provide for an ongoing review of the Borrower's primary suppliers;

¹³ Primary suppliers are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

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ESS6. Biodiversity Conservation and Sustainable Management of Living Natural Resources

- (c) limit procurement to those suppliers that can demonstrate¹⁴ that they are not contributing to significant conversion or degradation of natural or critical habitats; and
- (d) where possible, require actions to shift the Borrower's primary suppliers to suppliers that can demonstrate that they are not significantly adversely impacting these areas.
- 42. The ability of the Borrower to fully address these risks will depend upon the Borrower's level of control or influence over its primary suppliers.

¹⁴ This may be demonstrated by delivery of certified product, or progress towards verification or certification under a credible scheme in certain commodities and/or locations.

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Environmental and Social Standard 7. Indigenous Peoples

Introduction

- 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.¹
- 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

• 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.

¹ 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.

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ESS7. 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.
- 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 impacts². 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

² The scope and scale of consultation, as well as subsequent project planning and documentation processes, will be proportionate to the scope and scale of potential project risks and impacts as they may affect Indigenous Peoples. See paragraph 9.

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- (b) Collective attachment³ to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation, as well as to the natural resources in these areas; and
- (c) Customary cultural, economic, social, or political institutions that are distinct or separate from those of the mainstream society or culture; and
- (d) A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.
- 7. This ESS also 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. 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.

Requirements

A. General

9. 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 proportionate to the scope and scale of potential project risks and impacts as they may affect Indigenous Peoples.

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

³ "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.

⁴ 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.

⁵ Additional requirements on protection of cultural heritage are set out in ESS8.



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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

- 11. 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.
- 12. 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

- 13. 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.
- 14. 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.⁶

Avoidance or Mitigation of Adverse Impacts

15. 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

⁶ The format and title of the plan may be adjusted to fit the project or country context. The scope of the plan should be proportionate to 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.

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these impacts in a culturally appropriate manner proportionate to the nature and scale of such impacts and the form and degree of vulnerability of the affected Indigenous Peoples. 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 development plan incorporating necessary information relating to the affected Indigenous Peoples may be prepared.⁷

16. 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

- 17. 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 organizations⁸ (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; 9 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)

18. 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

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⁷ See footnote 6.

⁸ 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.

⁹ 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.

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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. 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 17 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.
- 19. When the FPIC of the affected Indigenous Peoples cannot be ascertained by the Bank, the project will not be processed further. Where the Bank has made the decision to continue processing the project other than the aspects for which the FPIC of the affected Indigenous Peoples cannot be ascertained, the Borrower will ensure that no adverse impacts result on such Indigenous Peoples during the implementation of the project.
- 20. 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

21. Indigenous Peoples are often closely tied to their land and related natural resources. ¹⁰ 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

¹⁰ Examples include marine and aquatic resources, timber and non-timber forest products, medicinal plants, hunting and gathering grounds, and grazing and cropping areas.

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cyclical use, for their livelihoods, or for cultural, ceremonial, and spiritual purposes that define their identity and community, can often be substantiated and documented. Where projects involve (a) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied¹¹, or (b) the acquisition of such lands, the Borrower will prepare a plan for the legal recognition of such ownership, occupation, or usage, with due respect to the customs, traditions and land tenure systems of the Indigenous Peoples concerned. The objective of such plans will be the following: (a) full legal recognition of existing customary land tenure systems of Indigenous Peoples; or (b) conversion of customary usage rights to communal and/or individual ownership rights. If neither option is possible under national law, the plan includes measures for the legal recognition of Indigenous Peoples' perpetual or long-term renewable custodial or use rights.

- 22. 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 impacts¹² 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 natural 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:

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

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

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- (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;¹³
- (ii) Ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to and the loss of natural resources independent of project land acquisition;
- (iii) Enabling Indigenous Peoples to share equitably in the benefits to be derived from the commercial development of the land or natural resources where the Borrower intends to utilize land or natural resources that are central to the identity and livelihood of affected Indigenous Peoples 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

23. The Borrower will consider feasible alternative project designs to avoid the relocation of Indigenous Peoples from communally held ¹⁴ 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, ¹⁵ 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.

¹³ 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 incomeearning opportunities over and above cash compensation to affected Indigenous Peoples.

¹⁴ 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, in addition to the requirements under paragraph 23 of this ESS.

¹⁵ See paragraph 31 of ESS5.

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Cultural Heritage

- 24. Where a project may significantly impact cultural heritage¹⁶ 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.
- 25. 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 enable Indigenous Peoples to share equitably in the benefits to be derived from commercial development of such knowledge, innovation, or practice, consistent with the customs and traditions of the Indigenous Peoples.

C. Mitigation and Development Benefits

- 26. 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 impacts¹⁷ as well as physical impacts. The Borrower will ensure the timely delivery of agreed measures to affected Indigenous Peoples.
- 27. 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. 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.
- 28. 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.

¹⁶ Includes natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred mountains, sacred trees, sacred rocks, burial grounds and sites.

¹⁷ 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.

¹⁸ 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.

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D. Grievance Mechanism

29. 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

- 30. 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.
- 31. 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 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, Civil Society Organizations, and the private sector to promote Indigenous Peoples' development programs.

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Environmental and Social Standard 8. Cultural Heritage

Introduction

- 1. ESS 8 recognizes that cultural heritage provides continuity in tangible and non-tangible forms between the past, present and future. People identify with cultural heritage as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions. Cultural heritage, in its many manifestations, is important as a source of valuable scientific and historical information, as an economic and social asset for development, and as an integral part of people's cultural identity and practice. ESS 8 aims to ensure that the Borrower protects cultural heritage throughout the project lifecycle.
- 2. This ESS sets out general provisions on risks and impacts to cultural heritage from project activities. ESS 7 sets out additional requirements for cultural heritage in the context of Indigenous Peoples. ESS 6 recognizes the social and cultural values of biodiversity. Provisions on Stakeholder Engagement and Information Disclosure are set out in ESS 10.

Objectives

- 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

- 3. The applicability of this ESS is established during the environmental and social assessment described in ESS1.
- 4. The term 'cultural heritage' encompasses tangible and intangible heritage, which may be recognized and valued at a local, regional, national or global level, as follows:
 - Tangible cultural heritage, which includes movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Tangible cultural heritage may be located in urban or rural settings, and may be above or below land or under the water;
 - Intangible cultural heritage, which includes practices, representations, expressions, knowledge, skills events or living traditions, ideas, beliefs, artistic and literary works.
- 5. Based on the environmental and social assessment, the requirements of this ESS 8 will apply to all projects that are likely to have risks or impacts on cultural heritage. This will include a project which:

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- (a) Involves excavations, demolition, movement of earth, flooding or other changes in the physical environment;
- (b) Is located within a legally protected area or a legally defined buffer zone;
- (c) Is located in, or in the vicinity of, a recognized cultural heritage site; or
- (d) Is specifically designed to support the conservation, management and use of cultural heritage.
- 6. The requirements of ESS 8 apply to cultural heritage regardless of whether or not it has been legally protected or previously identified or disturbed.
- 7. The requirements of ESS 8 apply to intangible heritage only in so far as it relates to a physical component of a project.

Requirements

A. General

8. The environmental and social assessment, as set out in ESS1, will consider direct, indirect and cumulative project-specific risks and impacts on cultural heritage. Through the environmental and social assessment, the Borrower will determine whether the proposed activities of the project are likely to affect cultural heritage.

- 9. The Borrower will avoid impacts on cultural heritage. When avoidance of impacts is not possible, the Borrower will identify and implement measures to address impacts on cultural heritage in accordance with the mitigation hierarchy¹. Where appropriate, the Borrower will develop a Cultural Heritage Management Plan.²
- 10. The Borrower will ensure that globally recognized practices for field-based study, documentation and protection of cultural heritage are implemented in connection with the project, including by contractors and other third parties.

¹ Mitigation measures include strengthening the capacity of national and subnational institutions responsible for managing cultural heritage affected by the project; establishment of a monitoring system to track the progress and efficacy of these activities; establishment of an implementation schedule and required budget for the identified mitigation measures; and cataloguing of finds. Such measures will take into account the provisions in Section D for specific types of cultural heritage.

² The Cultural Heritage Management Plan will include an implementation timeline and an estimate of resource needs for each mitigation measure. This may be developed as a stand-alone document or, depending on the nature and the scale of the risks and impacts of the project, as part of the ESCP.

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ESS8. Cultural Heritage

- 11. The Borrower will ensure that a chance finds procedure³ is included in all contracts relating to construction of the project, including excavations, demolition, movement of earth, flooding or other changes in the physical environment. The chance finds procedure will set out how chance finds associated with the project will be managed. The procedure will include a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence-off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of this ESS and national law; and to train project personnel and project workers on chance find procedures.
- 12. The Borrower will ensure that, where necessary, the environmental and social assessment involves the participation of cultural heritage experts. If the environmental and social assessment determines that the project may, at any time during the project life-cycle, have significant impacts on cultural heritage, the Borrower will involve cultural heritage experts to assist in the identification, valuation assessment and protection of cultural heritage.

B. Stakeholder Consultation and Identification of Cultural Heritage

- 13. The Borrower will identify, in accordance with ESS10, stakeholders that are relevant for the cultural heritage that is known to exist or is likely to be encountered during the project life-cycle. Stakeholders will include, as relevant:
 - (a) project affected parties, including individuals and communities, whose identity derives from the cultural heritage or who use or have used the cultural heritage within living memory; and
 - (b) other interested parties, which may include national or local regulatory authorities that are entrusted with the protection of cultural heritage and nongovernmental organizations and cultural heritage experts, including national and international cultural heritage organizations.
- 14. The Borrower will carry out meaningful consultations⁴ with stakeholders in order to identify cultural heritage that may be affected by the potential project; assign value⁵ to cultural heritage affected by the project; develop an understanding of the potential risks and impacts; and explore avoidance and mitigation options.

³ A chance finds procedure is a project-specific procedure which will be followed if previously unknown cultural heritage is encountered during project activities.

⁴ The Borrower will support the inclusion and cooperation of the various stakeholders through a dialogue with the appropriate authorities, including the relevant national or local regulatory authorities entrusted with the protection of cultural heritage, to establish the most effective means for addressing the views and concerns of the stakeholders and involving them in the protection and management of the cultural heritage.

⁵ The value of tangible cultural heritage is identified and assigned significance according to the value systems and interests of project affected parties (including individuals and communities) and other interested parties, who are concerned with the protection and appropriate use of the tangible heritage.

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ESS8. Cultural Heritage

Confidentiality

15. The Borrower, in consultation with the Bank, project-affected parties (including individuals and communities) and cultural heritage experts, will determine whether disclosure of information regarding cultural heritage would compromise or jeopardize the safety or integrity of the cultural heritage or would endanger sources of information. In such cases, sensitive information may be omitted from public disclosure. If the project-affected parties (including individuals and communities) hold the location, characteristics, or traditional use of natural features with cultural heritage significance in secret, the Borrower will put in place measures to maintain confidentiality.

Stakeholders' Access

16. Where the Borrower's project site contains cultural heritage or prevents access to previously accessible cultural heritage sites, the Borrower will, based on consultations with users of the site, allow continued access to the cultural site, or will provide an alternative access route. Access will be designed taking into account health, safety and security considerations.

C. Legally Protected Cultural Heritage Areas

- 17. As part of the environmental and social assessment, the Borrower will determine the presence of all listed legally protected cultural heritage areas affected by the project⁶. If the proposed project will be located within a legally protected area or a legally defined buffer zone, the Borrower will:
 - (a) Comply with local, national, regional or international cultural heritage regulations and the protected area management plans;
 - (b) Consult the protected area sponsors and managers, project-affected parties (including individuals and communities) and other interested parties on the proposed project; and
 - (c) Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.

D. Provisions for Specific Types of Cultural Heritage

Archaeological Sites and Material

18. Archaeological sites comprise any combination of structural remains, artifacts, human or ecological elements and may be located entirely beneath, partially above, or entirely above the land or

⁶ Examples include world heritage sites and nationally and sub-nationally protected areas.

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ESS8. Cultural Heritage

water surface. Archaeological material may be found anywhere on the earth's surface⁷, singly or scattered over large areas. Such material also includes burial areas⁸, human remains and fossils.

- 19. Where there is evidence of past human activity in the area of the project, the Borrower will conduct desk-based research and field surveys to document, map and investigate archaeological remains. The Borrower will document the location and characteristics of archaeological sites and materials discovered during the project life-cycle and provide such documentation to the national or subnational cultural heritage authorities.
- 20. The Borrower will determine, in consultation with cultural heritage experts, whether archaeological material discovered during the project life-cycle requires: (a) documentation only; (b) excavation and documentation: or (c) conservation in place; and will manage the archaeological material accordingly. The Borrower will determine ownership and custodial responsibility for archaeological material in accordance with national and subnational law, and until such time as custody has been transferred, will arrange for identification, conservation, labeling, secure storage and accessibility to enable future study and analysis.

Built Heritage

- 21. Built Heritage refers to single or groups of architectural works in their urban or rural setting as evidence of a particular civilization, a significant development or a historic event. Built Heritage includes groups of buildings, structures and open spaces constituting past or contemporary human settlements that are recognized as cohesive and valuable from an architectural, aesthetic, spiritual or socio-cultural perspective.
- 22. The Borrower will identify appropriate mitigation measures to address the impacts on Built Heritage, which may include (a) documentation; (b) conservation or rehabilitation in situ; (c) relocation and conservation or rehabilitation. During any rehabilitation or restoration of cultural heritage structures, the Borrower will ensure that the authenticity of form, construction materials and techniques of the structure(s) are maintained.⁹
- 23. The Borrower will preserve the physical and visual context of individual or groups of historic structures by considering the appropriateness and effect of project infrastructure proposed for location within the range of sight.

⁷ Most archaeological sites are hidden from view. Only rarely is there no archaeological material in any given area, even if such material is not known to or recognized by local people or recorded by national or international archaeological agencies or organizations.

⁸ The burial areas referred to here are those unrelated to current populations living in the project area. For more recent burial places connected directly to project-affected peoples, appropriate mitigation measures can be defined in consultation with descendants and the project's social team.

⁹ In compliance with applicable national and subnational laws and/or zoning regulations and in accordance with GIIP.

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ESS8. Cultural Heritage

Natural Features with Cultural Significance

- 24. Natural features may be imbued with cultural heritage significance. Examples include sacred hills, mountains, landscapes, streams, rivers, waterfalls, caves and rocks; sacred trees or plants, groves and forests; carvings or paintings on exposed rock faces or in caves; and paleontological deposits of early human, animal or fossilized remains.¹⁰ The significance of such heritage may be localized in small community groups or minority populations.
- 25. The Borrower will identify, through research and consultation with project-affected parties (including individuals and communities), natural features with cultural heritage significance affected by the project, the people that value such features, and the individuals or groups with authority to represent and negotiate regarding the location, protection and use of the heritage place(s). 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 regarding the transfer will respect and enable continuation of the traditional practices associated with such transfer.

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 items; historic costumes, jewelry and textiles; fragments of monuments or historic buildings; archaeological material; and natural history collections such as shells, flora, or minerals. Discoveries and access resulting from a project may increase the vulnerability of cultural objects to theft, trafficking or abuse. The Borrower will take measures to guard against theft and illegal trafficking of movable cultural heritage items affected by the project and will notify relevant authorities of any such activity.
- 27. The Borrower, in consultation with relevant cultural heritage authorities, will identify movable cultural heritage objects that may be endangered by the project and make provisions for their protection throughout the project life-cycle. The Borrower will inform religious or secular authorities or other custodians with responsibility for overseeing and protecting the movable cultural heritage objects of the schedule for project activities and alert them regarding the potential vulnerability of such items.

E. Commercialisation of Cultural Heritage

28. Where a project intends to use cultural heritage, including knowledge, innovations or practices of project affected parties (including individuals and communities) for commercial purposes, the Borrower will inform the project affected parties of: (a) their rights under national law; (b) the scope and nature of the commercial development and the potential impacts; and (c) the potential consequences of such development and impacts.

¹⁰ Often the designation of cultural significance is kept secret, known only to a specific local population, and associated with ritual activities or events. The sacred character of such heritage may pose a challenge in determining how to avoid or mitigate damage. Natural cultural sites may contain archaeological material.

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ESS8. Cultural Heritage

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 project affected parties; and (c) identifies mitigation measures according to the mitigation hierarchy.



Environmental and Social Standard 9. Financial Intermediaries

Introduction

- 1. The Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets. The nature of intermediated financing means that FIs are required to manage the environmental and social risks and impacts of their portfolio and FI subprojects, and monitor portfolio risk, as appropriate. The way in which the FI will be required to manage its portfolio will take various forms, depending on a number of considerations, including the capacity of the FI and the nature and scope of the funding to be provided by the FI.
- 2. FIs are required to adopt and implement effective environmental and social procedures to ensure that they manage the environmental and social risks and impacts of the projects to which they lend in a responsible manner.

Objectives

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

Scope of Application

- 3. For the purposes of this ESS, the term "FI subproject" refers to projects financed by FIs with support from the Bank. Where the project involves on-lending by the FI to another FI, the term "FI subproject" will include the subprojects of each subsequent FI.
- 4. Where Bank support will be provided to the FI to fund a clearly defined set of FI subprojects, the requirements of this ESS will be applicable to each of the identified FI subprojects.
- 5. Where Bank support will be provided to the FI for a general purpose, ¹the requirements of this ESS will apply to the entire portfolio of the FI's future subprojects (including the FI subprojects) from the date on which the legal agreement becomes effective.

Requirements

6. FIs will screen and categorize all FI subprojects² for environmental and social risks and impacts.

¹ Support for a 'general purpose' means that the support is fungible, and cannot be traced to specific FI subprojects.



ESS9. Financial Intermediaries

- 7. The FI will comply with any exclusions in the legal agreement and apply relevant national law for all FI subprojects. In addition, the FI will apply the relevant requirements of the ESSs to any FI subproject that involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health, biodiversity or cultural heritage.
- 8. An FI may be required to adopt and implement additional or alternative environmental and social requirements, depending on the environmental and social risk and impact of the potential FI subprojects and the sectors in which the FI is operating.
- 9. The FI will review and monitor the environmental and social performance of its portfolio of FI subprojects in a manner proportionate to the risks and impacts of the portfolio of subprojects.
- 10. The FI will provide a safe and healthy working environment. Accordingly, ESS2 will apply to the FI itself, and the FI will have in place and maintain appropriate labor management procedures, including those relating to terms of employment and occupational health and safety.

A. FI Environmental and Social Procedures

- 11. The FI will put in place and maintain clearly defined environmental and social procedures³ proportionate to the nature of the FI and the level of potential environmental and social risks and impacts associated with the project and FI subprojects.⁴
- 12. 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 FI subprojects, including the implementation of this ESS and ESS2. The representative will: (a) designate a staff member to be responsible for day-to-day implementation of the environmental and social requirements; (b) ensure that adequate resources are available for training in environmental and social issues, including management; and (c) ensure that adequate technical expertise, either in-house or external expert support, is available to carry out assessments and manage the environmental and social risks of the FI subprojects, including providing implementation support as required.
- 13. 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.

² Whether the FI subproject is clearly defined (as referred to in paragraph 4) or is part of the FI's portfolio of subprojects (as referred to in paragraph 5).

³ The procedures may include or take the form of an environmental and social management system.

⁴Where the FI already has appropriate environmental and social procedures in place, it will provide adequate documented evidence of such procedures to the Bank and, following review by the Bank, will enhance them, as deemed necessary by the Bank.

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ESS9. Financial Intermediaries

- 14. The FI's environmental and social procedures will include measures, as appropriate to the type of FI subprojects, to:
 - (a) Screen all FI subprojects against any exclusions in the legal agreement;
 - (b) Review and categorize the FI subprojects according to their potential environmental and social risks and impacts;
 - (c) Require that all FI subprojects are subject to environmental and social assessment in accordance with national law and, in addition, where an FI subproject involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health, biodiversity or cultural heritage, the relevant requirements of the ESSs;
 - (d) Require that all FI subprojects are prepared and implemented to meet national law and, in addition, where an FI subproject involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health, biodiversity or cultural heritage, the relevant requirements of the ESSs;
 - (e) Ensure that the measures needed to satisfy the requirements of (c) and (d) above are set out in the legal agreement between the FI and the sub-borrower;
 - (f) Monitor and keep and regularly update environmental and social information on FI subprojects; and
 - (g) Monitor the environmental and social risk of the FI portfolio.
- 15. 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 procedures beyond what is required under national law.⁵
- 16. The FI will monitor the environmental and social performance of the FI subprojects. If the risk profile of an FI subproject increases significantly, the FI will notify the Bank and will apply relevant requirements of the ESSs⁶ in a manner agreed with the Bank. The measures and actions agreed will be included in the ESCP and the legal agreement between the FI and the sub-borrower, and monitored.

⁵ 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.

⁶ The 'relevant requirements of the ESSs' will relate to the reasons for which the risk profile of the FI subproject has increased.

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ESS9. Financial Intermediaries

B. Stakeholder Engagement

- 17. The FI will conduct stakeholder engagement in a manner proportionate to the risks and impacts of the project, and which reflects the nature of the FI and the type of FI subprojects it will finance. The relevant provisions of ESS10 will be included in the FI's environmental and social procedures.
- 18. The FI will put in place procedures for external communications on environmental and social matters proportionate to the risks and impacts of the FI subprojects, and the risk profile of the FI's portfolio. The FI will respond to public enquiries and concerns in a timely manner. The FI will list on its website the link to any environmental and social assessment reports for high risk FI subprojects which it finances.

C. Reporting to the Bank

19. 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 FI subprojects. The annual report will include details of how the requirements of this ESS are being met, the nature of the FI subprojects financed through the project, and the overall portfolio risk, profiled by sector.



Environmental and Social Standard 10. Stakeholder Engagement and Information Disclosure

Introduction

- 1. This ESS recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.
- 2. Stakeholder engagement is an inclusive process conducted throughout the project life-cycle. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for successful management of a project's environmental and social risks. Stakeholder engagement is most effective when initiated at an early stage of the project process, and is an integral part of early project decisions and the assessment, management and monitoring of the project's environmental and social risks and impacts.
- 3. This ESS must be read in conjunction with ESS1. Requirements regarding engagement with workers are found in ESS2. Special provisions on emergency preparedness and response are covered in ESS2 and ESS4. In the case of projects involving involuntary resettlement, Indigenous Peoples or cultural heritage, the Borrower will also apply the special disclosure and consultation requirements set out in ESS5, ESS7 and ESS8.

Objectives

- To establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship with them, in particular projectaffected communities.
- To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and environmental and social performance.
- To promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life-cycle on issues that could potentially affect them.
- To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in an accessible and appropriate manner format.
- To provide project-affected parties with accessible means to raise issues and grievances, and allow Borrowers respond to and manage such grievances.



ESS10. Stakeholder Engagement and Information Disclosure

Scope of Application

- 4. ESS10 applies to all projects supported by the Bank through Investment Project Financing. The Borrower will engage with stakeholders as an integral part of the project's environmental and social assessment and project design and implementation, as outlined in ESS1.
- 5. For the purpose of this ESS, "**stakeholder**" refers to individuals or groups who:
 - (a) are affected or likely to be affected by the project (project-affected parties); and
 - (b) may have an interest in the project (other interested parties).

Requirements

- 6. Borrowers will engage with stakeholders throughout the project life-cycle, commencing such engagement as early as possible in the project process. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.
- 7. Borrowers will engage in meaningful consultations with all stakeholders. Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.
- 8. The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
- 9. The Borrower will maintain a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

A. Engagement during Project Preparation

Stakeholder Identification and Analysis

10. The Borrower will identify the different stakeholders, both project-affected parties and other interested parties. As set out in paragraph 5, individuals or groups that are affected or likely to be affected by the project will be identified as 'project-affected parties' and other individuals or groups that may have an interest in the project will be identified as 'other interested parties'.

¹ The stakeholders of a project will vary depending on the details of the project. They may include local communities, national and local authorities, neighboring projects, and nongovernmental organizations.



ESS10. Stakeholder Engagement and Information Disclosure

- 11. The Borrower will identify those project-affected parties (individuals or groups) who, because of their particular circumstances, may be disadvantaged or vulnerable². Based on this identification, the Borrower will further identify individuals or groups who may have different concerns and priorities about project impacts, mitigation mechanisms and benefits, and who may require different, or separate, forms of engagement. An adequate level of detail will be included in the stakeholder identification and analysis so as to determine the level of communication that is appropriate for the project.
- 12. Depending on the potential significance of environmental and social risks and impacts, the Borrower may be required to retain independent third party specialists to assist in the stakeholder identification and analysis to support a comprehensive analysis and the design of an inclusive engagement process.

Stakeholder Engagement Plan

- 13. The Borrower will develop and implement a Stakeholder Engagement Plan (SEP)³ proportionate to the nature and scale of the project and its potential risks and impacts. ⁴ A draft of the SEP will be disclosed, and the Borrower will seek the views of stakeholders, particularly regarding the identification of stakeholders and the proposals for future engagement.
- 14. The SEP will describe the timing and methods of engagement with stakeholders throughout the life-cycle of the project, distinguishing between project-affected parties and other interested parties. The SEP will also describe the range of information to be communicated to project-affected parties and other interested parties, as well as the type of information to be sought from them.
- 15. The SEP will be designed to take into account the main characteristics and interests of the stakeholders, and the different levels of engagement and consultation that will be appropriate for different stakeholders. The SEP will set out how communication with stakeholders will be handled throughout project preparation and implementation.
- 16. The SEP will describe the measures that will be used to remove obstacles to participation, and how the views of differently affected groups will be captured. Where applicable, the SEP will include

² Disadvantaged or vulnerable refers to those who, by virtue of, for example, their age, gender, ethnicity, religion, physical, mental or other disability, social, civic or health status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. 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.

³ Depending on the nature and the scale of the risks and impacts of the project, the elements of SEP may be included as part of the ESCP and preparation of a stand-alone SEP may not be necessary.

⁴ Where possible, stakeholder engagement will utilize engagement structures within the national system e.g. community meetings, supplemented as needed with project-specific arrangements.



ESS10. Stakeholder Engagement and Information Disclosure

differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable. Dedicated approaches and an increased level of resources may be needed for communication with such differently affected groups so that they can obtain the information they need regarding the issues that will potentially affect them.

- 17. When the stakeholder engagement with local individuals and communities depends substantially on community representatives,⁵ the Borrower will make reasonable efforts to verify that such persons do, in fact, represent the views of such individuals and communities, and that they are facilitating the communication process in an appropriate manner.⁶
- 18. 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 collaborative strategy to identify stakeholders and plan for an engagement process in accordance with this ESS that will be implemented once the location is known.

Information Disclosure

- 19. The Borrower will disclose project information to allow stakeholders to understand the risks and impacts of the project, and potential opportunities. The Borrower will provide stakeholders with access to the following information, as early as possible:
 - (a) The purpose, nature and scale of the project;
 - (b) The duration of proposed project activities;
 - (c) Potential risks and impacts of the project on local communities, and the proposals for mitigating these, highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups and describing the differentiated measures taken to avoid and minimize these;
 - (d) The proposed stakeholder engagement process highlighting the ways in which stakeholders can participate.
 - (e) The time and venue of any proposed public consultation meetings, and the process by which meetings will be notified, summarized, and reported; and
 - (f) The process and means by which grievances can be raised and will be addressed.

⁵ For example, village heads, clan heads, community and religious leaders, local government representatives, civil society representatives, politicians or teachers.

⁶ For example, by conveying, in an accurate and timely manner, information provided by the Borrower to the communities and the comments and the concerns of such communities to the Borrower.



ESS10. Stakeholder Engagement and Information Disclosure

20. The information will be disclosed in relevant local languages and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (such as, disability, literacy, gender, mobility, differences in language or accessibility).

Meaningful Consultation

- 21. The Borrower will undertake a process of meaningful consultation in a manner that provides stakeholders with opportunities to express their views on project risks, impacts, and mitigation measures, and allows the Borrower to consider and respond to them. Meaningful consultation will be carried out on an ongoing basis as the nature of issues, impacts and opportunities evolves.
- 22. Meaningful consultation is a two-way process, that:
 - (a) Begins early in the project planning process to gather initial views on the project proposal;
 - (b) Encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts;
 - (c) Continues on an ongoing basis, as risks and impacts arise;
 - (d) Is based on the prior and timely disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders;
 - (e) Considers and responds to feedback;
 - (f) Supports active and inclusive engagement with project-affected parties;
 - (g) Is free of external manipulation, interference, coercion, discrimination, and intimidation; and
 - (h) Is documented and disclosed by the Borrower.



ESS10. Stakeholder Engagement and Information Disclosure

B. Engagement during Project Implementation and External Reporting

- 23. The Borrower will continue to engage with, and provide information to, project-affected parties and other interested parties throughout the life-cycle of the project, in a manner appropriate to the nature of their interests and the potential environmental and social risks and impacts of the project.⁷
- 24. The Borrower will continue to conduct stakeholder engagement in accordance with the SEP, and will build upon the channels of communication and engagement already established with stakeholders. In particular, the Borrower will seek feedback from stakeholders on the environmental and social performance of the project, and the implementation of the mitigation measures in the ESCP.
- 25. If there are significant changes to the project that result in additional risks and impacts, particularly where these will impact project-affected parties, the Borrower will provide information on such risks and impacts and consult with project-affected parties as to how these risks and impacts will be mitigated. The Borrower will disclose an updated ESCP in accordance with the SEP, setting out the mitigation measures.

C. Grievance Mechanism

- 26. The Borrower will respond to concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner. For this purpose, the Borrower will propose and implement a grievance mechanism⁸ to receive and facilitate resolution of such concerns and grievances.
- 27. The grievance mechanism will be proportionate to the potential risks and impacts of the project and will be accessible and inclusive. Where feasible and suitable for the project, the grievance mechanism will utilize existing formal or informal grievance mechanisms, supplemented as needed with project-specific arrangements. Further requirements on grievance mechanisms are set out in Annex 1.
 - (a) The grievance mechanism is expected to address concerns promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all project-affected parties, at no cost and without retribution. The mechanism, process or procedure will not prevent access to judicial or administrative remedies. The Borrower will inform the project-affected parties about the grievance process in the course of its community engagement

⁷ Additional information may need to be disclosed at key stages in the project cycle, for example prior to start-up of operations, and on any specific issues that the disclosure and consultation process or grievance mechanism have identified as of concern to stakeholders.

⁸ The grievance mechanism to be provided under this ESS may be utilized as the grievance mechanism required under other ESSs (see ESSs 5 and 7). However, the grievance mechanism for project workers required under ESS2 needs to be provided separately.

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ESS10. Stakeholder Engagement and Information Disclosure

activities, and will make publicly available a record documenting the responses to all grievances received; and

(b) Handling of grievances will be done in a culturally appropriate manner and be discreet, objective, sensitive and responsive to the needs and concerns of the project-affected parties. The mechanism will also allow for anonymous complaints to be raised and addressed.

D. Organizational Capacity and Commitment

28. The Borrower will define clear roles, responsibilities and authority as well as designate specific personnel to be responsible for the implementation and monitoring of stakeholder engagement activities and compliance with this ESS.

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ESS10. Stakeholder Engagement and Information Disclosure

ESS10 – ANNEX 1. GRIEVANCE MECHANISM

- 1. The scope, scale and type of grievance mechanism required will be proportionate to the nature and scale of the potential risks and impacts of the project.
- 2. The grievance mechanism will include the following:
 - (a) Different ways in which users can submit their grievances, which may include submissions in person, by phone, text message, mail, email or via a web site;
 - (b) A log where grievances are registered in writing and maintained as a database;
 - (c) Publicly advertised procedures, setting out the length of time users can expect to wait for acknowledgement, response and resolution of their grievances;
 - (d) Transparency about the grievance procedure, governing structure and decision makers; and
 - (e) An appeals process (including the national judiciary) to which unsatisfied grievances may be referred when resolution of grievance has not been achieved.
- 3. The Borrower may provide mediation as an option where users are not satisfied with the proposed resolution.

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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 which will be followed if previously unknown cultural heritage is encountered during project activities. Such procedure generally includes a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of ESS8 and national law; and to train project personnel and project workers on chance find procedures;.
- Collective attachment means that for generations there has been a physical presence in and
 economic ties to land and territories traditionally owned, or customarily used or occupied,
 by the group concerned, including areas that hold special significance for it, such as sacred
 sites.
- **Core functions** of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.
- Critical habitat is defined as areas with high importance for biodiversity, including: (a) highly threatened or unique ecosystems; (b) habitat important to Critically Endangered or Endangered species, as listed on the International Union for the Conservation of Nature (IUCN) Red List of threatened species or under national law; (c) habitat important to endemic or restricted-ranges species; (d) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; or (e) ecological functions or characteristics that are needed to maintaining the viability of the biodiversity features described above in (a) to (d).
- **Cultural heritage** is defined as resources with which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions.
- Disadvantaged or vulnerable refers to those who, by virtue of, for example, their age, gender, ethnicity, religion, physical, mental or other disability, social, civic or health 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

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project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. 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.

- Ecosystem services are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.
- Environmental, Health, and Safety Guidelines (EHSGs) are technical reference documents with general and industry-specific statements of Good International Industry Practice. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult the World Bank Group Environmental, Health, and Safety Guidelines, http://www.ifc.org/wps/wcm/connect/Topics Ext Content/IFC External Corporate Site/IF C+Sustainability/Sustainability+Framework/Environmental,+Health,+and+Safety+Guidelines
- **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).

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- 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 affecting land and water resources for which no party has assumed or been assigned responsibility to address and carry out 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.
- Integrated Pest Management (IPM) refers to a mix of farmer-driven, ecologically-based pest control practices that seeks to reduce reliance on synthetic chemical pesticides. It involves (a) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (b) integrating multiple methods (relying, to the extent possible, on nonchemical measures) to keep pest populations low; and (c) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment.
- Integrated Vector Management (IVM) is a rational decision-making process for the optimal use of resources for vector control. The approach seeks to improve the efficacy, cost-effectiveness, ecological soundness and sustainability of disease-vector control.
- Involuntary Resettlement. Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both. The term "involuntary resettlement" refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

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- 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.
- Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area's primary ecological functions and species composition. Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed coastal zones, and reclaimed wetlands.
- Natural habitats are areas composed of viable assemblages of plant and/or animal species
 of largely native origin, and/or where human activity has not essentially modified an area's
 primary ecological functions and species composition.
- Pollution refers to both hazardous and non hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as thermal discharge to water, emissions of short- and long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.
- Pollution management includes measures designed to avoid or minimize emissions of
 pollutants, including short- and long-lived climate pollutants, given that measures which
 tend to encourage reduction in energy and raw material use, as well as emissions of local
 pollutants, also generally result in encouraging a reduction of emissions of short- and longlived climate pollutants.
- **Primary suppliers** are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project.
- **Project** refers to the activities for which Bank support through Investment Project Financing is sought by the Borrower and as defined in the project's legal agreement between the Borrower and the Bank. These are projects to which OP/BP 10.00 Investment Project Financing, applies. The World Bank Environmental and Social Policy for Investment Project Financing does not cover operations supported by Development Policy lending (for which the environmental provisions are set out in OP/BP 8.60, *Development Policy Lending*), or

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those supported by Program-for-Results Financing (for which environmental provisions are set out in OP/BP 9.00, *Program-for-Results Financing*).

- Project Worker refers to: (a) people employed or engaged directly by the Borrower, the project proponent and/or project implementing agencies to work specifically in relation to the project (direct workers); (b) people employed or engaged through third parties to perform work related to core functions of the project, regardless of the location (contracted workers); (c) people employed or engaged by the Borrower's primary suppliers (primary supply workers); and (d) people engaged in community labor such as in community-driven development projects (workers in community labor). This includes full-time, part-time, temporary, seasonal and migrant workers. Migrant workers are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.
- Replacement cost is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labor for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.
- Restrictions on land use refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the 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.
- **Security of tenure** means that resettled individuals or communities are resettled to a site that they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate. In no event will resettled persons be provided tenure rights that are weaker than the rights they had to the land or assets from which they have been displaced.

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- **Technical feasibility** is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.
- *Universal access* means unimpeded access for people of all ages and abilities in different situations and under various circumstances.

Bank Procedure

Environmental and Social Procedure

Bank Access to Information Policy DesignationPublic

Catalogue Number

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(DELIBERATIVE WORKING DRAFT)

June 9, 2015



SECTION I - PURPOSE AND APPLICATION

- 1. This Procedure sets out the mandatory requirements for the implementation of the Environmental and Social Policy for Investment Project Financing.
- 2. This Procedure applies to the Bank.

SECTION II - DEFINITIONS AND ACRONYMS

- 3. As used in this Procedure, the capitalized terms or acronyms have the meanings set out below.
 - 1) Access to Information Policy: the Bank's Access to Information Policy, dated July 1, 2013, as amended from time to time.
 - 2) APESS: the Accreditation Panel for Environmental and Social Standards of the Bank constituted of the Chief Environmental and Social Standards Officer (CESSO); the Director, GENDR; the Director, GSURR; and the LEGEN CC, with appropriate regional representation as determined by the CESSO. APESS is chaired by the CESSO.
 - 3) Bank: IBRD and IDA.
 - 4) **Board**: the Executive Directors of IBRD or IDA, or both, as applicable.
 - 5) **Borrower**: the borrower or recipient of a Bank Loan for a project, and any other entity involved in the implementation of the project financed by the Bank Loan.
 - 6) **Borrower's ES Framework**: the Borrower's Environmental and Social Framework, as set out in paragraph 25 of the Policy.
 - 7) **CESSO**: the Chief Environmental and Social Standards Officer of the Bank.
 - 8) **EHSGs**: the Environmental, Health and Safety Guidelines of the World Bank Group, dated April 30, 2007, as amended from time to time.
 - 9) ES: Environmental and Social.
 - 10) ESCP: the Environmental and Social Commitment Plan.
 - 11) **ESF**: the Environmental and Social Framework of the Bank, dated ______, as may be amended from time to time, which consists of the Environmental and Social Policy and the ten Environmental and Social Standards.

12)	Environmental and Social Policy for Investment Project Financing : the Environmental and Social Policy of the Bank, dated, as amended from time to time.
13)	Environmental and Social Procedure : the Environmental and Social Procedure of the Bank, dated, as amended from time to time.
14)	ESRS : the Environmental and Social Review Summary document, in the form required, as amended from time to time.
15)	ESS : the Environmental and Social Standards of the Bank, dated, as amended from time to time.
16)	ESSA : an Environmental and Social Standards Advisor. [previously, Regional Safeguards Advisor]
17)	ES Specialist : an Environmental and/or Social Specialist of the Bank.
18)	ICR: an Implementation Completion and Results Report.
19)	Implementing Entity : an entity responsible for the implementation of a project supported by a Bank Guarantee.
20)	IPF: Investment Project Financing, as defined under OP/BP 10.00.
21)	ISR: Implementation Status and Results Report.
22)	GENR : Environmental and Natural Resources Global Practice.
23)	Global Practice Senior Director/Director : the Senior Director or Director of a GP of the Bank.
24)	GP : a Global Practice of the Bank.
25)	GRS : the Grievance Redress Service of the Bank.
26)	GSURR : Social, Urban, Rural and Resilience Development Global Practice.

28) **Legal agreement**: The legal agreement entered into between the Bank and the Borrower to provide Bank financing for the Borrower's investment project.

27) **Guarantee**: a guarantee provided by the Bank (i) of financing extended by private entities; or (ii) of non-loan-related government payment obligations in favor of private

entities or of foreign public entities, and arising from contracts, law or regulation.

- 29) **LEG**: the Legal Vice-Presidency of the Bank.
- 30) **LEGEN**: the Environment and International Law Unit of LEG.
- 31) **LEGEN CC**: Chief Counsel, LEGEN.
- 32) **Loan**: a loan, credit or grant made by the Bank from its own resources or from trust funds funded by other donors and administered by the Bank, or a combination of these.
- 33) **Management**: the President or a Manager of the Bank, or some or all of these persons, as applicable.
- 34) Manager: a person identified as a manager in the Bank's human resources system.
- 35) **Managing Director or MD**: the Managing Director and Chief Operating Officer of the Bank.
- 36) **OESRC**: the Operations Environmental and Social Review Committee of the Bank, constituted of the Chief Environmental and Social Standards Officer (CESSO); the Director, GENDR; the Director, GSURR; and the LEGEN CC, with appropriate regional representation as determined by the CESSO. OESRC is chaired by the CESSO.
- 37) **OPCS**: the Operations Policy and Country Services Vice-Presidency of the Bank.
- 38) **OPSOR**: the Operations Risk Management Department within OPCS.
- 39) PAD: a Project Appraisal Document.
- 40) **President**: the President of the Bank.
- 41) **Risk Classification**: the risk classification assigned by the Bank to the project, as set out in Section VI of this Procedure.
- 42) **Subproject**: a separate activity under the project, as defined in the legal agreement.
- 43) **TL**: the Team Leader.
- 44) **TOR**: Terms of Reference for the relevant assessment to be used by the Borrower to assess potential risks and impacts of the project.
- 45) TT: the Task Team.

SECTION III - SCOPE

- 4. This Procedure applies to all projects subject to OP 10.00 on Investment Project Financing.
- 5. As set out in the Policy, paragraph 3, the responsibilities of the Bank to manage ES risks and impacts of a project are:
 - undertake its own due diligence on the proposed project, proportionate to the nature and potential significance of the ES risks and impacts related to the project;
 - as and where required, support the Borrower in carrying out early and continuing engagement and meaningful consultation with stakeholders, in particular affected communities, and in providing project-based grievance mechanisms;
 - c. assist the Borrower in identifying appropriate methods and tools to assess and manage the potential ES risks and impacts of the project;
 - d. agree with the Borrower on the conditions under which the Bank is prepared to provide support to the project, as set out in the Environmental and Social Commitment Plan (ESCP); and
 - e. monitor the ES performance of the project in accordance with the ESCP and the ESSs.

SECTION IV – ROLES AND RESPONSIBILITIES

- 6. The management of ES risks and impacts within the Bank is carried out primarily by responsible officials in OPCS (OPSOR), the GPs (GENR and GSURR), LEG (LEGEN), and members of the TT.
- 7. The CESSO (OPSOR) has overall responsibility and accountability for general oversight of ESF implementation, and carries out the following:
 - a. interpreting the ESF and advising on its application;
 - b. proposing amendments to, and leading any review and update of, the ESF;
 - c. issuing ES risk-related guidance;
 - d. monitoring the overall functioning of the ESF and reporting on its implementation and application, including the due diligence process conducted by the Bank, and the formulation of measures to support such implementation;

- e. providing clearance for the initial risk classification of a project, and any subsequent changes to that risk classification, through the ESSA;
- f. providing advice and guidance for the ES appraisal and monitoring of *High Risk* projects, through the ESSA, including the clearance of relevant TORs with ES content and any other ES documentation during project appraisal;
- g. endorsing proposals for waivers to the provisions of the ESF for submission to MD for clearance and Board approval;
- h. approving proposals for waivers to the provisions of the Environmental and Social Procedure;
- i. ensuring central monitoring of ES-related grievances submitted through the GRS;
- j. managing the ESF accreditation process;
- k. overseeing design and implementation of knowledge management and learning activities of the ESF, jointly with GPs and LEG; and
- engaging with other multilateral and bilateral organizations and development agencies with the objective of harmonization of Bank requirements relating to ES risks and impacts, including the ESF.
- 8. The Director, GENDR and the Director, GSURR, are responsible and accountable for the implementation of the ESF, and carrying out the following:
 - a. developing and implementing business processes for the effective implementation of the ESF, including planning and budgeting, programming deployment, monitoring and reporting on ESF-related project-level support;
 - b. providing managerial oversight of project appraisal;
 - c. allocating staff and consultants to TT and supervising them;
 - d. advising and assisting the TT on ES risks for all operations;
 - e. providing clearance, advisory support and monitoring throughout project lifecycle for non-*High Risk* projects;
 - f. undertaking portfolio reviews of ESS performance;
 - g. providing specialized technical advisory services (e.g., dam safety, etc.); and
 - h. assisting with the development of Borrower capacity building strategies and implementation.

- 9. The LEGEN CC is responsible for:
 - a. providing legal advice on the ESF and ES risk-related guidance;
 - b. reviewing and clearing terms of reference for consultants being hired to carry out legal work with ES content; and
 - c. advising on the assessment of the legal dimensions of the Borrower's ES Framework.
- 10. TT (including ESF Accredited Staff) are responsible and accountable for project-level preparation, implementation support and monitoring activities relating to the ESF, and carrying out the following:
 - a. managing project appraisal;
 - b. carrying out project ES due diligence, and proposing appropriate ES risk mitigation measures;
 - c. assisting the Borrower in the preparation of relevant ES tools and instruments;
 - d. carrying out ES-related implementation support and monitoring; and
 - e. handling grievances related to implementation at the project level.
- 11. The OESRC is constituted of the CESSO; the Director, GENDR; the Director, GSURR; and the LEGEN CC, with appropriate regional representation as determined by the CESSO. OESRC is chaired by the CESSO and has overall responsibility and accountability for reviewing and advising on ES-related issues of corporate relevance, including the following:
 - at the request of any members of OESRC or senior Management at any time during the project life-cycle, providing advice and guidance on *High Risk*, sensitive or complex projects or issues, including those raising policy interpretation issues or of a controversial or innovative nature, regardless of the classification;
 - requiring the TT to notify OESRC promptly of any significant event or change in the ES issues associated with a project, regardless of the classification, and where necessary providing advice and guidance as to how the event or issue is addressed; and
 - c. providing support to the CESSO in interpreting the ESF, monitoring application and suggesting changes to the ESF.

- 12. The APESS is constituted of the CESSO; the Director, GENDR; the Director, GSURR; and the LEGEN CC, with appropriate regional representation as determined by the CESSO. APESS is chaired by the CESSO and is responsible for:
 - a. developing core competency requirements and setting professional standards for Bank staff to be accredited as ESF Accredited staff;
 - b. operating the ESF Accreditation Process, including reviewing, clearing and recommending ESF Accreditation;
 - c. maintaining and making publically available registers of ESF Accredited staff;
 - d. providing advice and guidance on developing and maintaining core competencies and specializations; and
 - e. monitoring adequacy of resources and competencies to meet the requirements and support the integrity of the ESF.

SECTION V – SCREENING THE PROJECT

- 13. The TL assembles a TT for the proposed project. The TT screens the proposed project to identify, with the available information, the key ES risks and impacts and capacity issues associated with the project. The initial screening of potential ES risks and impacts is based on an examination of the type, sector, location, sensitivity and scale of the proposed project, and the nature and magnitude of its potential ES risks and impacts.
- 14. The preliminary screening informs the initial risk classification, and the extent to which the Borrower's ES Framework will be assessed. It also provides the basis for the TT to consider the type of ES assessment that is required, so that the risks and impacts, and any other issues that may arise, can be addressed effectively in project planning, design and implementation.
- 15. The TT reviews the capacity and commitment of the Borrower to develop and implement the project in accordance with the ESSs. The TT reviews the need, if any, for enhancement of the Borrower's capacity to meet the requirements of the ESSs, particularly in respect of relevant baseline data and information, on-site training, institutional strengthening, and inter-institutional collaboration. The TT considers the need for capacity enhancement, including project components to strengthen capacity.
- 16. The TT undertakes an initial review of the Borrower's ES Framework specific to the project upon Borrower request. (For further requirements, see Section IX.)
- 17. During the initial screening, the TT gathers sufficient information regarding the project to enable the TT to:

- a. identify key ES risks and impacts, and their nature and magnitude;
- b. propose a project risk classification;
- c. consider the most appropriate type of ES assessment to be conducted by the Borrower and the methods and tools to be used;
- d. identify and assess details of the Borrower's ES Framework and possible gaps;
- e. propose a preliminary schedule for consultation with stakeholders; and
- f. consider the type of ES due diligence that will be required of the Bank, and propose a preliminary ES due diligence schedule.
- 18. The TT discusses with the Borrower the information on the project, and the measures and actions that will be required for the Borrower to conduct ES assessment of the project, including the methods and tools to be used (as described in ESS1, Annex 1) and the type and timeframe for the preparation of specific instruments, including any ESS-specific plans.
- 19. If the potential ES risks and impacts of the proposed project are considered to be *High Risk* or *Substantial Risk*, the TT includes dedicated ES specialists. The type and level of expertise of the ES specialists reflects the type and level of risks and impacts of the project.

SECTION VI - RISK CLASSIFICATION

- 20. The Bank classifies each project according to the Bank's risk classification.
- 21. The risk classification system is used by Bank staff as a tool to review and monitor the ES performance of a project on a regular basis throughout the project life-cycle. The Bank allocates its resources, and provides corporate oversight and operational support to a project, in accordance with the risk classification of the project. The risk classification is intended to ensure that:
 - a. the Bank has accurate and up to date information regarding the status of the project, including issues that could affect the ES performance and outcomes of the project;
 - b. the Borrower dedicates sufficient resources, and is provided with targeted implementation support, to ensure that the commitments agreed to in the legal agreement, including the ESCP, are implemented; and
 - c. changes to the project or unforeseen risks and impacts are addressed.

- 22. The Bank takes the necessary steps to ensure that the risk classification of the project is based on accurate and up to date information, and is made in accordance with the ES Policy and this Procedure.
- 23. The Bank classifies a project as *High Risk*, *Substantial Risk*, *Moderate Risk* or *Low Risk* taking into account all relevant potential risks and impacts, including the following:
 - a. the type, location, sensitivity and scale of the project including, *inter alia*, the physical considerations of the project; type of infrastructure (e.g., dams and reservoirs, power plants, airports, major roads); volume of hazardous waste management and disposal, geographical area of influence;
 - b. the nature and magnitude of the potential ES risks and impacts, including, *inter alia*, impacts on greenfield sites; impacts on brownfield sites including (e.g., rehabilitation, maintenance or upgrading activities); the nature of the potential risks and impacts (e.g. whether they are irreversible, unprecedented or complex); resettlement activities; presence of Indigenous Peoples; and possible mitigation measures considering the mitigation hierarchy;
 - c. the capacity and commitment of the Borrower to manage such risks and impacts in a manner consistent with the ESSs, including, inter alia, the country's policy, legal and institutional framework; laws, regulations, rules and procedures applicable to the project sector, including regional and local requirements; the technical and institutional capacity of the Borrower; the Borrower's track record of past project implementation; and the financial and human resources available for management of the project;
 - d. other areas of risk that may be relevant to the delivery of ES mitigation measures and outcomes, depending on the specific project and the context in which it is being developed, including, *inter alia*, the nature of the mitigation and technology being proposed, considerations relating to domestic and/or regional stability, conflict or security.
- 24. The Bank classifies a project as *High Risk* after considering, in an integrated manner, the risks and impacts of the project, and determining the following:
 - a. the project is likely to generate a wide range of significant adverse risks and impacts on human populations or the environment. This could be because of the complex nature of the project, the scale (large to very large) or the sensitivity of the location(s) of the project. This would take into account whether the potential risks and impacts associated with the project have the majority or all of the following characteristics:

- (i) long term, permanent and/or irreversible (e.g., loss of major natural habitat or conversion of wetland), and impossible to avoid entirely due to the nature of the project;
- (ii) high in magnitude and/or in spatial extent (the geographical area or size of the population likely to be affected is large to very large);
- (iii) cumulative and/or transboundary in nature; and
- (iv) a high probability of serious adverse effects to human health and/or the environment (e.g., due to accidents, toxic waste disposal, etc.);
- b. the area likely to be affected is of high value and sensitivity, for example sensitive and valuable ecosystems and habitats (protected areas, National Parks, World Heritage Sites, Important Bird Areas), lands or rights of Indigenous Peoples or other vulnerable minorities, intensive or complex involuntary resettlement or land acquisition, impacts on cultural heritage or densely populated urban areas;
- some of the significant adverse ES risk and impacts of the project cannot be mitigated or specific mitigation measures require complex and/or unproven mitigation, compensatory measures or technology, or sophisticated social analysis and implementation;
- there are significant concerns that the adverse social impacts of the project, and the associated mitigation measures, may give rise to significant social conflict or harm or significant risks to human security;
- e. there is a history of unrest in the area of the project or the sector, and there may be significant concerns regarding the activities of security forces;
- f. the project is being developed in a legal or regulatory environment where there is significant uncertainty or conflict as to jurisdiction of competing agencies, or where the legislation or regulations do not adequately address the risks and impacts of complex projects, or changes to applicable legislation are being made, or enforcement is weak;
- g. the past experience of the Borrower and the implementing agencies in developing complex projects project is limited, their track record regarding ES issues generally is poor and this track record is unacceptable given the nature of the project's potential risks and impacts;
- h. stakeholder engagement is weak;

- i. there are a number of factors outside the control of the project that could have a significant impact on the ES performance and outcomes of the project.
- 25. The Bank classifies a project as *Substantial Risk* after considering, in an integrated manner, the risks and impacts of the project, and determining the following:
 - a. the project may not be as complex as High Risk projects, its ES scale and impact may be smaller (large to medium) and the location may not be in such a sensitive area. This would take into account whether the potential risks and impacts have the majority or all of the following characteristics;
 - they are mostly temporary, predictable and/or reversible, and the nature of the project does not preclude the possibility of avoiding or reversing them (although substantial investment and time may be required);
 - a few of the significant adverse ES risk and impacts of the project cannot be mitigated or specific mitigation measures require complex and/or unproven mitigation or compensatory measures or technology, or sophisticated social analysis and implementation;
 - d. there are concerns that the adverse social impacts of the project, and the associated mitigation measures, may give rise to significant social conflict or harm or significant risks to human security;
 - e. they are medium in magnitude and/or in spatial extent (the geographical area and size of the population likely to be affected are medium to large);
 - f. the potential for cumulative and/or transboundary impacts may exist, but they are less severe and more readily avoided or mitigated than for *High Risk* projects;
 - g. there is medium to low probability of serious adverse effects to human health and/or the environment (e.g., due to accidents, toxic waste disposal, etc.), and there are known and reliable mechanisms available to prevent or minimize such incidents;
 - h. the effects of the project on areas of high value or sensitivity will be lower than High Risk projects;
 - i. mitigatory and/or compensatory measures may be designed more readily and be more reliable than those of *High Risk* projects.
- 26. The Bank classifies a project *as Moderate Risk* after considering, in an integrated manner, the risks and impacts of the project, and determining the following:

- a. the potential adverse risks and impacts on human populations and/or the environment are not likely to be significant. This is because the project is not complex and/or large, does not involve activities that have a high potential for harming people or the environment, and is located away from environmentally or socially sensitive areas. As such, the potential risks and impacts and issues are likely to have the following characteristics:
 - (i) predictable and expected to be temporary and/or reversible;
 - (ii) low in magnitude;
 - (iii) site-specific, without likelihood of impacts beyond the actual footprint of the project
 - (iv) low probability of serious adverse effects to human health and/or the environment (e.g., do not involve use or disposal of toxic materials, routine safety precautions are expected to be sufficient to prevent accidents, etc.)
- b. risks and impacts can be easily mitigated in a predictable manner.
- 27. The Bank classifies a project as *Low Risk* if its potential adverse risks to and impacts on human populations and/or the environment are likely to be minimal or negligible. These projects, with few or no adverse risks and impacts and issues, do not require further ES assessment following the initial screening.
- 28. The Bank reviews the risk classification on a regular basis throughout the project life-cycle in order to ensure that it continues to reflect accurately the level of risk the project presents. In particular, the Bank takes into account risks or impacts of the project that were not foreseen or anticipated; changes to the Borrower ES Framework; the ongoing ES performance of the project; the commitment of the Borrower; and the information contained in the following to assess whether the risk classification continues to be appropriate:
 - a. the ESCP implementation reports;
 - b. the annual monitoring report; and
 - c. the ISR.

SECTION VII - SUPPORT FOR ENVIRONMENTAL AND SOCIAL ASSESSMENT

29. The Bank advises the Borrower on carrying out the ES assessment of the project in accordance with the requirements of ESS1.

- 30. The Bank assists the Borrower in determining the process to be followed, and the different methods and tools to be used by the Borrower to carry out the ES assessment and to document the results of such assessment. The Bank discusses with the Borrower the requirements of ESS1, Annex 1. The assessment assesses the ES risks of the project throughout the project life-cycle, and identifies appropriate mitigation measures.
- 31. As necessary, the Bank assists the Borrower in preparing the TORs for any tools (including those required by specific ESSs) to be used as part of the ES assessment, ensuring that the TORs reflect the need for adequate inter-agency coordination and consultation with stakeholders.

SECTION VIII - BANK DUE DILIGENCE

- 32. The Bank carries out ES due diligence of all proposed projects, including as required by OP/BP 10.00. The ES due diligence is appropriate to the nature and scale of the project, and proportionate to the level of ES risks and impacts.
- 33. The Bank's ES due diligence assesses whether the project is capable of being developed and implemented in accordance with the ESSs or, where the Bank is relying on the Borrower's ES Framework for all or part of the project, whether the project is able to achieve objectives materially consistent with the ESSs.
- 34. The Bank reviews all relevant project information and documents provided by the Borrower. If the Bank has insufficient information to conduct its due diligence, it requests additional and relevant information from the Borrower.
- 35. If a project is classified by the Bank as *High Risk or Substantial Risk*, the Bank's due diligence includes site visits by an environmental and/or social specialist, as appropriate.
- 36. In particular, as part of the Bank's due diligence, the Bank:
 - a. reviews relevant aspects of the ES assessment with the Borrower;
 - b. assesses the adequacy of the institutions responsible for management of ES risks and impacts;
 - discusses and agrees with the Borrower on the adequacy of financing arrangements for the measures and actions set out in the legal agreement, including the ESCP;
 - d. determines whether the recommendations of the ES assessment are properly addressed in project design;

- e. discusses with the Borrower the measures and actions and a completion date for such measures and actions to be included in the ESCP; and
- f. reviews the Borrower's ES Framework and time table for gap filling measures, if applicable.
- 37. Based on the results of the Bank's due diligence, the Bank:
 - a. confirms or revises the risk classification of the project;
 - agrees with the Borrower on the measures and actions and a completion date for such measures and actions to be included in the legal agreement, including the ESCP;
 - c. ensures that the ESCP is attached to legal agreement and that the legal agreement takes into account the findings of the ES assessment, the Bank's ES due diligence, and the results of engagement with stakeholders;
 - d. includes ES-related covenants in the legal agreement, and in the monitoring system for the project; and
 - e. prepares the ESRS.
- 38. The ESRS sets out an accurate and comprehensive record of the Bank's due diligence of the project, and includes the following:
 - a. an accurate description of the project and any Associated Facilities (as defined in ESS1);
 - b. a description of the key potential ES risks and impacts of the project;
 - c. the sources of information on which the Bank's due diligence and the ESRS has been based;
 - d. a discussion of the key ES risks and impacts by reference to the relevant ESS, and the proposed mitigation measures; and
 - e. a summary of the key measures and actions agreed to in the legal agreement, including the ESCP, together with timeframes for implementation.
- 39. Where a project involves subprojects, the Bank agrees and documents arrangements with the Borrower to ensure that the implementing institutions will be able to carry out or oversee the ES assessment of proposed subprojects and/or conduct appropriate due diligence, and that an appropriate division of responsibilities is agreed upon and the required expertise is made available.

SECTION IX - BORROWER'S ES FRAMEWORK

- 40. In accordance with paragraph 24 of the Policy, the Bank evaluates the extent to which the use of the Borrower's ES Framework will enable the project to achieve objectives materially consistent with the ESSs. It also assesses the extent to which the use of the Borrower's ES Framework will support the design and implementation of mitigation measures consistent with the mitigation hierarchy set out in ESS1 and as relevant in the ESSs. Depending on the nature of the risks and impacts of the project, the review of the Borrower's ES Framework may include an assessment of the consistency of specific aspects of the Borrower's ES Framework against specific requirements of the ESSs.
- 41. The aspects of the Borrower's ES Framework that are relevant for the Bank's review vary from project to project, depending on factors relevant to the project including, the type, scale and complexity of the project and the potential ES risks and impacts of the project (including, but not limited to, those identified in the ESSs).
- 42. The Bank's review of the Borrower's ES Framework includes a review of:
 - a. the country's general policy, legal and institutional framework, as these are relevant to the specific ES risks and impacts of the project;
 - laws, regulations, rules and procedures (including permits and approval requirements) applicable to the project's sector, including regional and local requirements that are relevant to the ES risks and impacts of the project;
 - inconsistencies, lack of clarity or conflict as to relevant authorities or jurisdiction, including differences between national and regional/local authorities or jurisdictions;
 - d. previous experience with the Bank or other IFIs and the track record of the Borrower and the national, subnational, sectoral and local institutions involved in the preparation and/or implementation of the project, including stakeholder engagement; and
 - e. technical and institutional capacity of the Borrower and relevant national, subnational or sectoral implementing institutions or agencies related to the project, as these are relevant to the ES risks and impacts of the project.
- 43. In reviewing the Borrower's ES Framework, the Bank:
 - a. assesses whether use of the Borrower's ES Framework will enable the project to achieve objectives materially consistent with the ESSs;

- b. identifies gaps in the Borrower's ES Framework that would prevent the project from achieving objectives materially consistent with the ESSs;
- c. identifies project-specific actions and measures to fill the identified gaps;
- d. identifies gaps in the Borrower's ES Framework for which there are no feasible project-specific actions and measures; and
- e. recommends whether to use all or part of the Borrower's ES Framework.
- 44. The Bank works with the Borrower to agree on project-specific measures and actions to address the identified gaps in the Borrower's ES Framework. The Bank ensures that the ESCP incorporates such measures and actions, as well as the agreed timeframes and all the relevant information to ensure the implementation of these actions and measures.
- 45. The Bank may also recommend not using the Borrower' ES Framework. This may be appropriate in such cases where, *inter alia*, the project is complex and *High Risk*; capacity and institutional aspects are limited; the context is one of fragility and/or conflict; or gaps have been identified for which no project-specific actions and measures are feasible.
- 46. The use of the Borrower's ES Framework is subject to clearance by the CESSO.
- 47. Bank staff monitors the application of the Borrower's ES Framework to the project, the Borrower's implementation and enforcement practices, track record and capacity in accordance with the Bank's review and the project-specific measures and actions identified in the ESCP, for the duration of the project.
- 48. Where the Bank has been notified by the Borrower of a significant change in the Borrower's ES Framework that may adversely affect the project, the Bank assesses the extent to which the change is inconsistent with the ESSs and the ESCP and discusses with the Borrower ways to address the change, and agree on any additional actions and measures that may be required.

SECTION X - OTHER MULTILATERAL OR BILATERAL FUNDING AGENCIES

- 49. Where the Bank has agreed:
 - a. on a common approach for the assessment and management of ES risks and impacts of a project or Associated Facilities;
 - to apply the requirements of other multilateral or bilateral funding agencies for the assessment and management of ES risks and impacts of a project involving an FI; or

 to apply the requirements of other multilateral or bilateral funding agencies for the assessment and management of ES risks and impacts of a project involving Associated Facilities;

the Bank records this agreement in the legal agreement, including the ESCP, and in the PAD.

- 50. In determining whether the common approach or the requirements referred to in paragraph 49 above are acceptable, the TT takes into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies.
- 51. Where the Bank has agreed to apply a common approach or rely on the requirements of other agencies, the Bank may choose to rely on the ES due diligence, supervision and implementation support conducted by such agencies.
- 52. If the Bank chooses to rely on the activities of other agencies for preparation or implementation support, the Bank concludes written arrangements with such agencies and the Borrower, which are designed to ensure that the Bank is kept adequately informed on an ongoing basis of:
 - a. the status of the project's compliance with the agreed ES requirements;
 - b. any material changes to the agencies' ES policies and procedures; and
 - c. the material consistency of the implementation of the proposed project with the objectives of the ESSs.
- 53. The measures and actions that have been agreed with such agencies and the Borrower are included in the legal agreement, including the ESCP.

SECTION XI – MONITORING AND IMPLEMENTATION SUPPORT

- 54. In accordance with OP/BP 10.00, the Bank carries out regular reviews of the Borrower's compliance with the ES requirements relating to the project, as set out in the legal agreement, including the ESCP. The review activities are appropriate to the type and scope of the requirements, and include:
 - a. reviewing monitoring reports;
 - b. conducting monitoring site visits;
 - c. reviewing project-related information that may become available;
 - d. reviewing the Borrower's compliance with ES requirements, including covenants, disbursement conditions prior to all disbursements, and the ESCP;

- e. advising the Borrower on how to manage ES project issues; and
- f. communicating risks and probable consequences of Borrower failure to comply with the ES requirements, and initiating remedies if the Borrower fails to (re)establish compliance.

SECTION XII - DISCLOSURE

- 55. The Bank applies the World Bank Policy on Access to Information with regard to all documents provided to it by the Borrower.
- 56. The TT ensures that sufficient information about the potential risks and impacts of the project is made available by the Borrower in a timely manner, in an accessible place, and in a form and language understandable to project-affected people and other interested parties, as set out in ESS10, so they can provide meaningful input into project design and mitigation measures.

SECTION XIII - PROJECT DOCUMENTS

- 57. The TT ensures that the documents relating to the ES assessment and management of the project provide adequate, accurate and up to date information regarding the potential risks and impacts of the project, and the agreed mitigation measures.
- 58. The Bank summarizes in the PAD material information relating to the assessment and management of the ES risks and impacts of the project, including:
 - a. key features of the project and any Associated Facilities;
 - b. the potential ES risks and impacts;
 - c. the reasons for the project classification;
 - d. the type of ES assessment conducted, and the tools used;
 - e. any potential risks and impacts that require specific attention, including those addressed by ESS2-ESS9;
 - f. key mitigation measures and actions;
 - g. the feasibility of the proposed measures and actions, and the risks associated with implementation;
 - h. details of consultations with stakeholders, including project-affected parties, including the issues raised and how they have been taken into account;

- i. institutional arrangements, timetable, budget, including adequate and timely provision of counterpart funds, and performance monitoring indicators;
- j. details of the ES requirements of the legal agreement, including the ESCP, including the timeframe and manner agreed with the Borrower for implementation of relevant measures and actions; and
- k. details of the ES representations, conditions and covenants.
- 59. The TT includes an updated ESRS as an attachment to the PAD.

SECTION XIV – WAIVER

The provisions of this Procedure may be waived in accordance with the Waiver Policy and Procedure.

SECTION XV – EFFECTIVE DATE

This Procedure is effective [insert date].

SECTION XVI - ISSUER

The Issuer of this Procedure is [OPCS VP].

SECTION XVII - SPONSOR

The Sponsor of this Procedure is [CESSO]. Questions regarding this Procedure should be addressed to the Sponsor.

SECTION XVIII – RELATED DOCUMENTS

The World Bank Access to Information Policy

Operational Policy and Bank Procedures (OP/BP) 10.00, Investment Project Financing

Operational Policy and Bank Procedures (OP/BP) 4.03, Performance Standards for Private Sector Activities

Operational Policy and Bank Procedures (OP/BP) 7.50, Projects on International Waterways

Operational Policy and Bank Procedures (OP/BP) 7.60, Projects in Disputed Territories

Operational Policy Waivers

The World Bank Group Environmental, Health and Safety Guidelines (EHSGs)

World Bank Safeguard Policies Review and Update Summary of Phase 2 Consultations and Bank Management Responses

1. Overview

The World Bank conducted the second consultation phase from July 31, 2014, to March 1, 2015. This consultation was the largest engagement effort on a policy reform undertaken by the World Bank or other development partners to date. Consultations included participants from 65 countries across all regions, including 54 Borrower countries. More than 130 position papers were submitted to the Bank. Stakeholders consulted included representatives from government, United Nations agencies; multilateral mandate holders; multilateral and bilateral development partners; private sector representatives; development-oriented organizations and foundations; academic and applied research institutions; professional organizations and societies; labor organizations; Indigenous Peoples leaders and representatives; and civil society organizations at international, national and local level involved in advocacy or service delivery. They provided their feedback during face-to-face discussions, in audio and video conferences, in expert focus groups, and through online submissions to a dedicated website. The consultation process focused on seeking input on the first draft of the Environmental and Social Framework and in particular on key changes that would strengthen its effectiveness.

2. Consultation Guidelines

Consultations on the review and update of the World Bank's safeguard policies followed the World Bank Consultation Guidelines and international good consultation practice. The consultation meeting schedule was published on the dedicated consultation website as soon as meetings were confirmed. Participants received 2-3 weeks' notice of consultation meetings. Stakeholders who did not receive an invitation were able to register for consultation meetings online. Consultation venues were accessible for persons with disabilities. Sign language interpreters as well as copies of consultation materials in Braille were provided when needed. The World Bank made a special effort to reach out to stakeholders in rural and hard to reach areas, such as indigenous groups and people living in rural areas. To ensure the transparency of the consultation process, all consultation events and feedback received from stakeholders were recorded on a dedicated consultation website. This website was also used to elicit written stakeholder feedback. The summaries of feedback from the consultation meetings as well as public statements submitted by shareholders and stakeholders were published online.

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¹ http://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies

World Bank Safeguard Policies Review and Update Summary of Phase 2 Consultations and Bank Management Responses

3. Summary of Key Comments and Bank Management Responses

The feedback which Management received from stakeholders amounted to **approximately 2,500 pages**. This extensive feedback was carefully reviewed and analyzed by working groups comprising staff across the World Bank Group. Below is a synthesis of key issues raised by stakeholders during Phase 2 consultations. This is followed by a matrix with a detailed summary of the feedback from stakeholders and Bank Management responses, categorized by these key issues. While this summary does not fully capture the richness of the discussions, it reflects the key aspirations, concerns and recommendations of participants. The feedback demonstrated the varied and sometimes conflicting views that the World Bank has taken into consideration. As the World Bank moves into the implementation phase, a number of guidance documents will be prepared and **the comments received from stakeholders will continue to be reviewed to take further suggestions into account**. For ease of reference, the comments in the following matrix have been summarized. The commenters' identities are not attributed in the matrix. The verbatim original comments are found on the World Bank consultation website.

> General comments

- 1. Implementation of the ES Framework and resource implication
- 2. Capacity building of the Borrower
- 3. Burden cost to the Borrower and Bank competitiveness
- 4. Inconsistency with national law
- 5. Human rights
- 6. Separate standards for emerging issues (climate change, land tenure, gender, disability, children, etc.)

> A Vision for Setting Environment and Social Standards for Investment Project Financing

- 7. Climate change
- 8. Human rights
- 9. Promotion of positive outcomes

- 10. Ecosystem
- 11. Fragility
- 12. Animal welfare

World Bank Environmental and Social Policy for Investment Project Financing

- 13. "Do good" beyond "do no harm"
- 14. Scope of application (DPL and PforR)
- 15. Common approach
- 16. Adaptive management ("timeframe acceptable to the Bank")
- 17. Risk classification
- 18. Use of Borrower's ES Framework
- 19. Subprojects
- 20. Information disclosure
- 21. Indigenous Peoples
- 22. Monitoring
- 23. Chief Officer, ESS

World Bank Safeguard Policies Review and Update Summary of Phase 2 Consultations and Bank Management Responses

ESS1: Assessment and Management of Environmental and Social Risks and Impacts

- 24. Project boundary
- 25. EHSGs
- 26. Independent expert for ES assessment
- 27. Non-discrimination
- 28. Land titling
- 29. Ecosystem services
- 30. Supply chain
- 31. Climate change
- 32. ESCP
- 33. Stakeholder engagement and information disclosure

ESS2: Labor and Working Conditions

- 34. Explicit reference to international treaties and agreements
- 35. Scope of coverage of labor (contractors, subcontractors, supply chain workers, informal workers, etc.)
- 36. Migrant workers
- 37. Civil servants
- 38. Freedom of association and the right to collective bargaining
- 39. Forced and child labor
- 40. Grievance Mechanism
- 41. Occupational Health and Safety (OHS)
- 42. Non-discrimination and equal opportunities
- 43. Consultation with workers

44. Documentation for terms and conditions of employment

ESS3: Resource Efficiency and Pollution Prevention and Management

- 45. Climate change
- 46. Quantification of GHG emissions
- 47. Water use
- 48. Energy and raw material use
- 49. Hazardous and non-hazardous wastes (recycling, municipal waste, e-waste, etc.)
- 50. Chemical fertilizer
- 51. Monitoring and compliance

ESS4: Community Health and Safety

- 52. Universal Access
- 53. Vulnerable groups (children, gender, etc.)
- 54. Climate change adaptation and resilience and disaster risk reduction
- 55. Product and services safety
- 56. Ecosystem services
- 57. Community exposure to health issues
- 58. Emergency preparedness and response
- 59. Security personnel

ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

60. Voluntary Guidelines on the Governance of Tenure (VGGT's)

World Bank Safeguard Policies Review and Update Summary of Phase 2 Consultations and Bank Management Responses

- 61. Resettlement as a development opportunity
- 62. Land acquisition only for public interest
- 63. Downstream livelihood impacts
- 64. Voluntary land transaction
- 65. Land titling
- 66. Land use planning
- 67. "Related" activities
- 68. Gender
- 69. Possible use of installment payments
- 70. Livelihood restoration before displacement
- 71. Costs of resettlement.
- 72. Resettlement planning before appraisal
- 73. Informal occupants of land ("squatter")
- 74. Resettlement planning provisions

ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

- 75. Ecosystem services
- 76. Definitions of habitat
- 77. Biodiversity offset
- 78. No dilution from the current Bank Policies
- 79. Legally protected and internationally recognized areas
- 80. Community participation
- 81. Scope of coverage of living natural resources
- 82. Landscape approach
- 83. Animal welfare
- 84. Supply chain

ESS7: Indigenous Peoples

- 85. "Alternative approach"
- 86. Free, Prior and Informed Consent (FPIC)
- 87. Inconsistency with national law
- 88. Definition of Indigenous Peoples
- 89. Land rights
- 90. Other vulnerable or marginalized groups
- 91. Reference to international treaties and agreements

ESS8: Cultural Heritage

- 92. Need for clearer definition of cultural heritage
- 93. Expansion of scope to intangible cultural heritage
- 94. Weak capacity of Borrower
- 95. Stakeholder consultation
- 96. Recognition of special status of legally protected sites

> ESS9: Financial Intermediaries

- 97. Limited scope of application (*High Risk* FI subprojects)
- 98. Monitoring
- 99. Capacity of FIs
- 100. Stakeholder engagement and disclosure
- 101. Harmonization with IFC

ESS10: Stakeholder Engagement and Information Disclosure

- 102. Deletion of "as appropriate" and "where applicable"
- 103. FPIC for all stakeholders

- 104. Stakeholder engagement
- 105. Vulnerable groups
- 106. Stakeholder identification
- 107. Stakeholder Engagement Plan (SEP)
- 108. Consultation
- 109. Engagement during project implementation
- 110. Grievance mechanism

General Comments		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
1. Implementation of the ES Framework and resource implication	No matter how well drafted, the ESF's ultimate success hinges not only on the words on paper, but on how they are implemented on the ground. We expect the World Bank to address the weaknesses in the implementation of the current safeguards highlighted by the IEG's 2010 review and two recent internal reports on involuntary resettlement. The World Bank's processes and resourcing for implementing the new safeguards framework will be key to its success. Resource implications for implementing the ES Framework should be clarified.	Implementation and roll-out structure: Management will establish three groups across the relevant World Bank departments that will plan, lead, and monitor the roll-out and implementation

General Comments		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
2. Capacity building of the Borrower	 Although the objective of the Framework is to help countries improve their national practices, it is unclear how a specific project could help improve the whole legislation of a country. In addition, the impression is that the Bank is not concerned about how the Borrower will be able to comply with the proposed requirements and not enough emphasis is given to supporting the Borrower to comply with such requirements. The Bank should strengthen capacity building of Borrowers and also Bank staff and provide financial support to help improve efficiency in the country. 	safeguard management, a considerable effort in times of expenditure review and budget restrictions for the institution. Starting from CY16, safeguard funding will be protected and allocated based on coefficients, taking into account efficiency gains and quality improvements. This ensures adequate funding for: (i) carrying out current safeguard obligations in the pipeline and portfolio; (ii) establishing the proposed ESF; and (iii) implementing the proposed ESF. Country capacity building will need to be appropriately funded, including from a country's own resources, borrowing, reimbursable advisory services, and the World Bank's budget. Management does not propose to increase baseline funding to support capacity-building work; rather, it will seek to establish an Multi-Donor Trust Fund (MDTF) to which shareholders will be asked to contribute; several shareholders have already expressed an interest. The program of systemic capacity building at the country level will be

General Comments		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		commensurate with the funding
		available.
3. Burden cost to the Borrower and Bank competitiveness	 We are particularly concerned by the complexities and the extended procedures that may add burden cost to the Bank and its clients. The ultimate result of the new framework should be to enhance development results for clients of the Bank. It is therefore of critical importance to ensure that the new framework will not extend the project cycle, which many clients are already complaining about, and will take into account client capacities to implement. We are yet to be convinced that the time taken for project preparation and implementation is not going to be further adversely affected under the new model. Moreover, a matter of particular concern is the reassessment of risk rating and the non-differentiation between big high risk projects, and small low risk ones. By applying ESS1 and ESS10 to all projects, regardless of their size, it may impose a disproportionate burden on small low risk projects. We therefore urge Management to propose specific measures to simplify processes, provide flexibility and reduce preparation time and transaction costs. We should always keep in mind the primacy of the WBG Goals viz. (a) to remove extreme poverty; and (b) to promote shared prosperity. The Bank's strategy and our policies need to be subordinate to these goals and be flexible to be fit for purpose based on country circumstances and amenable to country systems. The WBG Strategy has promised to "introduce a simplified tool focused on key risks to developmental objectives that are mapped to a consistent set of risk categories." We would therefore like to understand/test the new framework against the touchstone of simplicity 	
	 before it is put in place for implementation. While no dilution is important, the Bank should not make the standards 	impacts need to be addressed and which

General Comments		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	too stringent. Otherwise it will become an incentive for borrowers to seek financial resources from other financers.	are not applicable. This will allow Borrowers to focus resources on key issues rather than having to invest in analyzing and addressing issues that may not be relevant to the project.
4. Inconsistency with national law	• Decisions on conflicting issues should be a result of a mutual understanding and compromise between the Bank and the Borrower. However, the draft document chooses a language, in many passages, that favors the judgment of the Bank alone, disregarding the fact that projects are owned by the Borrowers. We expect the Bank to clarify in the Framework how differences would be resolved when requirements contradict national laws, rules and regulations.	where there is a difference between national law and World Bank policy requirements, the Bank's requirements take precedence. Having said this,

General Comments		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
5. Human rights	• The Bank policies should clearly refer to the core international human rights instruments and not only encourage but require their respect; the latter should be ensured by a human rights due diligence process (including impact assessment, monitoring and evaluation) of the Bank's own conduct and the conduct of its Borrowers; non-compliance must entail consequences; overall, the Bank should strive toward advising and supporting governments on how to ensure human rights compliance in WB projects.	Management has considered exhaustively the many views expressed on this issue, as well as the legal and practical opportunities and constraints for the proposed ESF to support human rights outcomes at a project level, over and above the considerable impact that World Bank activities have as a whole. Management has also considered this issue in light of the World Bank's mandate, and that of other UN, international and regional agencies and tribunals, as well as the nature of the accountability system within the World Bank. All of this information has led Management to the firm view that it should refrain from proposing that Borrower human rights compliance be a standard requirement within the ESF.
	• We believe that an important contribution of the draft ESF to preventing adverse human rights impacts from World Bank projects is the clear emphasis on robust social impact assessments, especially with respect to disadvantaged or vulnerable groups. Done well, social impact assessments and related mitigation can be the vehicles for assessing and addressing human rights impacts. Accordingly, we urge the World Bank to develop robust procedures and guidelines for social impact assessment and mitigation, including where development activities can impact human rights.	

General Comments		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		strong record of achievement
		concerning human rights and, through
		its projects and many other
		engagements, it will continue to help
		countries meet the obligations they have
		made through international human rights
		instruments.
		Within the proposed ESF, the
		intersection of human rights and the
		World Bank's contribution to their
		realization is addressed in the
		Framework Vision and through several
		key provisions in the standards. Specific
		human rights principles (e.g., non-
		discrimination, transparency,
		accountability) are incorporated
		throughout the entire framework. Within
		the proposed ESSs, the commitment to
		these principles starts with the
		Environmental and Social Assessment
		under ESS1. This obliges the Borrower
		to consider a range of social risks and
		impacts, starting with the overarching principle of non-discrimination.
		principle of non-discrimination. Identifiable risks with potential adverse
		impact must be addressed with a
		mitigation strategy. Such assessment
		intigation strategy. Such assessment

General Comments		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
6. Separate standards for emerging issues (climate change, land tenure, gender, disability, children, etc.)	Stakeholders requested separate standards for key emerging issues such as climate change, land tenure, disability, children, gender and SOGIE.	and mitigation is subject to the Bank's review as part of its due diligence responsibilities under the proposed ESP. Management has not accepted the recommendations from stakeholders to have separate standards on key emerging issues. The ESF has taken an integrated approach where all these cross-cutting issues are considered holistically to the extent appropriate.

Vision for Setting Environmental and Social Standards for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
7. Climate change	• There seems to be too little in terms of climate change in the overall policy.	The Vision statement has been strengthened not only on climate change
	The proposed Framework is focused on climate change mitigation, and very weak on adaptation and resilience. This should be revisited.	mitigation, but also on the aspect of adaptation and resilience (para 2 and the sixth bullet in para 6). See also the relevant comments and Bank responses in the tables for ESS1, ESS3 and ESS4.
8. Human rights	• We would like to see strengthened reference to human rights in Vision statement and in other parts of the framework.	A new paragraph (para 4) has been added to the second draft Vision

	Vision for Setting Environmental and Social Standards for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
	It is positive that human rights are included. However, they are non-binding requirements and there is concern that the Borrower can apply the human rights principles at their discretion.	statement on human rights as follows: "The World Bank shares the aspirations that underlie the Universal Declaration of Human Rights. Many of the investment projects the World Bank supports directly advance the attainment of such aspirations, including projects to promote better healthcare, education, social protection, and better access to such services. Key values underlying human rights, including respect for individual dignity, transparency, accountability, consultation, participation, and non-discrimination, also underlie the World Bank's operational policies and practices. The World Bank intends to maintain the promotion of such values in all development projects it supports and in its dialogue with all its borrowers in order to assist its member countries in meeting their human rights obligations." See also Bank responses on human rights in the table for General Comments.	

Vision for Setting Environmental and Social Standards for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
9. Promotion of positive outcomes	• The current draft fails to indicate that positive outcomes are to be sought, not just negative impacts avoided or remedied. The Bank should include language on promoting positive outcomes.	The Vision statement has been strengthened in the second draft to clarify that the Bank's vision goes beyond 'do no harm' to maximizing development gains (para 7).
10. Ecosystem	The Vision statement should clarify that "the Bank seeks to avoid or mitigate adverse impacts to people and the ecosystems they depend on".	The second draft Vision statement has incorporated an explicit reference to ecosystem services (the second bullet in para 6). See also ESS1 (para 26 (a) (v)), ESS 4 (para 14) and ESS6 (para 6 and the second bullet in objectives) on ecosystem services.
11. Fragility	We would like to see a reference to fragility and fragile contexts in the Vision statement.	The ES Policy has already provisions related to fragility and fragile contexts (ES Policy, para 4 (b) (i) on human security and para 14 on special consideration for fragile states).
12. Animal welfare	• In order to include animal welfare as part of the sustainable management of living natural resources in the Vision statement, a specific reference to "prevent and mitigate adverse impacts for people, animals and the environment" should be included.	ESS6 has a requirement related to animal welfare (ESS6, para 39).

	World Bank Environmental and Social Policy for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
13. "Do good" beyond "do no harm"	• There needs to be a balance between "doing good" and "doing no harm" so that it is still possible to take risks. It is not in the spirit of development cooperation to be completely risk averse. Nevertheless, the Bank still has a responsibility to set a global standard.	Management believes that it has struck the right balance with the draft ESF. The ESF contains a more modern and wider range of protections for people and the environment and should thereby help to deliver better development outcomes. At the same time, the ESF is not the only instrument that the Bank uses to provide positive development outcomes, but is part of a range of instruments that can be developed through country partnership and systematic diagnostic work.	
14. Scope of application (DPL and PforR)	The policy should apply to all Bank instruments including DPL and PforR, not only investment lending.	Instrument-specific provisions for addressing environmental and social considerations, namely those for Program for Results (PforR) and Development Policy Financing (DPF), will continue to be set out in the relevant instrument-specific operational requirements (ES Policy, footnote 1).	
15. Common approach	 The "common approach" to harmonize with other multi- and bilateral funding agencies is welcome. To make this approach more effective, a mapping exercise would be important to know the differences in the safeguard policies among donors. It needs to be clarified whether "common approach" will be applied to IFC and MIGA. 	The second draft ES Policy has clarified that the common approach can be agreed with IFC and MIGA (ES Policy, para 15). Where a common approach has been agreed, the ESCP will include all measures and actions that have been	

World Bank Environmental and Social Policy for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	• The introduction of a "common approach" may limit compliance with the ESSs in implementation of projects financed by the Bank. The concepts of 'acceptable requirements' or 'requirements that do not appreciably differ from the objectives of the ESSs,' as determined by the Bank, are not sufficiently precise to ensure that the ESS protections are duly applied. Thus, the Bank's policy objectives could be bypassed by linking the project to another financial intermediary or another development Bank with lower standards.	agreed by the Borrower to ensure that the common approach will enable the project to achieve objectives materially consistent with the ESSs. A comparative study of safeguard policies of IFIs can be found on the World Bank consultation website.
16. Adaptive management ("timeframe acceptable to the Bank")	 The timely identification and assessment of risk is at the heart of an effective safeguards framework. The new ESF should require the preparation and disclosure of Environmental and Social Impact Assessments (ESIAs), and related documents (such as resettlement action plans and Indigenous Peoples plans) in a timeframe and manner that support the "meaningful consultation" requirements of ESS10. The preparation and disclosure requirements should also be explicit for financial intermediary (FI) and framework project and subproject documents, including ESIAs and Environmental and Social Management Frameworks (ESMFs). For any documents that are proposed for preparation after Board review of a project, the Board should be provided with advance information in the Project Appraisal Document on the nature and content of the documents, the rationale for post-Board preparation, and the timeframe for such preparation and disclosure. Standards that support clear, predictable requirements will benefit the Bank, its borrowers, and affected people. In a key departure from current requirements, which require key safeguard documents to be created before project approval, the Draft Framework states that the 	Adaptive risk management allows for the management of risks and impacts throughout the entire life of the project. This approach, as introduced in the first draft ESF, reflects international best practice in risk management. Borrowers will be required to undertake and prepare detailed studies and action plans after a project has been approved: (i) if the exact location of project components is not yet decided; (ii) when linear projects are constructed over several years and people or the environment may not be impacted for some time; (iii) when the project involves many small components that cannot be addressed adequately at the time of Board consideration; and (iv) in emergency situations or where Borrower capacity is

	World Bank Environmental and Social Policy for Investment Project Financing	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	Bank will require the Borrower to structure projects so that they meet safeguard requirements "in a manner and a timeframe acceptable to the Bank." This means, presumably, that projects can be approved by the Board before all safeguard assessments have been completed and plans formulated. Our research suggests though that the primary method to deal with this imbalance [frontloading] should be to increase engagement in the latter stages in the process, without reducing effort spent on clear upfront assessments and implementation plans, particularly for high-impact projects. This is particularly true for projects with higher risks. For these projects it is important for parties to understand up front what they are agreeing to do and how much these actions will cost. Lack of such clarity creates a high risk of conflict between the Bank, Borrower and affected communities during project implementation. • The proposed Framework should link the timing of project preparation with the timing of the different stages of the environmental license required under the national legislation.	
17. Risk classification	 The Bank should clarify the proposed risk classification: the risk matrix or risk protocol; comparison with IFC's ABC and the current Bank ABC; how and whether to quantify social risks; how to consider inherent risks; detailed guidelines; consideration of critical habitat. Assigning an appropriate environmental/social risk rating is critical to ensuring that the World Bank and Borrowers devote sufficient resources and oversight to managing the environmental and social risks in a project. We welcome the World Bank's proposal for a new environmental/social risk classification system that considers a broader range of risk factors than the current system, and will be an important 	The text on risk classification has been expanded to provide more clarity (ES Policy, paras 20-22). Further details including the descriptor of each risk will be provided in ES Procedure and guidance notes.

	World Bank Environmental and Social Policy for Investment Projec	t Financing
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	part of the World Bank's overall risk management framework. We believe that the shift to a four-tiered rating system designed to consider both the scope and likelihood of risks and Borrowers' capacity to manage risks is positive. Ultimately, successful implementation of the new risk classification system is what will matter. Any project or subproject (e.g., in FI or framework projects) with likely significant environmental and/or social impacts should initially be classified as a <i>High Risk</i> project (regardless of a Borrower's implementation capacity), and should retain the <i>High Risk</i> rating. The risk rating should reflect the potential for significant impacts of the entire undertaking, including associated facilities, not just the project. • The Framework states that the project risk category may be reassessed over time, but does not stipulate what will be the frequency of the revaluation and what would be the impact of a change in the risk assessment to the project's legal agreement. This is especially important now given that the Environmental and Social Commitment Plan is part of the legal agreement. In our country, these changes would be extremely complex, since an amendment to the legal agreement would require a restructuring of the loan and a new approval by the government.	
18. Use of Borrower's ES Framework	• We believe that the new safeguards should enhance, rather than restrict use of country systems (UCS). We are concerned that the new framework is undermining progress made in recent years in using country systems. We therefore urge Management to take appropriate actions to ensure that country systems will be used to the maximum extent possible.	Provisions related to Borrower frameworks have been amended to clarify that the use of Borrower frameworks will be determined at the discretion of the World Bank upon request from the Borrower (ES Policy,

	World Bank Environmental and Social Policy for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
	 We totally support the notion of the Bank using and strengthening a Borrower's ES framework, including EHSG. However we have concerns where the Borrower's framework does not meet the Bank requirements, then it appears that a lesser standard can be applied but with the Bank assisting the Borrower to improve those standards. Regarding the proposed use of the Borrower's environmental and social framework, the implementation capacity of the Borrowers should be closely examined. While many Borrowers have a good national system on paper, implementation is often weak. The use of Borrower environmental and social frameworks provides opportunities but also poses serious risks and challenges, as evidenced during the "use of country systems" pilot where all the pilot projects experienced problems. A careful, gradual, and long-term commitment by the World Bank is needed to continue helping Borrowers to achieve their objectives as well as to prepare and resource World Bank staff adequately. We strongly recommend that the following key elements be incorporated in the ESF's approach to using Borrower frameworks. 1. A shared understanding that using a Borrower framework is an option, but not the default. An assessment of a Borrower framework should be initiated only when the World Bank believes there is merit to devoting the time and resources to such an assessment and there is expressed interest by the Borrower in strengthening or using its framework. 2. Greater clarity about the conditions under which the World Bank would agree to use a Borrower framework, including whether such framework materially achieves the same level of protection as the World Bank's ESSs. The final recommendation to the Board on 	para 24 and ESS1, para 18). Where the World Bank has agreed to consider such use, the World Bank will review the relevant frameworks to assess whether they would enable the project to achieve objectives materially consistent with the ESSs. The second draft ESP has also clarified that the Bank will work with the Borrower to strengthen the Borrower's ES Framework (ES Policy, para 26). The use of the Borrower's ES Framework is subject to clearance by the Chief Officer, ESS (ES Procedure).	

World Bank Environmental and Social Policy for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
19. Subprojects	 whether a particular Borrower framework should be used should come from the World Bank's Chief Safeguards Officer and the regional safeguards advisors In the proposed Framework, there is no definition of "subproject". ADB 	The requirements for directly funded
	has a clear definition of subproject in the Multitranche Financing Facility (MFF). The proposed Framework is applied only to High Risk subprojects, which may provide loopholes or an opportunity for abuse. • Subprojects (e.g., in FI or framework projects) classified as High Risk or Substantial Risk should be required to meet ESSs 1 to 8 and ESS10. The application of the ESSs to these subprojects will better address their environmental and social risks. We look forward to further information in the next draft of the ESF on how the risk classification of subprojects will be operationalized. FIs and framework project implementing agencies should be able to change the risk classification during implementation, subject to prior review and approval by the World Bank. • Subprojects (e.g., in FI or framework projects) classified as High Risk or Substantial Risk should be subject to prior review and approval by the World Bank, when the World Bank is not satisfied that the Borrower possesses adequate capacity.	subprojects that are components of World Bank projects have been increased. The first draft ESF required High Risk projects to meet the ESSs. The second draft adds a requirement for Substantial, Moderate and Low Risk subprojects to comply with national law and any requirement of the ESSs that the World Bank deems relevant to the subproject (ES Policy, para 35). Also, where the Bank is not satisfied with the capacity of the Borrower, all High Risk and, as appropriate, Substantial Risk subprojects will be subject to prior review and approval by the Bank (ES Policy, para 36). The definition of "subproject" has been added in the second draft ES Policy (ES Policy, footnote 25).
20. Information disclosure	• The current requirement that environmental assessments must be	The proposed ESF: (i) clearly establishes the principle that relevant
uisciosure	disclosed to the public before appraisal for significant risk projects has been eliminated, which could make consultations meaningless. Similarly, there is no requirement for public disclosure of the new	and sufficient environmental and social information needs to be made available

World Bank Environmental and Social Policy for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
Issues		
		ESCP, also noting that any environmental and social tools and
		methods employed at a later point in time must satisfy "applicable requirements on consultation and
		disclosure" (ESS1, Annex 2, para 12); and (v) requires that the Borrower does not implement project components with a risk of significant environmental and

	World Bank Environmental and Social Policy for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
		social impact, where information on the	
		risk of harm to project-affected people is	
		insufficient.	
21. Indigenous	• The "alternative approach" clause should be removed from the ES	The clause on applicability of the draft	
Peoples	Policy, together with ESS7.	Indigenous Peoples standard (ESS7),	
	• Indigenous Peoples should be involved in the identification of	which proposed an "Alternative	
	Indigenous Peoples communities in the project area.	Approach," has been deleted. The text	
	• The Bank should ascertain FPIC for all projects when there are	relating to determining the applicability of ESS7 has been strengthened: When	
	investments or activities involving Indigenous Peoples.	identifying Indigenous Peoples, the	
		World Bank will consult the Indigenous	
		Peoples concerned and the Borrower.	
		Criteria for the World Bank to establish	
		whether consultation with Indigenous	
		Peoples has been meaningful have been	
		strengthened. Unlike in the first draft	
		ESP, the World Bank now needs to	
		ascertain the outcome of the meaningful	
		consultation and this will contribute to	
		the World Bank's decision making as to	
		whether to proceed with the project or	
		not (ES Policy, para 51).	
22. Monitoring	• In our country, the implementation capacity is weak and the	The proposed outcomes-based approach	
	responsibility is unclear. The Bank's due diligence and guidelines for	allows for adaptive management of	
	monitoring will be crucial. Supervision and monitoring should cover the	project risks and impacts. This will help	
	whole project cycle, as it is not possible to capture all upstream and	improve the World Bank's ability to	
	downstream risks of the project in the scoping stage. In this context,	adjust projects to unexpected changes	

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Issues	Key Comments from Stakeholders	Proposed Bank Responses
	CSOs can help in independent third party monitoring. However, there are challenges about the capacity of the NGOs. While third party monitoring is important, the provision on this should be more specific to make it operational. • The ESF should develop a monitoring and evaluation (M&E) system relative to the environmental and social risks management plan of the projects. While a periodic monitoring and review will be conducted by project, it is deemed more effective to conduct an ex-post M&E to assess social and environmental impacts years after the projects' completion. This is to ensure that environmental and social harm, which takes time to manifest, will be appropriately addressed/mitigated. Also, benchmarks and performance standards/indicators to be used in the objective assessment of programs/projects be clearly identified and disclosed to the borrowers. To the extent possible, these benchmarks, standards and indicators should be guided by existing laws/policies/mandates in the Borrower country.	and will potentially reduce the need for legal restructuring of projects. Both internal and external evaluations of selected World Bank projects have indicated deficiencies in the environmental and social performance of projects caused by the current safeguard model, which tends to be more 'front-loaded' in its approach to risk assessment and management. Insufficient attention is sometimes given to monitoring and supervision of projects and to evaluations of how people and communities have actually been affected by World Bank projects. The ESF redresses this by: (i) establishing an outcomes-based approach that requires World Bank staff to monitor projects in a manner proportionate to risks and impacts; (ii) requiring Borrowers to communicate with stakeholders during implementation on a continuing basis about project environmental and social issues, based upon disclosure of relevant information; and (iii) introducing a revised risk management approach to

World Bank Environmental and Social Policy for Investment Project Financing		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		conditionality whereby action on the
		part of the Borrower may be addressed
		in a time bound fashion in the legal
		agreement or Environmental and Social
		Commitment Plan (ESCP).
23. Chief Officer,	• It is not appropriate to define the responsibilities of Chief Officer ESS in	This paragraph (first draft ES Policy,
ESS	the ES Policy.	para 56) has been moved to the ES
		Procedure.

ESS1: Assessment and Management of Environmental and Social Risks and Impacts		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
24. Project boundary	• We ask the Management to ensure that the new Framework strengthens the project focus of the E&S standards, provides clarity on defining project boundaries, associated facilities, as well as indirect and cumulative impacts.	Management believes that the revised ESF has improved clarity on project boundaries, including through the clearer provision on primary suppliers. (ESS1, para 34)
25. EHSGs	• The explicit requirement for the application of the environment, health and safety guidelines (EHSG) (paragraph 15 of the first draft ES Policy) to Bank supported projects is welcome. The requirement for 'compliance' on the other hand should be tempered by country circumstances, site-specific conditions and the general test of technical and financial feasibility as expressed in ESS3.	The text has been amended to clarify that the Borrower is required to "apply the relevant requirements of the EHSGs". (ESS1, para 17)
26. Independent expert for ES assessment	• The ESS1 should require that the Borrower retain independent specialists external to the project for High Risk and Substantial Risk projects.	This recommendation has been incorporated in the second draft ESS1. (ESS1, para 23)

ESS1: Assessment and Management of Environmental and Social Risks and Impacts		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
Issues 27. Non- discrimination		
	improve its staff engagement, and to support improvements in Borrower capacity, to enable better analysis, planning, and outcomes for these populations and vulnerable and disadvantaged groups more broadly.	and mental. More details on non-discrimination will be provided in guidance notes.

ESS1: Assessment and Management of Environmental and Social Risks and Impacts		s and Impacts
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	• The draft Framework lacks protections for gender and SOGIE. By listing women, girls, sexual orientation, and SOGIE within a string of 'vulnerable groups,' the draft fails to fully grasp the unique impacts on each of these groups. The next draft must systematically address gender and SOGIE throughout the standards, and add a freestanding mandatory gender and SOGIE standard, which is long overdue.	
	• It is very positive that the Bank invited Dalits to the consultations. There are 210 million Dalits in South Asia and they are the poorest and most discriminated in both Nepal and India. The majority of Dalits have no access to land. Dalits are invisible in the Framework, and should be clearly referred to in the document.	
28. Land titling	• The first draft ESS5 excludes land titling unlike OP4.12. This means that households and communities deemed not to have ownership rights under a land administration project and then threatened with forced eviction would not be protected, foreseeably leading to increased homelessness, poverty and repeat squatting in other areas.	A requirement to assess risks and impacts caused by land titling activities has been added in the second draft ESS1 (ESS1, footnote 23; and footnote 10 of Annex 1 to ESS1)
29. Ecosystem services	The concept of ecosystem services must be considered as a cross-cutting theme which does not fit exclusively in a single ESS.	The concept of ecosystem services has been introduced (ESS1, para 28). See also the table of ESS4 and ESS6 on ecosystem services.
30. Supply chain	 Regarding supply chain, it is not clear whether the protections are intended to extend to labor in the project supply chain and, if so, how extensive such protections should be. Would it include, for example, quarry works or farms supplying agricultural products? It is recommended that the intended scope of coverage be described more explicitly. We understand the need to consider supply chains, but are highly 	Wording on supply chains has been amended (ESS1, para 34) to restrict the scope of the Borrower's assessment to primary suppliers in relation to ESS2 (Labor and Working Conditions) and ESS6 (Biodiversity Conservation).

	ESS1: Assessment and Management of Environmental and Social Risks and Impacts		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
	concerned that the proposed definition of scope does not set realistic boundaries to its implementation.		
31. Climate change	The proposed Framework is focused on climate change mitigation, and very weak on adaptation. This should be revised.	A meeting of external climate experts held in the first phase of global consultations concluded that the World Bank could only have modest outcomes on addressing climate change at a project-level, where the proposed ESF is applicable. Management agrees with the assessment of those experts that the World Bank's major contribution would be at a policy and dialogue level above that of project-level safeguards. Nevertheless, climate change is addressed in several of the new standards including ESS1, in which environmental assessment covers climate change mitigation, adaptation and resilience issues (ESS1, para 35).	
32. ESCP	 The purpose and scope of the ESCP should be curtailed. As currently proposed in the Bank Policy, and with elaboration in ESS1, the ESCP represents onerous new requirements that are unlikely to bring any significant value to the project preparation and delivery processes. The difference between ESCP and EMP should be clarified. Guidance to develop and implement ESCP and its timeframe is needed. 	Procedural details on ESCP have been moved to ESS1, Annex 2. Further details on the ESCP will be provided in ES Procedure and guidance notes.	
33. Stakeholder engagement	• While it is already provided in ESS10, the general requirement of the	The general requirement for stakeholder engagement and information disclosure	

ESS1: Assessment and Management of Environmental and Social Risks and Impacts					
Issues	Key Comments from Stakeholders	Proposed Bank Responses			
and	Borrower for stakeholder engagement and information disclosure should	has been added in the second draft ESS1			
information	be reconfirmed in the ESS1.	(ESS1, paras 51 and 52).			
disclosure					

ESS2: Labor and Working Conditions				
Issues	Key Comments from Stakeholders	Proposed Bank Responses		
34. Explicit reference to international treaties and agreements	The ESS2 should make an explicit reference to the ILO, all eight fundamental conventions on core labor standards, and the ILO Declaration on Fundamental Principles and Rights at Work.	It is Management's view that the requirement for both World Bank and Borrower to comply with the ES Framework should be self-standing, and should not require reference to external sources to make this judgment. Having said this, the second draft ESS2 has been strengthened to align with such international treaties and agreements in substance, including the scope of coverage of workers, freedom of association and collective bargaining. In addition, the ESF will be supported by guidance notes that will include references to key international treaties and agreements.		
35. Scope of coverage of labor	• Within the scope of application of the first draft ESS2, almost no workers will be covered by ESS2.	The scope of coverage has been extended to cover contractors,		
	• In reality, 95% of workers are indirectly employed or engaged by the	subcontractors, workers in community		

ESS2: Labor and Working Conditions				
Issues		Key Comments from Stakeholders	Proposed Bank Responses	
(contractors,		Borrower. The scope of application needs to be improved.	labor and primary supply workers	
subcontractors,	•	First draft ESS2 is weaker than standards in force in other international	(ESS2, paras 2-8).	
supply chain		financial institutions, including the IFC, EBRD and AfDB, in particular on		
workers,		the scope of coverage.		
informal				
workers, etc.)				
36. Migrant workers	•	ESS2 should have a special mechanism for the protection of migrant workers. The principle of non-discrimination should apply to migrant workers, in particular to their wages and working conditions, regardless of their immigration status.	_	
37. Civil servants	•	ESS2 proposes a break with ILO precedent and practice by creating a distinct and limited category of rights for public servants. All project workers, whether employed directly as civil servants or not, should be able to effectively exercise their freedom of association and collective bargaining.	The second draft ESS2 has been revised to clarify that: (i) when government civil servants remain employed under the government's terms and conditions, provisions on occupational health and safety and protections of the work force as set out in ESS2 will apply; and (ii) when they are employed under the project's terms and conditions, ESS2 will apply (ESS2, para 8).	

ESS2: Labor and Working Conditions					
Issues	Key Comments from Stakeholders	Proposed Bank Responses			
38. Freedom of association and the right to collective bargaining	 Freedom of association is essential to the implementation of other core labor standards. Prohibition of child and forced labor will not work without freedom of association, particularly where country legal frameworks or enforcement are weak. Limitation of freedom of association and collective bargaining to countries where these rights are exercised opens the door to discrimination against workers who attempt to exercise these rights. Freedom of association and collective bargaining should be added as objectives of ESS2. 	The second draft ESS2 has been strengthened by the addition of an objective "to support the principles of freedom of association and collective bargaining of workers" and a provision to allow workers to develop alternative mechanisms to express grievance and protect their rights regarding working conditions and terms of employment where national law restricts freedom of association and collective bargaining (ESS2, para 16). The language in ESS2's objective section on forced and child labor has been amended from "avoid" (first draft)			
39. Forced and child labor	 The Bank should revise ESS2 objective as follows: "prevention of the use of all forms of forced and child labor arising from or in the project." Where community labor may be a component of the project, such as in community-driven development projects, appropriate measures should be implemented to ascertain whether such labor will be provided on a voluntary basis, consistent with the Declaration on Fundamental Principles and Rights at work. To be consistent with the fundamental rights at work, the applicable minimum age shall not be less than the age of compulsory schooling and, in principle, not less than 15 years. 				

	ESS2: Labor and Working Conditions	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	• Family farming unavoidably involves children. The Bank needs to address this reality and operationalize provisions to deal with this issue.	law provides for a higher minimum age (ESS2, para 17). The second draft ESS2 has been amended to clarify the requirements under which a child over the minimum age and under the age of 18 may be employed or engaged in connection with the project (ESS2, para 18).
40. Grievance mechanism	Workers should be assured of non-reprisal for the use of grievance mechanisms.	The second draft ESS2 has been amended to clarify that measures will be put in place to protect workers against any reprisal for the use of grievance mechanisms (ESS2, para 21).
41. Occupational Health and Safety (OHS)	• Remedies for adverse impacts: The OHS measures should also address effective remedies for adverse impacts such as occupational injuries, deaths, disability and disease.	The second draft ESS2 has incorporated these recommendations raised on OHS into the requirements (ESS2, paras 25 through 30).
	• Collaboration and consultations with workers: All parties who employ or engage project workers should develop and implement procedures to ensure, as far as is reasonably practicable, that workplaces, machinery, equipment and processes under their control are safe and without risk to health, including by use of appropriate measures relating to chemical, physical and biological substances and agents. Such parties should actively collaborate and consult with project workers in promoting understanding, and methods for, implementation of OHS requirements, as well as in providing information to project workers, training on occupational safety and health, and provision of personal	

ESS2: Labor and Working Conditions		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	protective equipment without expense to the project workers.	
	 Reporting of dangerous work situations: Project workers should be able to report work situations that they believe are not safe or healthy, and to remove themselves from a work situation which they have reasonable justification to believe presents an imminent and serious danger to their life or health. Project workers who remove themselves from such situations should not be required to return to work until necessary remedial action to correct the situation has been taken. Project workers should not be retaliated against or otherwise subject to reprisal or negative action for such reporting or removal. Facilities: Where accommodation services are provided to project workers, policies should be implemented to protect and promote the health, safety, and well-being of the project workers, and to provide access to or provision of services that accommodate their physical, social and cultural needs. 	
	 More than one employer: Where project workers are employed or engaged by more than one party and are working together in one location, the parties who employ or engage the workers should collaborate in applying the OSH requirements, without prejudice to the responsibility of each party for the health and safety of its own workers. 	

ESS2: Labor and Working Conditions		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	Regular review of OHs performance: A system for regular review of occupational safety and health performance and the working environment should be put in place and include identification of safety and health hazards and risks, implementation of effective methods for responding to identified hazards and risks, setting priorities for taking action, and evaluation of results.	
42. Non- discrimination and equal opportunities	 Principle of non-discrimination should apply to government officials, subcontractors, migrant workers, disabled persons, women, sexual minorities and children. The Bank needs to consider whether "local realities" conflict with the principle of non-discrimination. 	The second draft ESS2 has been strengthened to require the Borrower to provide appropriate measures of protection and assistance to address the vulnerabilities of project workers, such as women, people with disabilities, migrant workers and children (ESS2, para 15). The second draft ESS2, para 13, clarifies that, where national law is inconsistent with this paragraph (non-discrimination and equal opportunity), the project will seek to carry out project activities in a manner that is consistent with the requirements of this paragraph to the extent possible.
43. Consultation with workers	• The views communicated by representative workers' and employers' organizations in the country should be taken into account in carrying out the assessment, and as relevant through the project life-cycle, including as provided in ESS10.	The second draft ESS2 has clarified that the views of representative workers' and employers' organization may be sought in conducting the ES assessment (ESS2, footnote 1).

ESS2: Labor and Working Conditions		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		Also, the second draft ESS2 has added a requirement to actively collaborate and consult with project workers on occupational health and safety issues (ESS2, para 26).
44. Documentation for terms and conditions of employment	• All project workers should be provided with information and documentation that is clear and understandable regarding their terms and conditions of employment. The workers should also receive written notice of dismissal on termination of the working relationship.	A requirement has been added for workers to be provided with documentation on terms and conditions of employment, including notice of dismissal (ESS2, paras 10 and 12).

ESS3: Resource Efficiency and Pollution Prevention and Management		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
45. Climate change	• It is our understanding that climate change issues have already been covered under the current ESA. Moreover, developing countries do not have legally binding emissions reduction obligations under the UNFCCC framework. We therefore believe that the requirement for the borrowers to take emissions reduction actions is not consistent with the Convention's principles and provisions. As a multilateral financial institution, the Bank has a role to support sustainable development by offering opportunities for mitigation and adaptation, not imposing undue burden on borrowers and	While climate change is among the most pressing development issues, impacts that can be achieved on a project level are necessarily limited. Nevertheless, Management believes that project impacts on climate change need to be considered. The World Bank is also working across the entire institution to
	respecting country ownership, national preferences and priorities. We therefore would like to see the focus on environment rather than on the climate change agenda, which is being debated on the UNFCCC platform.	develop a strong and effective approach to climate change that goes beyond the downstream effectiveness of the project.
	• We welcome the inclusion of important new provisions on climate change.	After careful consideration of

	ESS3: Resource Efficiency and Pollution Prevention and Manag	gement
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	These represent a strengthening over the current safeguard policies that are silent on climate issues. However, the ESF should strongly encourage broad and "upstream" consideration and evaluation of climate change impacts as early in the project cycle as possible so that projects can best support low-carbon, climate-resilient development. ESS3 should clarify that the Borrower will also consider alternatives and options to avoid greenhouse gas emissions. • The Bank should address all climate change pollutants.	stakeholder feedback and project experiences, Management proposes to retain the Borrower's requirement to consider and implement options to avoid or minimize project related air emissions during the design and operation of the project (ESS3, para 15). Also, the objective of ESS3 on climate change has been revised to "avoid or minimize project-related emissions of short- and long-lived climate change pollutants, including GHG as well as black carbon." (ESS3, 4 th bullet in the "Objectives" and footnote 3). Further details on climate change issues will be provided in guidance notes.
46. Quantification of GHG emissions	• Quantification of greenhouse gas emissions as outlined in ESS3 should be required without the qualifications included in the text.	After careful consideration of stakeholder feedback and project experience, management proposes to
	• We would like to know if this threshold has been arrived at based on some scientific inputs. Given the nature of the projects currently supported by Investment Project Funding, it is not clear as to what proportion of projects are likely to need GHG emission monitoring. It is also not clear as to the period for which such projects will be monitored. Many of the projects will involve carbon emission for a long period of time (for example road projects). Will the Bank continue to monitor carbon emission of the Bank	eliminate the numerical threshold of 25,000 tons of carbon dioxide production for GHG emission estimation. Management will issue Guidance to advise Borrowers and World Bank staff on estimating GHG.

	ESS3: Resource Efficiency and Pollution Prevention and Management		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
Issues			
		in their projects. For the majority of projects, GHG emissions can be estimated using existing tools and methods, e.g. the IFC Carbon Emissions Estimation Tool, based on generally available project-level data relating to purchases of fuel, fertilizer, electricity etc. In instances where the estimation of project GHG emissions is more challenging (e.g., soil carbon), ESS3	

ESS3: Resource Efficiency and Pollution Prevention and Management		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		only requires estimation where emissions are expected to be significant within the scope of project emissions as a whole. Furthermore, ESS3 applies "technically and financially feasible" criteria to this requirement generally (ESS3, para 16).
47. Water use	 In the case of water it is mentioned in the Bank's document that projects requiring more than 5000 cubic meter water per day would be subject to certain requirements. It is not clear as to how this figure of 5000 has been arrived at. Regarding water use, it is unclear why the threshold for the water demand is set at 5,000m3/day. In my country, the water demand in most projects is up to 3,000m3/day. The proposed threshold appears to be too high. 	The use of water by a project must be considered within the context of the project environment. For example, a project using 5,000 m3 water per day (threshold in the first draft ESS3) constitutes a major strain on water resources if water is scarce. If however, water is not scarce, the 5,000 m3 threshold may be arbitrary and may limit the efficiency of a project. Based on this understanding, The threshold of 5,000m3 has been removed in the second draft ESS3 (ESS3, para 8). The need for a water management plan will be determined in the context of overall water availability.
48. Energy and	• In the first draft ESS3, there is no specific requirement on resource	The second draft ESS has clarified the
raw material	efficiency other than water use. The ESS3 should include more specific	requirements on energy and raw
use	requirements on energy use and raw material use.	material use (ESS3, paras 6 and 10).

ESS3: Resource Efficiency and Pollution Prevention and Management		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
49. Hazardous and non-	• Sound waste management and promotion of recycling procedures should be included.	The second draft ESS3 has incorporated these recommendations into the draft
hazardous wastes (recycling,	• There is not much information about non-hazardous municipal waste in the Framework. Hazardous wastes are important, but non-hazardous municipal waste is also a problem.	(ESS3, para 17 on recycling and footnote 15 on municipal waste and e-waste.)
municipal waste, e- waste, etc.)	• E-waste is left out in ESS3.	
50. Chemical fertilizer	Chemical fertilizer that causes disability should be controlled.	This recommendation has been incorporated into the second draft ESS3 (ESS3, footnote 17)
51. Monitoring and compliance (first draft ESS3, para 23)	• We believe that the requirement for the Borrower to monitor environmental discharges and their impacts was the first step and that this data then should be contained in reports back to the Bank. There is no requirement under paragraph 23 (of the first draft ESS3) that the Bank would be made aware of environmental issues and discharges that have occurred. This could be included in the overall monitoring and reporting requirements of the Borrower to the Bank and would certainly fall under any CSR requirements.	This paragraph has been deleted, since the requirement for the Borrower to monitor and report any environmental and social performance of the project is already provided in ESS1 (ESS1, Section D).

ESS4: Community Health and Safety		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
52. Universal	• The requirement of universal access should be introduced in the ESF in	The second draft ESS4 has clarified
access	line with UN Convention on the Rights of Persons with Disabilities.	with an independent paragraph that the
		Borrower will apply the principles of

ESS4: Community Health and Safety		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		universal access to the design and construction of new buildings and structures (ESS4, para 7).
53. Vulnerable groups (children, gender, etc.)	 ESS4 (on Community Health and Safety) and ESS5 (on Involuntary Resettlement) both contain references to the need to pay particular attention to "vulnerable" groups. Vulnerable is not specifically defined in either of these policies, and thus additional clarity is needed regarding whether the same definition of vulnerable groups, incorporating age related vulnerability, from ESS1 will apply to these policies. Furthermore, as with ESS1, it is important that these policies ensure that borrowers address the unique needs of children who may be resettled, i.e., access to quality education, as well as the unique health and safety needs of children, i.e., increased risks of sexual exploitation, rather than address all groups deemed "vulnerable" as a single entity. More emphasis should be placed on gender issues as related to community health and safety, and the general development agenda in general. 	The definition of individuals and groups who may be vulnerable is provided in ESS1, footnote 22. This includes children and gender, which also applies to ESS4. The Bank will develop guidance notes on how to address these key issues.
54. Climate change adaptation and resilience and disaster risk reduction	• While the Draft Framework improves upon current safeguard policies (which barely mention climate change), it does not show the level of concern for climate risks called for in the Bank's own documents. For example, despite the fact that Environmental and Social Standard (ESS) 4 on Community Health and Safety recognizes in its introduction that "communities that are already subjected to impacts from climate change may also experience an acceleration or intensification of impacts due to project activities," the standard contains no requirements explicitly related to climate change. ESS1 on the Assessment and Management of Environmental and Social Risks and Impacts presents a similar picture. We recommend that the Bank create much more detailed and robust	The second draft ESS4 has clarified that extreme weather conditions or slow onset of events exacerbated by climate change need to be addressed in infrastructure and equipment design and safety (ESS4, para 6). Preparedness and response to extreme weather conditions have also been included under the requirements for emergency preparedness and response (ESS4, para 19).

	ESS4: Community Health and Safety	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	requirements for understanding the effect that climate change will have on the project's success and on the people and ecosystems that the project will impact.	
	• It is important to have safeguards for disaster risk reduction and mitigation.	
55. Product and services safety	• The paragraph on services safety seems vague and perhaps impossible. Introducing almost any service will have direct or indirect impact on community health and safety (be they positive or negative). A better standard could be something like "minimize risks and impacts" or "avoid risk and impacts within the Borrower's immediate control."	The provision on product safety has been deleted and that of services safety has been revised to clarify the boundary of the requirement (ESS4, para 9).
	• The scope of ESS4 is generally clear, with the exception of product and services safety. It is our opinion that this section should be deleted as it does not logically fit the scope and focus of the ESF. The Bank's ESF is a risk management framework that is applied to lending activities within clearly defined boundaries. This approach focuses on management of risk and impact by the clients that is within their control and influence as it relates to process and production methods within the defined boundary of a project. This does not mean that that clients should not deal with products and services safety issues, however there is a robust body of national and international standards that deal with these issues in the context of trade. It is our opinion that the Bank's ESF should not attempt to distort international processes and enforcement mechanisms already in place.	
56. Ecosystem	• The risks and impacts to ecosystems services should be addressed in ESS4.	The second draft ESS4 has introduced
Services	This is despite the fact that the IFC's Performances Standards mention the importance of ecosystem services frequently. Leaving out ecosystem services in the Bank's safeguards will create confusion and go against the goal of a harmonized World Bank Group.	the concept of ecosystem services (ESS4, para 14). Ecosystem services to be addressed in ESS4 are limited to provisioning and regulating services, as

	ESS4: Community Health and Safety	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		in the case of IFC Performance Standard 4.
57. Community exposure to health issues	 "Smoke free" environment and non-communicable diseases should be also addressed in ESS4. It should be clarified whether malaria is one of specific diseases that are endemic in communities in the project area. HIV should be addressed in the ES Framework. 	The section on "Community Exposure to Disease" has been renamed to "Community Exposure to Health Issues" to reflect that there are health issues other than communicable disease that need to be taken into consideration. Non-communicable diseases have been explicitly included (ESS4, para 15). A footnote has been added to clarify that malaria is a specific disease endemic in communities (ESS4, footnote 6). HIV is a communicable disease to be addressed in ESS4. EHSGs also contain provisions on HIV.
58. Emergency preparedness and response	 The collaboration with affected communities in emergency preparedness and response should be strengthened. Since workers will be the first to be affected by poor management of risks to health and safety, it would be justified to ensure that their importance is well integrated within the document. 	The second draft ESS4 has strengthened the collaboration with affected communities in emergency preparedness and training (ESS4, paras 22 and 23). The second draft ESS4 has also strengthened the linkage with emergency preparedness and responses of project workers conducted under Occupational Health and Safety (OHS) requirements in ESS2 (ESS4, paras 20

ESS4: Community Health and Safety		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
59. Security personnel	References to security personnel, use of force, personnel training and conduct and grievance mechanisms are crucial and need to be as robust and through as possible. No loopholes should exist.	and 23). The second draft ESS4 has clarified that the Borrower is required to regularly review its emergency preparedness and response plan to ensure it remains capable of addressing the potential emergency events (ESS4, para 23). The second draft ESS4 has clarified that the Borrower is required to review all allegations of unlawful or abusive acts of security personnel, take action (or urge the appropriate parties to take action) to prevent recurrence, and, where necessary, report unlawful and abusive acts to the relevant authorities (ESS4, para 27). The first draft ESS4 required the Borrower to consider and investigate allegations where appropriate.

ESS5: Land Acquisition, Restriction on Land Use and Involuntary Resettlement		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
60. Voluntary	• The ESF should be better aligned with and reflect the substance of the	The ESF treatment of land and resource
Guidelines on	Voluntary Guidelines on the Governance of Tenure (VGGTs).	tenure issues is well aligned with the
the		Voluntary Guidelines. For example, the
Governance of		ESF provides for respect for tenure

	ESS5: Land Acquisition, Restriction on Land Use and Involuntary Resettlement	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
Tenure		rights, whether recorded or not;
(VGGTs)		protection of informal rights; protection
		against the arbitrary loss of rights;
		protection for the land rights of
		Indigenous Peoples; minimization of the
		use of expropriation; and mechanisms to
		resolve grievances and ensure
		transparency. Furthermore, the ESF
		includes the following relevant
		enhancements that are consistent with
		the VGGTs:
		•Tenure assessment. Second draft
		ESS1 makes it clear that land rights of
		all types should be an explicit focus of
		the environmental and social assessment
		undertaken for a project. •Protection for the use of common
		property. Second draft ESS5 extends
		policy coverage to the full range of
		usage rights that people may have to
		common property, including fisheries,
		grazing land, forest land, etc.
		•Large-scale transactions in support
		of private investment ("land grab"
		concerns). Second draft ESS5 pays
		explicit attention to risks associated with
		large-scale transactions where a project

ESS5: Land Acquisition, Restriction on Land Use and Involuntary Resettlement		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		is seeking to enhance private investment. •Gender. Second draft ESS5 refers to issuance of tenure documentation after resettlement in the names of both spouses, and a number of additional provisions designed to protect women's tenure rights. •FPIC. Second draft ESS7 uses FPIC language. It is aligned with the VGs on
61. Resettlement as a development opportunity	Language from OP4.12 should be reinserted to ensure that resettlement of poor households is treated as a development opportunity.	that point. A new Objective has been added to the second draft of ESS5, explicitly recognizing the importance of treating resettlement as a development opportunity, and of including measures for affected people to share in project benefits as the nature of the project may warrant.
62. Land acquisition only for public interest	• ESS5 should ensure that involuntary resettlement is absolutely necessary to fulfill a legitimate public interest purpose and promote the general welfare. The displacement impacts should be reasonable and proportionate to the public good that will be achieved through the project.	Land acquisition under ESS5 is limited to what is required for project purposes. Thus, it is already tied to a project whose development objectives the Bank has presumably determined are worthy of support. Reference to "public purpose" is also of limited utility because it is defined very differently in

ESS5: Land Acquisition, Restriction on Land Use and Involuntary Resettlement		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
63. Downstream	• ESS5 should apply as well to "other activities that reduce access to	different countries. Furthermore, paragraph 7 of ESS5 emphasizes the importance of balancing environmental, social and financial costs and benefits, and reiterates the over-arching imperative of avoiding or minimizing land acquisition. ESS5, like OP4.12, is not intended to
livelihood impacts (ESS5, para 5)	 ESS3 should apply as well to other activities that reduce access to productive resources or other means of livelihood and subsistence." For example, fishers downstream from a dam should be eligible for the compensation and livelihood restoration of ESS5, even though they are not directly affected by project land taking or restrictions on use. The first draft states that such impacts are dealt with under ESS1, but this is insufficient because ESS1 is vague and the livelihoods restoration aspect is missing. The first draft ESS5 excludes the following from the scope of application: "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." This paragraph should be deleted. As written, this would make the scope of ESS5 far too narrow to prevent harms and impoverishment of people who will be displaced by World Bank projects. 	address all social risks related to a project; it is instead focused on the special set of risks emanating from land acquisition and restrictions on land use. Hence, ESS5, para 5 refers to ESS1 with respect to risks and impacts on incomes and livelihoods that are not a direct result of land acquisition or land use restrictions imposed by the project. Overall, the draft ESF embodies a significantly strengthened commitment to social assessment and enhancement of the social protections available to project-affected people.
64. Voluntary land transaction	• ESS5 should ensure that its protections will apply to people potentially affected by large-scale "voluntary" transactions to address the concern of land grabbing.	Stronger provisions have been incorporated for managing the risks associated with voluntary transactions, ensuring that persons that may be displaced by voluntary transactions are

	ESS5: Land Acquisition, Restriction on Land Use and Involuntary Resettlement	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		protected by the provisions of ESS5 (ESS5, para 6).
65. Land titling	• Land titling should be explicitly included in the scope of application of ESS5. The first draft excludes land titling, unlike OP4.12. This means that households and communities deemed not to have ownership rights under a land administration project and who are then threatened with forced eviction would not be protected, foreseeably leading to increased homelessness, poverty and repeat squatting in other areas.	The need to assess and mitigate risks associated with land titling and related activities is more strongly emphasized, and project design measures to address such risks are spelled out (ESS5, footnote 13 and ESS1, footnote 23). The second draft ESS5 specifies that ESS5 will apply if persons are required to vacate land as a direct result of a project-supported determination that the land in question is state land. (ESS5, para 7)
66. Land use planning	Land use planning should be explicitly included, which is excluded from the scope of the first draft ESS5.	ESS5 has been revised to clarify that where a project supports land use planning activities, the Borrower will be required to conduct a social, legal and institutional assessment under ESS1, in order to identify potential economic and social risks and impacts of the planning or regulation, and appropriate measures to minimize and mitigate them, in particular those that affect poor and vulnerable groups (ESS5, para 8).

	ESS5: Land Acquisition, Restriction on Land Use and Involuntary Resettlement		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
67. "Related activities"	• ESS5 does not include the OP4.12 language that requires its application to "linked" activities and to all components of the project, whatever the source of financing.	"Associated Facilities" are now dealt within ESS1, which applies to the entire Framework, including ESS5.	
68. Gender	Women's perspectives and needs should be taken into account in planning, consultation, compensation, etc.	More thorough treatment of gender issues has been included in the second draft ESS5, particularly in terms of consultation strategies, assessment of women's tenure rights, and the design of compensation and livelihood measures (ESS5, paras 11, 18, 26 and 33).	
69. Possible use of installment payments (First draft ESS5, para 13)	 In the Borrower country, a tremendous effort on the part of resettled communities is required in order to receive 100% of compensation payments. It is important to ensure that the partial payment option does not affect the policy compliance by the Borrower. Installment payments and escrow arrangements are not allowed by national law. 	A provision in the first draft that would have explicitly allowed the use of installment payments for compensation in certain circumstances has been deleted to reinforce the principle that compensation must always be paid before displacement.	
70. Livelihood restoration before displacement	It is not enough to require compensation before displacement; livelihood restoration should also start well in advance.	ESS5, para 15 has been revised to clarify that "livelihood restoration and improvement programs will commence in a timely fashion in order to ensure that affected persons are sufficiently prepared to take advantage of alternative livelihood opportunities as the need to do so arises" (ESS5, para 15),	

	ESS5: Land Acquisition, Restriction on Land Use and Involuntary Resettlement		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
71. Costs of resettlement	• The Bank must ensure that the Borrower has a budget sufficient to guarantee adequate compensation, resettlement and rehabilitation.	ESS5 now includes text requiring that the full costs of resettlement be included in the total project costs and internalized	
	• Critical language from OP4.12 that has been omitted from the first draft ESS5 should be added to ensure that the costs of resettlement are not externalized and that they are fully incorporated into the economic analysis of the project. This economic analysis must occur during project appraisal and continue to be a key determinant of Bank support for the project.	in the project costs and internalized in the project economic analysis (ESS5, para 22).	
72. Resettlement planning before appraisal	• Resettlement planning must be done prior to appraisal. This crucial requirement in OP4.12 has been removed in favor of the 'deferred appraisal' approach, which is intended to make project approval easier, quicker and less costly. Under the draft, all that is required prior to project approval – even for High Risk projects causing large-scale displacement – is an Environmental and Social Commitment Plan (ESCP). According to an annex to the ESF, in some cases the ESCP will capture all relevant obligations of the Borrower, and in others, it may simply set out a timeline for resettlement and livelihood plans to be prepared after project approval. It is therefore left to the discretion of the Bank in consultation with the Borrower when comprehensive resettlement plans and corresponding budgets are to be developed.	There is no intent under the ES Framework to deviate from the fundamental principle that the Bank's Board needs sufficient information in order to make an informed decision. ESS5 restricts the Borrower from commencing any project activities which cause physical or economic displacement until plans have been finalized and approved by the Bank (ESS5, para 25).	

	ESS5: Land Acquisition, Restriction on Land Use and Involuntary Resettlement		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
73. Informal occupants of land ("squatter")	ESS5's requirement for compensation for informal occupants of land is inconsistent with many national laws and rewards illegality.	Consistent with OP4.12, IFC's PS 5 and the standards of all other IFIs, ESS5 retains language that recognizes informal occupants as eligible for assistance if they are displaced, provided they have occupied the land since before a cut-off date. However, footnote 22 of ESS5 allows for a flexible approach to situations where people are deriving income from multiple illegal structures (so-called "squatter landlords").	
74. Resettlement planning provisions	• Resettlement planning requirements need to be elaborated. Elimination of OP4.12 Annex A is a dilution.	A new Annex has been added, incorporating with minor changes the detailed resettlement planning requirements currently in the Annex to OP4.12, including requirements for the production of baseline studies (ESS5, Annex 1).	

ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
75. Ecosystem	• Ecosystems services feature nowhere in the Draft Framework. This is	The concept of ecosystem services has
services	despite the fact that the IFC's Performances Standards mention the	
	importance of ecosystem services frequently. Leaving out ecosystem	

	ESS6: Biodiversity Conservation and Sustainable Management of Living Na	atural Resources
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	services in the Bank's safeguards will create confusion and go against the goal of a harmonized World Bank Group. Embracing them will allow the Bank to support protection and sustainable management of important public goods and services.	
76. Definitions of	Divergence of terminology and scope between ESS6 (World Bank) and	The definitions of habitat types in the
habitat	PS6 (IFC) risks confusion and could undermine implementation. Each of the major Multilateral Financial Institutions has its own safeguard framework for biodiversity. With revisions in recent years there has been increasing convergence of approaches, although many differences in detail and in terminology remain. Of these frameworks, IFC's PS6 is the best established and most widely influential by far. PS6 is not perfect, but there is increasing experience in how to apply it, and on what constitutes good practice in dealing with problematic issues or inadequately defined concepts. There is a strong argument for encouraging harmonisation of biodiversity safeguards across institutions in the World Bank Group – especially as IFC and the World Bank are now often co-lending or operating in the same environment.	second draft ESS6 reflect the terms and definitions used by IFC in Performance Standard 6 (ESS6, para 17).
77. Biodiversity offset	• The draft Environmental and Social Framework eliminates protections for forests and forest-dependent peoples. The newly rebranded biodiversity standard establishes a single-minded focus on species biodiversity at the expense of ecological integrity and the local communities dependent on natural resources for their livelihoods and cultural survival. Far from safeguarding forests and other natural habitats, the biodiversity standard (ESS6) permits projects in previous 'no-go' areas and provides loopholes for logging, while the standard's heavy reliance on biodiversity offsetting leaves no natural areas off the table for destructive interventions. The draft must strengthen protections for the natural resources that the majority of	The second draft ESS6 clarifies that biodiversity offset will be considered only as a last resort and that certain adverse impacts cannot be offset. Where the adverse residual impacts cannot be offset, the Borrower will not undertake the project as designed (ESS6, para 18).

	ESS6: Biodiversity Conservation and Sustainable Management of Living Na	atural Resources
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	 people living in extreme poverty depend on. The Bank should be very clear and explicit that avoidance is the first priority where possible. Offsets are a "last resort" mitigation measure. 	
78. No dilution from the current Bank Policies	 While the Bank claims ESS6 strengthens biodiversity conservation, the wording in ESS6 is unclear and confusing, in particular on critical habitat. It appears to be stepping down from the current policy. This should be improved. The new Biodiversity ESS is a dilution of the OPs on Natural Resources 	As in the current safeguard policies on forests and natural habitats, the second draft ESS6 has clarified that the project will not involve significant conversion or degradation of critical habitats, including forest areas (ESS6, page 24.65)
	and Forests. There is less coverage of ecosystems functions, little recognition of the importance of habitats to local economies. Offsets are allowed in all habitats under the current draft. Critical habitats are too narrowly defined and the draft ESS allows for conversion and degradation of all habitats. This in conjunction with the wording in ESS7 creates loopholes that will be devastating to Indigenous Peoples.	including forest areas (ESS6, para 24 (f) and (g)).
79. Legally protected and internationally recognized areas	The Bank should refer to international and regional conventions and designations.	The second draft ESS6 has clarified that the Borrower will ensure that any activities undertaken are consistent with the area's legal protection status and management objectives (ESS6, para 27). The ESF will be supported by guidance notes that will include references to key international treaties and agreements.
80. Community participation	• Considerations for forest-dependent peoples are removed as the new policy does not include local communities or forest dependent peoples in its scope, nor does it call for local involvement throughout the project cycle. Only "where applicable" does the policy require consideration of affected	The second draft ESS6 has clarified that, for legally protected and internationally recognized areas of

	ESS6: Biodiversity Conservation and Sustainable Management of Living N	atural Resources
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	communities' use of natural resources (para 13 of the first draft ESS6).	biodiversity value, the Borrower will consult and involve affected communities, including Indigenous People and other interested parties, in planning, designing, implementing, monitoring and evaluating the project (ESS6, para 28). Further requirements on stakeholder engagement are provided in ESS10.
81. Scope of coverage of living natural resources	• ESS6 is unclear as to which sector(s) it applies. "Living natural resources" is never defined but should be. In the case of animal husbandry, its inclusion in paragraph 27 implies that animals raised for food would be included in the definition. However, the vagueness is such that at least some projects may not trigger ESS6 and, therefore, ESS1, review even where they clearly should. Not triggering the standard is particularly significant for animal welfare, where there has been tremendous movement globally but much work remains to be done. So, farm animals should be included in a definition of "Living natural resources"	The second draft ESS6 has added the definition of living natural resources including animals (ESS6, para 2).
82. Landscape approach	The ESF should strongly encourage broad and "upstream" assessment and planning such as landscape planning, river basin planning, and other strategic approaches, to improve project selection and design and maximize sustainability.	ESS1 already clarifies that the Borrower, in consultation with the Bank, will identify and use appropriate tools and methods to identify and assess the potential environmental and social risks and impacts of the project (ESS1, para 21). Further details of such assessment, including strategic approaches, are provided in Annex 1 to

	ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		ESS1.
83. Animal welfare	• As written, ESS6, paragraph 27, is nearly meaningless for the welfare of farmed animals. First, the current draft nestles Good International Industry Practice (GIIP) into one paragraph of ESS6 and does not even mention animal welfare as an aspect of GIIP. This is far too ambiguous to even know whether animal welfare would be included. Yet, the World Bank Safeguards should absolutely promote and protect animal welfare, as other international finance institutions have done, including with regard to global sustainable development.	While the paragraph in question has become a requirement of the Borrower ("should" in the first draft has been replaced with "will"), this paragraph has been tailored to industrial and large-scale commercial production of crops and animal husbandry (ESS6, para 39). A guidance note will be developed on the details.
84. Supply chain	 We welcome the supply chain clarification in which borrowers assess primary suppliers stringently in areas where critical habitats may be compromised. Extension of ESS to Primary Suppliers beyond the project boundaries is not desirable. Under ESS7, application of the ESS has been proposed to be extended beyond the project boundaries to outside regions, from where food, fibre and other primary products are sourced by the borrowers. Even Borrower's primary suppliers are needed to be evaluated for ES risks and impact of significant conversion of natural and/ or critical habitats, systems and verification practices. If it is found that the primary products are produced through diversion of natural or critical habitat, then the products will have to be procured from other sources. 	Wording on supply chain has been amended to restrict the scope of the Borrower's assessment to primary suppliers (ESS6, para 40).

ESS7: Indigenous Peoples		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
85. "Alternative Approach" (First Draft ESS7, para 9)	 The "alternative approach" clause should be removed from ESS7. This clause directly and seriously undermines the specific and fundamental rights that Indigenous Peoples have over their distinct identities, their lands and resources and the course of their own development, as already enshrined in international human rights law. This approach would not provide adequate protection for the affected Indigenous Peoples. There is a concern that the "alternative approach" clause could become the rule, rather than an exception. In my country, when money is involved, tension in communities will rise. Therefore, it is requested that the Bank incorporate sufficient requirements so that the "alternative approach" is not used for unintended circumstances. Some Borrowers expressed strong discontent about the Bank's Indigenous Peoples Policy (OP4.10) and the proposed ESS7, noting that the Policy is inconsistent with their national constitution and could exacerbate civil strife, and expressed support for the "alternative approach". A Borrower country has a national legislation which has higher standards on Indigenous Peoples issues than ESS7. However, while there are some inconsistencies between the national legislation and proposed ESS7, the country needs to apply the "alternative approach" to implement the project based on the national legislation. 	This alternative approach was rejected widely during consultations for various reasons, including the perceived inadequacy of the level of protection it would offer to affected indigenous populations. Therefore, the alternative approach has been removed from the second draft ESS7. However, Management continues to recognize that there may be rare instances when the formal comprehensive application of ESS7 may be inadvisable. In those instances, Management would follow the waiver process set out in the World Bank's Policy on Operational Policy Waivers. The World Bank historically has granted only a very small number of waivers of operational policies and is particularly careful about waiving requirements, especially those as sensitive as set forth in ESS7. Waivers could only be applied for the project at issue and in clearly delineated individual circumstances. Waiver requests would require the approval of the Board of Executive Directors.

ESS7: Indigenous Peoples		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
86. Free, Prior and Informed Consent (FPIC)	We support the introduction of FPIC in ESS7, while it needs to be clarified how to operationalize it (who will give the support, how to establish and document the FPIC, etc.). To operationalize FPIC, guidance notes should be developed in cooperation with Indigenous Peoples.	The second draft ESS7 maintains the current wording of FPIC and its scope of application to the three circumstances as stated in Section B of ESS7. This
	• FPIC should apply to all projects when there are investments or activities in Indigenous Peoples' territories. Current language seems to apply only when there are impacts "on" territories.	ensures alignment and close harmonization with IFC and other MDBs. Guidance notes will be
	• We are not comfortable with this provision (FPIC). Domestic laws of acquisition and protection of such communities already provide for adequate safeguards including consent before acquisition can take place in certain cases. The Bank thus needs to rely on such domestic laws/guidelines where the domestic laws and rules etc. take care of such issues.	developed on further details of FPIC and how it will be operationalized. For circumstances not requiring FPIC, criteria have been strengthened for the World Bank to establish whether consultation with Indigenous Peoples has been meaningful. Unlike in the first draft ESF, the World Bank now needs to ascertain the outcome of the meaningful consultation and this will contribute to the World Bank's decision making as to whether to proceed with the project or not (ES Policy, para 51).
	• In the case of projects, administrative and legislative measures that affect Indigenous Peoples, the general requirement of ILO-169 (Art. 6), UNDRIP (Art. 19, 32) and the WCIP-OD (§§ 3, 20) is that governments carry out consultations "in order to obtain" their free, prior and informed consent. Such consultations have to be carried out "in good faith," but the achievement of FPIC is only an absolute condition in exceptional cases involving relocation of Indigenous Peoples (ILO 69 Art. 16; UNDRIP Art. 10) or storage or disposal of hazardous materials in their lands or territories (UNDRIP Art. 29). ESS7 needs to be revised in this respect.	
	• We support the recognition of the rights of Indigenous Peoples to their lands, natural resources, identity, and culture, in accordance with national legislation. We therefore favor the existing provision of free prior informed "consultation" instead of "consent" that might imply a veto right. This is a	

	ESS7: Indigenous Peoples	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
87. Inconsistency with nation law	 more widely used language. Our government perceives the switch from consultation to consent in Free, Prior, and Informed Consent to be a step back in the safeguard policies. Consent should not be defined as a veto because consent should not become international customary law, which could have domestic implications. The language of the definition needs to be clear in this regard. There is a need for clarity regarding how to apply FPIC and regarding the standard of compensation when the governments do not recognize customary or traditional Indigenous Peoples' land. The Borrower's realities and existing policies on ethnic minorities should be adequately considered to avoid duplication and bias and inequality of ethnic rights. Domestic laws of acquisition and protection of Indigenous Peoples communities already provide for adequate safeguards including consent before acquisition can take place in certain cases. The Bank thus needs to 	Like in other instances where there is a difference between national law and World Bank policy requirements, the Bank's requirements take precedence, unless the national requirements are deemed to be more stringent and appropriate to the project context.
00 D.C. 44	rely on such domestic laws/guidelines where the domestic laws and rules etc. take care of such issues.	The second dead ECC7
88. Definition of Indigenous Peoples	• The definition of Indigenous Peoples should not include language use as a necessary criterion. Many Indigenous Peoples have been forced to stop using their language.	The second draft ESS7 maintains paragraph 6 as is. The current policy (OP4.10) has been implemented with
	• Some participants wanted more specificity in definition, but others preferred to keep the term broader, in order to make it relevant to the largest country context possible.	the same definition. The Bank will provide more information in a guidance note on best practices for undertaking

	ESS7: Indigenous Peoples	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	The Bank should recognize that self-identification is the key characteristic for Indigenous Peoples.	screening on the basis of the four criteria for the identification of Indigenous Peoples. Self-identification is captured in ESS7 paragraph 6 (a).
89. Land rights	 The required "plan for the legal recognition of their perpetual or long-term renewable custodial or use rights", must be developed in partnership with Indigenous Peoples themselves, time-bound, in accordance with clear indicators and with sufficient funds. Where individual land titles exist within indigenous territories, such legal ownership must be recognized, but the requirements of paragraph 23 of ESS7 (FPIC for the relocation of Indigenous Peoples) must be retained. FPIC must be obtained from the whole project affected community irrespective of tenure arrangements. The mention of ESS5 in FN14 must be deleted. 	In the second draft ESS7, the text is strengthened to promote the legal recognition of Indigenous Peoples' land rights (para 21). This is the same approach taken in the current policy (OP4.10). Regarding the cases where Indigenous Peoples individually hold legal titles or where the relevant national law recognizes customary rights for individuals, the text is revised to clarify that the relevant requirements of ESS5 will apply, in addition to the requirements under ESS7.
90. Other vulnerable or marginalized groups	 In the country, there are a number of places without the presence of Indigenous Peoples. However, the vulnerability is very high across the country. Vulnerable people should be also included in ESS7. There are 210 million Dalits in South Asia and they are the poorest and most discriminated against. The majority of Dalits have no access to land. Dalits are invisible in the ES Framework, and should be clearly referred to 	The second draft ESF retains ESS7 as a standard dedicated for Indigenous Peoples, while other vulnerable or marginalized groups are addressed in ESS1 through the non-discrimination principle.
	in the document. They need to participate in the decision-making and	r · r ·

ESS7: Indigenous Peoples		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	resources must be provided.	
	• We do not want to be referred to as "vulnerable and marginalized groups," instead of Indigenous Peoples.	
91. Reference to international treaties and	• Explicit recognition of UNDRIP should be made in ESS7 and the Bank should commit to ensuring Indigenous People human rights in the projects it finances.	It is Management's view that the requirement for both the World Bank and the Borrower to comply with the ESF should be self-standing, and should not require reference to external sources
agreements	• The Bank should not only refer to UNDRIP, but also take it as overarching principles that cover ESS6, 7 and 8.	
	• The Framework should be aligned with ILO169, UNDRIP, CBD and other international guidelines and commitments.	to make this judgment. Having said this, the ESF does require that the Borrower's assessment and the
		Bank's due diligence take into account international treaties and agreements
		directly applicable to the project. In addition, the ESF will be supported by
		guidance notes that will include references to key international treaties and agreements.

ESS8: Cultural Heritage		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
92. Need for	• The current definition is confusing and I fear it will put at risk the	The definition of cultural heritage in the
clearer	application of the safeguard by many borrowers. A more explicit definition	
definition of	aligned with other IFIs is recommended.	and improved (ESS8, para 4).
cultural		

ESS8: Cultural Heritage		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
heritage		
93. Expansion of scope to intangible cultural heritage	• The Bank's existing OP/BP4.11 as well as IFC PS8 have more comprehensive and professionally credible definitions. They would form a useful starting point, but both require expansion to capture intangible heritage more adequately, with reference to the 2003 UNESCO Convention on Intangible Cultural Heritage, as per global best practice.	The scope of the second draft ESS8 has been broadened to explicitly include intangible cultural heritage insofar as it relates to a physical component of a project (ESS8, para 4).
94. Weak capacity of Borrower	• The weak capacity of Borrower needs to be taken into account and capacity strengthening should be part of mitigation measures.	A footnote has been added to clarify that mitigation measures include strengthening the capacity of national and subnational institutions responsible for managing cultural heritage affected by the project (ESS8, footnote 2).
95. Stakeholder consultation	 The title of section B needs to be changed to "Stakeholders Consultation and identification of Cultural Heritage" in order to convey the idea that the stakeholders are critical to the identification of cultural heritage in project affected areas. The Borrower needs to carry out "meaningful consultation" in order to identify cultural heritage that may be affected by the project. The first draft ESS8 refers to meaningful consultation only for commercialization of cultural heritage. 	These comments have been incorporated in the second draft ESS8 (Section B, para 13).
96. Recognition of special status of legally protected sites	8	The second draft ESS8 has introduced the concept of legally protected cultural heritage areas (ESS8, Section C).

	ESS9: Financial Intermediaries	
Issues	Key Comments from Stakeholders	Proposed Bank Responses
97. Limited scope of application (High Risk FI subprojects)	Some stakeholders recommended that the proposed ESS should apply to all or at least Moderate Risk FI subprojects in addition to High Risk FI subprojects as national law may not always provide necessary protections. Others suggested that national law is sufficient when dealing with low to Moderate Risk FI subprojects. Especially when the Bank is only a small co-financier, the ESSs should not apply to the FI project.	The FI is required to comply with the exclusions listed in the legal agreement and apply relevant national law for all FI subprojects. In addition, the FI is required to apply the relevant requirements of the ESSs to any FI subproject that involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health, biodiversity or cultural heritage. This is a change compared to the first draft where the ESSs were applicable only to High Risk FI subprojects. (ESS9, paragraph 7). Where the Bank is providing support to an FI and other multilateral or bilateral funding agencies are also providing financing to the same FI, the Bank may agree to rely on the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the project, provided that such requirements will enable the project to achieve objectives

	ESS9: Financial Intermediaries		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
		materially consistent with the ESSs (ES Policy, para 13).	
	The same standards should apply to any FI projects that also apply to projects directly funded by the Bank.	This is the case for all FI subprojects that involve resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health, biodiversity or cultural heritage. All other subprojects will be required to apply the exclusions listed in the legal agreement and apply relevant national law for all FI subprojects (ESS9, paragraph 7).	
	The World Bank should consider removing ESS9 and apply all other standards to FIs. The ESF could then include a dedicated section on procedures for FI.	The World Bank requires that FIs adopt and implement effective environmental and social procedures to manage the environmental and social risks and impacts of the subprojects to which they lend in a responsible manner. Management has taken the view that this is well served by having a separate standard that specifies the form of the risk management required according to the nature and the scope of funding provided by the FI.	
	• The Environmental and Social Commitment Plan (ESCP) should be	The second draft ESS9 has clarified that	

ESS9: Financial Intermediaries		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	required for FIs.	the measure and actions agreed between
		the FI and the Bank will be included in
		the ESCP (ESS9, para 16).
	• The requirements of the ESF should allow for flexibility in the	ESS9 provides FIs with a certain degree
	implementation of projects contracted by financial intermediaries.	of flexibility as FIs are required to apply
		relevant aspects of the ESSs only when
		they involve resettlement (unless the
		risks or impacts of such resettlement are
		minor), adverse risks or impacts on
		Indigenous Peoples or significant risks
		or impacts on the environment,
		community health, biodiversity or
		cultural heritage. FIs will manage all
		other projects according to national law
		and applying the exclusions listed in the
		legal agreement.
	• ESS9 should be more specific about situations in which ESS9 would apply	ESS9, para 5, clarifies that where Bank
	to the entire portfolio of the FI rather than a subproject.	support will be provided to the FI for a
		general purpose, the requirements of
		ESS9 will apply to the entire portfolio
		of the FI's future subprojects from the
		date on which the legal agreement becomes effective.
00 Monitorina	The Deale decald are also and a local are at the ECC 1 11 EV	The FI will submit to the Bank annual
98. Monitoring	• The Bank should monitor the implementation of the ESSs in all FI projects	environmental and social reports on the
	and should also monitor the FI's performance with regard to environmental	implementation of its environmental and
	and social risk assessment and management.	social procedures, relevant ESSs, as
		social procedures, relevant Esss, as

	ESS9: Financial Intermediaries		
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
		well as the environmental and social performance of its portfolio of FI subprojects (ESS9, para 19). The Bank will monitor the environmental and social performance of projects in accordance with the requirements of the legal agreement, including the ESCP (ES Policy, para 53).	
99. Capacity of FIs	The Bank should assess the capacity of FIs to assess and manage environmental and social risk.	In addition to the adequacy of national environmental and social requirements relevant to the project and the proposed FI subprojects, the Bank will review the capacity of the FI to manage environmental and social risks and impacts (ES Policy, para 39).	
100. Stakeholder engagement and disclosure	The requirements for stakeholder engagement and grievance mechanisms for FIs should clearly define the quality and scope of consultations and participation that FIs need to adhere to.	FI requirements for stakeholder engagement are described in ESS9, paragraphs 17 and 18. The FI will conduct stakeholder engagement in a manner proportionate to the risks and impacts of the project and which reflects the nature of the FI and the type of FI subprojects to be financed. The FI will put in place procedures for external communications on environmental and social matters. The relevant provisions of ESS10 will be included in the FI's	

ESS9: Financial Intermediaries		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		environmental and social procedures.
	• FI should not be required to disclose any environmental and social assessment reports for High Risk sub-projects which it finances as this requirement may have repercussions on the confidentiality of transactions.	The primary purpose of this requirement, described in ESS9, paragraph 18, is to support transparency and accountability in the way the FI manages environmental and social risk. Further details will be provided in guidance notes.
101. Harmonization with IFC	There should be a uniform approach for Financial Intermediary lending between IFC and World Bank.	Where the Bank is providing support to an FI and other multilateral or bilateral funding agencies, which will include IFC, are also providing financing to the same FI, the Bank may agree to rely on the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the project, provided that such requirements will enable the project to achieve objectives materially consistent with the ESSs (ES Policy, para 13). Also, the second draft ESF has clarified that it does not replace OP4.03 (World Bank Performance Standards for Private Sector Activities). These provisions will allow the Bank to take a more harmonized approach with IFC for FI operations.

ESS10: Stakeholder Engagement and Information Disclosure		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
102. Deletion of "as appropriate"	• Stakeholders recommended that phrases such as "as appropriate" and "where applicable" be removed from ESS10.	mitigation measures and stakeholder engagement should be proportionate to
and "where applicable"		the nature and scale of the project and the potential risks and impacts.
103. FPIC for all stakeholders	The concept of FPIC should be extended to all stakeholders.	FPIC is a specific provision that recognizes the particular vulnerability of Indigenous Peoples. Extending the principle to all stakeholders would negate this special status and would place overwhelming burden on the Borrower, limiting the Borrower's ability to implement a project.
104. Stakeholder engagement	The results of stakeholder engagement should be documented.	The second draft ESS10 has clarified that the Borrower will maintain a documented record of stakeholder engagement (ESS10, para 9).
	 Stakeholders commended the Bank for including provisions fo engagement with all stakeholders, regardless of age and other barriers. 	stakeholders that are affected by or interested in a project should be able to contribute to the discussion about a project (see ESS10, paragraph 5).
	 Requirements for stakeholder engagement should be commensurate with the nature and scale of the project and proportionate to the potential risk and impacts. 	

ESS10: Stakeholder Engagement and Information Disclosure		
Issues	Key Comments from Stakeholders	Proposed Bank Responses
		interests and the potential environmental and social risks and impacts of the project. To assess stakeholder interest, an objective has been added to ESS10 to assess the level of stakeholder interest and support for the project.
	Stakeholder engagement should be clearly defined, including all requirements on information disclosure and sharing. The difference between consultation and participation should be defined.	ESS10 describes the requirements for Borrowers with regard to stakeholder engagement and describes the concept of meaningful consultations. Further details on terminology concepts will be provided in guidance notes.
	Efforts to ensure information disclosure and transparency can sometimes delay projects.	Open and transparent engagement with stakeholders is an essential element of good international practice and can improve the environmental and social sustainability of projects. ESS10 provides clear requirements for Borrowers that ensure that Borrowers know their roles and responsibilities and can fulfill them efficiently and effectively.
105. Vulnerable groups	 The inclusion of persons with disabilities should be explicitly required, including provisions for accessibility of consultations. Stakeholders proposed that gender inclusion and proportionate gender 	ESS10 specifically requires that Borrowers identify those project-affected parties who, because of their
	representation should be specifically addressed. Another stakeholder view purported that the lack of participation by women should not be interpreted	particular circumstances, may be disadvantaged or vulnerable, and make

ESS10: Stakeholder Engagement and Information Disclosure				
Issues	Key Comments from Stakeholders	Proposed Bank Responses		
	 as weakness of a consultation process in cultures where women may not seek public participation. ESS10 should be clear about how different affected groups, and in particular different vulnerable groups, will be identified and included in the engagement process and how the Borrower will reflect their views and concerns in the project design, monitoring and implementation. It should be clarified how the Bank will ensure meaningful participation of illiterate stakeholders who may not understand project implications. 	special efforts to include them in engagement efforts. This specifically includes persons with disabilities and gender aspects (ESS10, paragraphs 11 and 20, footnote 2). Implementation details, including specific information needs (such as disability, literacy, gender, mobility, differences in language or accessibility), will be provided in guidance notes.		
106. Stakeholder identification	 Borrowers should not alone be in charge of identifying stakeholders, including impacted communities if there is no means of verification that their engagement is truly inclusive. Clear criteria should be set for identifying stakeholders and the World Bank should be involved in identifying members for advisory groups to help with stakeholder identification and the consultation process. 	the potential significance of environmental and social risks and impacts, the Borrower may be required to retain independent third party specialists to assist in the stakeholder identification and analysis to support a comprehensive analysis and the design of an inclusive engagement process (ESS10, para 12). The Bank supports the Borrower to carry out stakeholder engagement and meaningful consultation (ES Policy, para 3 (b)).		
	Guidance should describe which projects trigger stakeholder engagement.	ESS10 applies to all projects supported by the Bank through Investment Project		

ESS10: Stakeholder Engagement and Information Disclosure			
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
		Financing (ESS10, para 4).	
	A range of stakeholders should be explicitly identified in ESS10 for inclusion in the engagement process, including children, women, persons with disabilities, workers and trade unions representing them.	ESS10 specifically requires that Borrowers identify those project-affected parties who, because of their particular circumstances, may be disadvantaged or vulnerable, and make special efforts to include them in the engagement efforts. Footnote 2 lists examples of such groups, including those disadvantages due to their age, gender, ethnicity, religion, physical, mental or other disability, social, civic or health status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources.	
	In projects that affect animals, animal welfare advocates should be included in the stakeholder engagement process.	Borrowers are required to engage stakeholders that are either affected by a project or may have an interest in a project (ESS10, paragraph 5).	
	Only stakeholders relevant to a project should be included in the engagement process. Relevant stakeholders are communities and individuals directly affected by a project.	Management believes that all stakeholders that are affected by or interested in a project should be able to contribute to the discussion about a project (see ESS10, paragraph 5). This ensures, among other things, that marginalized groups that are not always	

ESS10: Stakeholder Engagement and Information Disclosure			
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
		part of such dialogue can be represented by advocacy groups and that expert organizations can have input into projects even if they are not directly affected.	
107. Stakeholder Engagement Plan (SEP)	 When Borrowers design a SEP, they should involve the parties to be engaged in this design. ESS10 should include clear language on when the SEP is to be disclosed. It was suggested to disclose preliminary drafts of the SEP. The SEP should be consulted on before consultation on the ESIA. 	ESS10 requires that Borrowers disclose a draft of the SEP and seek the views of stakeholders on it, particularly regarding the identification of stakeholders and the proposals for future engagement (ESS10, paragraph 13).	
	• An assessment of the Borrowers' capacity to engage with stakeholders should be conducted and used as basis for building engagement capacity, especially with regard to engagement with vulnerable groups.	The Bank supports the Borrower to carry out stakeholder engagement and meaningful consultation (ES Policy, para 3 (b)).	
	• The SEP should include details on the minimum criteria for meaningful consultation on a project-by-project basis.	The concept of "meaningful consultation" is defined in ESS10, paragraph 22. Further guidance notes on this will be developed.	
	The requirement to develop a SEP for any project is very onerous and will delay the project preparation process.	The second draft ESS10 has clarified that, depending on the nature and the scale of the risks and impacts of the project, the elements of SEP may be included as part of the ESCP and preparation of a stand-alone SEP may not be necessary (ESS10, footnote 3).	

	ESS10: Stakeholder Engagement and Information Disclosur	re
Issues	Key Comments from Stakeholders	Proposed Bank Responses
	The Bank should respect Borrowers' own stakeholder engagement process.	The second draft ESS10 has clarified that, where possible, stakeholder engagement will utilize engagement structure within the national system, e.g. community meetings, supplemented as needed with project-specific arrangements (ESS10, footnote 4).
	The scope of the SEP should reflect the scope of the project (sub-project, national, regional). International organizations should be part of any engagement.	Footnote 1 in ESS10 specifies that possible stakeholders "may include local communities, national and local authorities, neighboring projects, and nongovernmental organizations." This may include international organizations.
	Material changes in the project that may result in additional risks and impacts should require revision of the SEP to account for those changes. New consultations may be required.	ESS10, paragraph 25 includes a requirement for Borrowers to consult with project-affected parties as to how new risks and impacts will be mitigated. The Borrower will disclose an updated ESCP in accordance with the SEP, setting out the mitigation measures.
108. Consultations	• The first draft ESS10 requires the Borrower to conduct meaningful consultation only when the adverse potential risks and impacts are significant. The consultation should be always meaningful.	The second draft ESS10 has clarified that the Borrower undertakes a process of meaningful consultation, without limiting it to projects with significant adverse risks and impacts (ESS10, para 21).

	ESS10: Stakeholder Engagement and Information Disclosure				
Issues	Key Comments from Stakeholders	Proposed Bank Responses			
	• ESS10 should include a clear and comprehensive definition of effective or meaningful consultation and of the relevant materials that Borrowers need to provide for consultations. This definition should include criteria on information disclosure, including timing, consultation venues and the treatment of feedback. Borrowers should be required to demonstrate how consultation feedback was taken into account. Guidance should be provided on these issues, including examples of "reasonable efforts" with respect to ensuring that stakeholder dialogue is representative of community issues and concerns. These provisions should apply in all cases.	The concept of "meaningful consultation" is defined in ESS10, paragraph 22. Guidance notes on implementation will be developed.			
	Requirements for meaningful consultations should only apply to affected stakeholders. Other stakeholders should be heard and, when applicable, their feedback should be taken into account.	Management believes that all stakeholders that are affected by or interested in a project should be able to contribute to the discussion about a project (see ESS10, paragraph 5).			
	ESS10 should include explicit provisions that engagement is at no cost to the stakeholders and without danger of retribution.	The definition of the concept of "meaningful consultation" in ESS10, paragraph 22, includes provisions that it should take place without external manipulation, interference, coercion, discrimination or intimidation.			
	• The standard should list a range of engagement and consultation methods, such as two-way-communications, interpretative negotiation and operational negotiation. Engagement should not be limited to information dissemination. Engagement methods should be specified in Guidance materials.	Two-way engagement is part of the definition of "meaningful consultation" in ESS10, paragraph 22. Further engagement methods will be addressed in guidance notes.			

ESS10: Stakeholder Engagement and Information Disclosure				
Issues	Key Comments from Stakeholders Proposed Bank Respons			
	• Instead of the term "consultations," ESS10 should refer to "public hearings, participation, discussion and meetings with local beneficiaries."	The terms "consultation" and "meaningful consultations" respond to international good practice for stakeholder engagement and are common concepts used in this context.		
	• ESS10 should take into account consultation fatigue if stakeholders are asked to participate in a large number of consultations.	Practical aspects that are relevant to implementation will be treated in the guidance notes that will be developed.		
109. Engagement During Project Implementation	• ESS10 should include minimum requirements for the frequency of engagement throughout the project cycle and which stakeholders to engage with. For high and substantial risk activities and for all activities in fragile and conflict states, ESS10 should identify which engagement practices are appropriate. Feedback from project engagement should be reflected in the Implementation Status Report (ISR).	The frequency and format of stakeholder engagement, especially in certain circumstances such as fragile and conflict-affected situations, are determined by the context of a specific project. Guidance notes will be developed to address the implementation of stakeholder engagement requirements.		
110. Grievance mechanisms	• Stakeholders should be informed about all grievance options available to them.	ESS10 specifies that the Borrower will inform the project-affected communities about the grievance process (paragraph 27 (b)).		
	• The objective of grievance mechanisms should not be to resolve complaints, but to manage them.	The purpose of grievance mechanisms is to "receive and facilitate resolution of such concerns and grievances" (ESS10, paragraph 26). It is not assumed that all complaints will always be solved, but an effort must be made to do so.		

	ESS10: Stakeholder Engagement and Information Disclosure			
Issues	Key Comments from Stakeholders	Proposed Bank Responses		
	• The Borrower should not be responsible for providing grievance mechanisms.	The Borrower is responsible for conducting all aspects of the stakeholder engagement, including providing a grievance mechanism.		
	• One group of stakeholders suggested that complainants should be able to submit complaints anonymously directly through the World Bank's grievance mechanisms. For time-sensitive issues, complainants should be able to approach the Inspection Panel directly without being required to submit their complaint to the Bank's Grievance Redress Service (GRS) first. Other stakeholders proposed that any aggrieved persons should first use the grievance mechanisms set up by the Borrower at project level before approaching the World Bank. Bank grievance mechanisms should only be concerned with the Bank's own compliance with its policies and procedures, they should not address complaints related to the Borrower, which should follow national law.	Complaints can be submitted directly to the Inspection Panel subject to the requirements set out in the Panel Resolution. The Resolution requires requesters to have brought the issue to the attention of Bank Management. This can be done through the GRS, as well as through various other means (including a letter to Bank Management). The GRS provides an efficient access point for complainants to reach responsible Bank staff directly. While the Inspection Panel only investigates the Bank's own compliance with its policies and procedures, other project-related grievances can be submitted to the project-level grievance mechanisms. The grievance mechanism provided in ESS10 allows for anonymous complaints to be raised and addressed.		
	A standard format for collecting information on grievances should be developed.	Considerations regarding the implementation of grievance mechanisms will be further addressed in		

ESS10: Stakeholder Engagement and Information Disclosure			
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
		guidance notes.	
	• Stakeholders suggested that the Bank help Borrowers build their capacity with regard to grievance mechanisms and provide Guidance on complaints handling to Borrowers.	The Bank will work with Borrowers to identify any gaps in their ability to comply with the requirements of the ESF and will work with Borrowers to identify measures to address them. Guidance notes on implementation will be developed.	
	• The Bank should have regular engagements with stakeholders about the status of any safeguards-related complaints.	Feedback and response mechanisms depend on the specific project-level grievance mechanism.	
	• ESS10 should include engagement requirements for the World Bank.	The proposed ESSs lay out requirements only for Borrowers. Bank requirements are addressed in the ESP.	
	Grievance mechanisms need effective enforcement to be meaningful.	ESS10 requires Borrowers to publicly advertise procedures and decision making process for grievances, including the length of time users can expect to wait for acknowledgement, response and resolution of their grievances (ESS10, Annex 1, para 2).	
	Grievance mechanisms should only be available to affected stakeholders, not to all stakeholders.	Grievance mechanisms as described in ESS10 serve to respond to concerns and grievances of project-affected parties related to the environmental and social	

ESS10: Stakeholder Engagement and Information Disclosure			
Issues	Key Comments from Stakeholders	Proposed Bank Responses	
		performance of the project (ESS10, para 26).	
	• Regardless of whether there is threat of reprisal or not, the grievance mechanism should allow for anonymous complaints to be raised and addressed.		

World Bank Safeguard Policies Review and Update <u>Plan for Consultations with External Stakeholders for Phase 3 of the</u> Safeguard Policies Review and Update

1. Background

The World Bank is reviewing and updating its environmental and social safeguard policies in three distinct review phases from 2012 to 2015. The approach to the review is described in an Approach Paper titled "The World Bank's Safeguard Policies: Proposed Review and Update¹," which was endorsed by the Committee on Development Effectiveness (CODE) of the World Bank's Board of Executive Directors on October 10, 2012.

As part of this review, the World Bank is consulting with shareholders and stakeholders to seek their input into and feedback on the development of an updated set of policies that mark the cornerstone of the institution's efforts to protect people and the environment and to achieve its goals to end extreme poverty and promote shared prosperity in a sustainable manner in all partner countries. In Phase 3 of the review, the World Bank will seek feedback on the implementation of the second draft Environmental and Social Framework.

2. Consultation objectives

The main objective of the review is to strengthen the effectiveness of the safeguard policies in order to enhance the development impact of World Bank-supported projects and programs. World Bank Management anticipates that the review process will lead to a cohesive framework that will distinguish principles, policies, and procedures; enhance policy clarity and coherence; clarify objectives and desired outcomes; improve synergy across policies; consolidate fragmented or duplicative policies; streamline guidance; and better delineate roles and responsibilities of the World Bank and the Borrower.

The multi-stage review of the World Bank's environmental and safeguard policies is supported by three phases of global multi-stakeholder consultations to elicit input and feedback from interested stakeholders in as broad, inclusive, and transparent a manner as possible. The objectives of the consultation process are to:

- Shape and inform the development of a framework of the next generation of safeguard policies that will benefit multiple stakeholders.
- Create a space for dialogue and participation of stakeholders so that the proposed revisions of the policies as well as their future implementation can benefit from different perspectives.
- Help frame and guide the formulation of specific revisions, taking into account implications for implementation and operations.
- Shape the World Bank's approach to implementing the newly developed framework.

¹ http://siteresources.worldbank.org/EXTSAFEPOL/Resources/584434-1306431390058/SafeguardsReviewApproachPaper.pdf

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The envisaged outcomes of the consultation include:

- A final proposed Environmental and Social Framework for consideration by the World Bank's Executive Directors, which will consider and reflect stakeholder input as appropriate.
- A consultation report including a summary of stakeholder feedback for each of the three consultation phases.
- A response from the Bank on how stakeholder feedback informed the final draft of the policy framework.

3. Approach to consultations

The review process includes three consultation phases to allow for input and feedback from shareholders and stakeholders. The first consultation phase was dedicated to discussing lessons learned from the implementation of the current World Bank safeguard policies as well as any principles the new generation of policies should be based on. The second phase was dedicated to a detailed discussion of ten proposed Environmental and Social Standards as well as a proposed Environmental and Social Policy and Vision. The third phase will focus on approaches to implement the second draft Environmental and Social Framework. An overview of the review process and related activities in provided in Table 1.

Table 1. Indicative timeline and key review activities

Timeline	Phase	Description
July 2012 –	Phase 1	A global review of good practice/lessons learned
July 2014		Preparation and presentation to CODE of the Approach Paper
		• Initial consultations with shareholders and internal stakeholders
		• External consultations seeking input on opportunities, emerging directions and options to inform drafting of a framework
		Expert meetings on emerging issues
		• Preparation of an initial draft of an Environmental and Social Framework, incorporating the objectives of the review and update process and taking into account feedback received from stakeholders

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Timeline	Phase	Description
July 2014 – June 2015	Phase 2	Report to CODE on the outcome of the first review phase and presentation of initial draft Environmental and Social Framework
		Pre-consultation period of 1 month to allow stakeholders to familiarize themselves with the framework
		• External consultations seeking feedback on initial draft Framework for a period of 7 months
		• Report to Executive Directors on the outcome of the Phase 2 consultations
		• Internal collaboration with Global Practices, Cross- Cutting Solutions Areas, Task Team Leads and other staff across the WBG
		Preparation of second draft Framework that takes into account feedback received from stakeholders
July 2015 – December 2015 (TBC)	Phase 3	Report to CODE on the outcome of the second review phase and presentation of second draft Environmental and Social Framework
, ,		Consultation period of approximately 3-4 months, seeking feedback on the second draft ESF from shareholders and external stakeholders
		• Internal collaboration with Global Practices, Cross- Cutting Solutions Areas, Task Team Leads and other staff across the WBG
		Road-testing of the proposed ESF using current World Bank-supported projects
		Report to Executive Director on the outcome of the third phase of the review
		• Preparation of final draft ESF and implementation plan, taking into account feedback received from stakeholders, to be presented to the Board of Executive Directors for approval by end of 2015

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The World Bank is hosting a dedicated consultation website² that provides access to consultation materials, consultation schedules and consultation summaries. Consultations are conducted following international good practice and the World Bank's consultation guidelines³.

Phase 1: Lessons learned, principles

Following the discussion of the Approach Paper by CODE in October 2012, the World Bank initiated the first phase of consultations with shareholders, internal stakeholders, and a wide range of external participants to seek inputs on opportunities, emerging directions, and options to inform the drafting of a new proposed policy framework. The consultation was exploratory, gathering stakeholder input to help shape a revised set of safeguard policies. Consultations were held online and face-to-face from October 2012 to April 2013, reaching more than 2,000 stakeholders from over 40 countries from all regions across the world. The consultative process included dedicated meetings with Indigenous Peoples and project-affected people as well as expert meetings on 'emerging areas' such as climate change, human rights, labor, and land tenure. In parallel, a global review of good practices and lessons learned was conducted, including of other multilateral development banks. The World Bank also began a worldwide dialogue with Indigenous Peoples⁴ leaders and organizations. This dialogue is ongoing. A summary of the input received⁵ from consultations in Phase 1 of the review as well as information on the overall consultation process can be found on the dedicated consultation website.

Phase 2: Environmental and Social Standards

On July 30, 2014, CODE discussed a first draft of the Environmental and Social Framework, which included ten draft Environmental and Social Standards, a draft Environmental and Social Policy, and a proposed Vision Statement. Committee members authorized the release of the proposal document for the purpose of consulting with stakeholders on the specific proposals. The World Bank conducted the second consultation phase from July 31, 2014, to March 1, 2015. This consultation was the largest engagement effort on a policy reform undertaken by the World Bank or other development partners to date. Consultations included participants from 65 countries across all regions, including 54 borrower countries. More than 130 position papers have been received

² www.worldbank.org/safeguardsconsultations

³ http://consultations.worldbank.org/Data/hub/files/documents/world_bank_consultation_guidelines_oct_2013_0.pdf

http://consultations.worldbank.org/Data/hub/files/safeguards review terms of reference for ip regional dialogue 2013.pdf

⁵ http://consultations.worldbank.org/Data/hub/files/consultation-template/review-and-update-world-bank-safeguard-policies/en/phases/safeguards consultations phase1 feedback summary 0.pdf

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from governments, Indigenous Peoples leaders and project affected communities. Stakeholders consulted included representatives from government, civil society organizations, United Nations agencies; multilateral mandate holders; multilateral and bilateral development partners; private sector representatives; development-oriented organizations and foundations; academic and applied research institutions; professional organizations and societies; labor organizations; Indigenous Peoples leaders and representatives; and civil society organizations at international, national and local level involved in advocacy or service delivery. They provided their feedback during face-to-face discussions, in audio and video conferences, expert focus groups, and through online submissions to the consultation website. The consultation process focused on seeking input on the first draft of the Framework and in particular on key changes that would strengthen its effectiveness. A summary of feedback received during consultations as well as World Bank responses is included in Annex 3 in this CODE package.

Phase 3: Implementation

After consulting on the specific proposed standards, the World Bank revised the first draft ESF, taking consultation feedback into account. A second draft framework is presented to CODE on June 24, 2015. The World Bank seeks endorsement of the ESF from the Committee as well as permission to start the third and final consultation phase. Following permission from CODE to publish the materials, the CODE paper and the second draft Environmental and Social Framework will be publicly disclosed on the dedicated consultation website. The third consultation phase is envisaged to last 3 to 4 months.

The focus of the third consultation phase will be on discussing outstanding issues, if any, and focus on implementation. After two broad and comprehensive consultation efforts, the World Bank will utilize online channels as well as face-to-face meetings to engage with experts and development practitioners to focus on issues of implementing the proposed ESF. Consultation participants will be sought from governments, implementing agencies, civil society (in particular service delivery groups), international organizations, academia (in particular development and impact assessment experts) and the private sector around the issues addressed in the proposed Framework.

While Management does not plan to repeat the country consultations that were the focus of the two previous consultation phases, the World Bank will ensure that locations and participation in expert and practitioner focus groups is representative across regions and stakeholder groups. General stakeholder consultation meetings will be held in tandem with some of the expert focus groups (e.g., on consecutive days in the same location). General consultation meetings are envisaged to be hosted in all regions as well as in Europe and North America. In addition, the World Bank will host globally accessible online consultations.

Expert focus groups may be hosted by the World Bank or by an external partner from academia, civil society or the private sector. Expert discussions will focus on the implementation of the following issues:

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- Environmental and social impact assessment;
- Adaptive risk management;
- Non-discrimination and disadvantaged/vulnerable groups;
- Labor and working conditions;
- Land acquisition and resettlement;
- Climate change;
- Indigenous Peoples;
- Financial Intermediaries; and
- Stakeholder engagement.

Discussions during the third consultation phase will be guided by the following questions:

- 1. Which changes, if any, would improve the implementability of the proposed ESF?
- 2. Which processes need to be in place for an effective implementation of the proposed ESF, and in particular of the proposed Environmental and Social Standards?
- 3. Which resources are required to ensure an effective implementation of the proposed ESF, and in particular of the proposed Environmental and Social Standards?

4. Consultation process

A dedicated consultation web page (<u>www.worldbank.org/safeguardsconsultations</u>) will provide a platform for shareholders and stakeholders to provide input, participate in discussions, and contribute to the review. Interested individuals and parties can provide written comments through this website or by email to <u>safeguardconsult@worldbank.org</u>.

The webpage includes information related to the review and timeline, consultation process, relevant background information, related resources, the schedule (as it is confirmed) and other relevant information.

Key consultation documents (the second draft ESF, the draft Environmental and Social Procedures, the CODE paper and the consultation plan) will be made available in Arabic, Chinese, English, French, Portuguese, Russian and Spanish. Translations into additional languages, including Braille, may be provided throughout the consultation process.

Participants will be identified by the World Bank in collaboration with partners from governments, implementing agencies, international organizations, civil society, private sector, and academia. It

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is envisaged that all consultation meetings include representatives from at least government and civil society, with the exception of where either party proposes closed meetings.

The World Bank will strive for diversity among participants with regard to interest, region, professional background, and sector. Particular attention will be paid to ensuring access to members of vulnerable or marginalized groups, including stakeholders living in hard to reach areas. All interested stakeholders are invited to provide comments in written form.

Participants for expert consultations will be selected based on their practical experience with implementing aspects of the proposed ESF (such as impact assessment, risk mitigation, project design, design and application of risk mitigation instruments, project monitoring, working with vulnerable groups and other work relevant to the proposed ESF).

Invitations to meetings will be issued at least two weeks before the meeting. Stakeholders who are interested in attending a consultation meeting but have not received an invitation can register with the World Bank. Accessibility for persons with disabilities and adequate protections of vulnerable groups will be ensured.

Consultation meetings follow Chatham House Rules. The World Bank will provide a written summary of each consultation meeting and will ask participants to review and, if needed, edit summaries before publishing them on the consultation website. When presenting the final draft ESF to Executive Directors, the World Bank will provide a high-level summary of Phase 3 consultation feedback together with responses on how feedback was used.

5. Contact

Questions about the review and consultation process should be directed to the Safeguards Review team at safeguardconsult@worldbank.org.