



Environmental and Social Framework

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Acronyms

AIIB	Asian Infrastructure Investment Bank
CPBF	Climate Policy-based Financing
CPBP	Climate Policy-based Program
EHSG	Environmental, Health and Safety Guidelines
ESAP	Environmental and Social Action Plan
ESEL	Environmental and Social Exclusion List
ESF	Environmental and Social Framework
ESG	Environmental, Social and Governance
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMPF	Environmental and Social Management Planning Framework
ESMS	Environmental and Social Management System
ESP	Environmental and Social Policy
ESS	Environmental and Social Standard
FI	Financial Intermediary
FPIC	Free, Prior and Informed Consent
FPICon	Free, Prior and Informed Consultation
GBV	Gender-based Violence
GHG	Greenhouse Gas
GRM	Grievance Redress Mechanism
IAM	Independent Accountability Mechanism
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
LAP	Land Acquisition Plan
LAPF	Land Acquisition Planning Framework
LARP	Land Acquisition and Resettlement Plan
LARPF	Land Acquisition and Resettlement Planning Framework
MDB	Multilateral Development Bank
NDC	Nationally Determined Contributions
PPM	Project-affected People's Mechanism
RBF	Results-based Financing
RBP	Results-based Project
RP	Resettlement Plan
RPF	Resettlement Planning Framework
SEA	Sexual Exploitation and Abuse
SH	Sexual Harassment

Environmental and Social Framework

Introduction

1. **Mandate of the Asian Infrastructure Investment Bank.** The Asian Infrastructure Investment Bank (**Bank**) is a multilateral financial institution, whose purpose, as set out in its Articles of Agreement (**Articles**), is to: (a) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia, by investing in infrastructure and other productive sectors; and (b) promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions (see *Articles, Article 1.1*).

2. **Environmental and Social Framework.** The Articles require the Bank's operations to comply with Bank policies addressing environmental and social impacts, among other policies (see *Articles, Article 13.4*). This Environmental and Social Framework (**ESF**) incorporates the Bank's policy addressing environmental and social impacts, as described below.

A. Overview of the Environmental and Social Framework

3. **Structure of the Environmental and Social Framework.** The ESF is comprised of four complementary parts: (a) this Introduction; (b) an aspirational Vision Statement; (c) the Environmental and Social Policy (**ESP**); and (d) a Glossary, summarized below:

3.1 **Introduction.** This provides an overview of the Bank, the ESF's structure and objectives.

3.2 **Vision.** This sets out the aspirations of the Bank concerning: (a) environmental and social sustainability; and (b) its role in meeting the challenge of sustainable development.

3.3 **Environmental and Social Policy.** The ESP comprises mandatory environmental and social requirements for each Project and is accompanied by:

(a) Three associated mandatory Environmental and Social Standards (**ESSs**) setting out requirements applicable to Bank Clients on, respectively, Environmental and Social Assessment and Management; Land Acquisition and Involuntary Resettlement; and Indigenous Peoples; and

(b) An Environmental and Social Exclusion List (**ESEL**).

3.4 **Glossary.** A Glossary of certain terms used in the ESP and ESSs.

4. **Directive on Environmental and Social Policy.** To facilitate implementation of the ESP, including the ESSs and ESEL, mandatory procedures have been issued by the Bank's President in a Directive on Environmental and Social Policy. The Directive, which describes the Bank's roles and responsibilities and environmental and social information disclosure requirements, may be supplemented over time with additional procedures as needed.

5. **Environmental and Social Guidance.** Guidance designed to explain or facilitate implementation of the ESF has been and will continue to be issued.

6. **Board Approval.** The Bank's Board of Directors has approved the ESP and the accompanying three ESSs and ESEL, as amended and included herein.

7. **Review of the ESF.** Based on further experience gained from the application of the ESP, ESSs and ESEL to individual Projects, the Bank will periodically review the overall ESF. As warranted, updates may be introduced to the ESF, and any further improvements to the ESP and ESSs would be recommended to the Board of Directors for approval. Emphasis will continue to be placed on learning from both design and implementation of Projects in the diverse economies served by the Bank.

B. Objectives of the Environmental and Social Framework

8. The objectives of this ESF are to:

- 8.1 Reflect institutional aims to address environmental and social risks and impacts in Projects (defined below in *Section II, Definitions*, of the ESP).
- 8.2 Provide a robust structure for managing operational and reputational risks of the Bank and its shareholders in relation to Projects' environmental and social risks and impacts.
- 8.3 Support the environmental and social soundness and sustainability of Projects.
- 8.4 Facilitate the integration of environmental and social aspects of Projects into the decision-making process by all parties.
- 8.5 Provide a mechanism for addressing environmental and social risks and impacts in Project identification, preparation and implementation.
- 8.6 Enable Clients (defined below in *Section II, Definitions*, of the ESP) to identify and manage environmental and social risks and impacts of Projects, including those of climate change.
- 8.7 Provide a framework for public consultation and disclosure of environmental and social information in relation to Projects.
- 8.8 Provide a grievance redress mechanism designed to enable Project-affected people to voice their concerns and grievances in connection with the environmental and social aspects of Projects.
- 8.9 Improve development effectiveness and impact to increase results on the ground, in both the short and long term.
- 8.10 Support Clients, through Bank financing of Projects, to strengthen their environmental and social management systems.
- 8.11 Support Clients, through Bank financing of Projects, to implement their obligations under national environmental and social legislation (including under international agreements adopted by the Member) governing these Projects, including commitments relating to climate change.
- 8.12 Support Clients, where feasible and appropriate, to mobilize resources for technical assistance for the preparation of environmental and social documents and capacity enhancement.
- 8.13 Facilitate cooperation on environmental and social matters with development partners.

C. Entry into Effect

9. This ESF, as amended through June 26, 2024, replaces the November 2022 ESF and enters into effect on June 26, 2024.

Vision

10. **Meeting the Challenges.** In order to meet the challenges of environmentally and socially sustainable development, the Bank seeks to provide:

- 10.1 **Insight.** Share insight and cutting-edge knowledge on the emerging issues and key trends that drive sustainable infrastructure and interconnectivity, and mobilization of private capital for these purposes.
- 10.2 **Innovation.** Develop new and sustainable approaches to meet infrastructure challenges, in partnership with government, other multilateral development banks, bilateral development organizations, the private sector and civil society.
- 10.3 **Investment.** Provide financial resources to support the development and operation of new and existing infrastructure in a cost-effective, sustainable and timely manner.
- 10.4 **Integration.** Integrate environmental and social sustainability as a core element in the Bank's policies, strategies and the Projects it finances.
- 10.5 **Integrity.** Operate in a transparent manner to promote institutional and individual integrity as key values in development.

11. **Corporate Strategy.** In support of the Bank's mandate, the Bank has adopted its *Corporate Strategy – Financing Infrastructure for Tomorrow*, (**Corporate Strategy**), which prioritizes investments in four thematic areas: green infrastructure, connectivity and regional cooperation, technology-enabled infrastructure and private capital mobilization. Of particular relevance to the ESF is the Corporate Strategy's aim of reaching or surpassing by 2025 a 50-percent share of climate finance in its actual financing approvals.

12. **Integration of Environmental and Social Sustainability.** The Bank supports sustainable infrastructure and other productive sectors to promote economic growth and improve people's lives. Consistent with the Sustainable Development Goals, the Bank recognizes the need to address the three dimensions of sustainable development—economic, social and environmental—in a balanced and integrated manner. In addressing development challenges, the Bank subscribes to the principles of sustainable development in the identification, preparation and implementation of Projects, as described below in the ESP.

13. **Social Development and Inclusion.** The Bank believes that social development and inclusion are critical for sound development. For the Bank, inclusion means empowering people to participate in and benefit from the development process in a manner consistent with local conditions. Inclusion encompasses policies to promote equality of opportunity and nondiscrimination, by improving the access of poor, disadvantaged and disabled people to education, health, social protection, housing, environmental quality, infrastructure, affordable energy, water and sanitation, employment, financial services and productive assets. It also embraces action to remove barriers against vulnerable groups,¹ who are often excluded from the development process, so that their voices can be heard. In this regard, the Bank seeks, through the Projects it finances, to be supportive of these human rights and to encourage respect for them, all in a manner consistent with its Articles of Agreement.

¹ For a definition of vulnerable groups, see ESS 1, *Section 45, Vulnerable Groups and Discrimination*.

14. **Role in Decision-making.** For the principles of environmental and social sustainability to be effectively integrated into policies, strategies and Projects, the Bank believes that these principles should become part of routine decision-making processes. Environmental and social risks and impacts should receive full consideration in the identification, preparation and implementation of all Projects, with the corresponding environmental and social performance of the Projects evaluated and lessons learned from their evaluation.

15. **Leading Role of the Client.** The Bank's Clients, whether public or private, are responsible for successful preparation and implementation of their Projects, including management of the environmental and social risks and impacts of these activities. The Bank aims to work in a cooperative manner—by providing expert advice and oversight from its staff, supplemented by specialized consultants—to support its Clients in integrating consideration of environmental and social risks and impacts into their Projects. It works with its Clients to identify and fill gaps in their capacity to design and implement the environmental and social aspects of their Projects. At the request of its Clients, the Bank may include, as an element of its financing, technical assistance for capacity building and for preparation and implementation of required environmental and social measures.

16. **An Emphasis on Implementation.** The Bank considers that the management of environmental and social risks and impacts is central to the success of a Project. The collective experience of the multilateral development banks (**MDBs**) and bilateral development organizations in assisting their clients to manage environmental and social risks and impacts shows the importance of effective implementation of environmental and social management plans. The Bank supports its Clients to implement such plans for their Projects through active field- and desk-based reviews, monitoring and verification, implementation support and institutional strengthening.

17. **Strengthening of Country and Corporate Systems.** The Bank considers that strong country and corporate systems are crucial to the management of environmental and social risks and impacts and assists in strengthening them through a variety of mechanisms in both the public and the private sectors. The Bank believes that, in many cases, the best way to strengthen these systems is to use them at the operational level, with adequate support to achieve their objectives, which itself may be an important development outcome of the Bank's financings. As provided in the ESP, the Bank may selectively provide the Client the option of using all or part of such systems for a Project in place of all or part of the ESP and ESSs, provided the Bank has determined that the Client has the ability and capacity to achieve environmental and social objectives materially consistent with the ESP and ESSs. This may be on a Project, sectoral or broader basis. In this regard, the Bank coordinates closely with other MDBs, bilateral development organizations and relevant centers of expertise.

18. **Stakeholder Engagement.** The Bank believes that transparency and meaningful consultation are essential for the design and implementation of a Project and works closely with its Clients to achieve these objectives. Meaningful consultation is a process that begins early and is ongoing throughout the Project. It is inclusive, accessible and timely, and is undertaken in an open manner. It conveys adequate information that is understandable and readily accessible to stakeholders in a culturally appropriate manner and in turn, enables the consideration of stakeholders' views as part of decision-making. Stakeholder engagement is conducted in a manner commensurate with the risks to, and impacts on, those affected by the Project. In the context of a Project in which the Bank determines that there are risks of

retaliation against the Project's stakeholders, or of other threats to their safety, it seeks to work with the Client so that the Client avoids or minimizes such risks.

19. **Importance of Gender Equality.** The Bank believes that gender equality is necessary for sustainable economic development and improvement of lives. It seeks to support projects that make infrastructure equally accessible to all people and that provide equal opportunities for socioeconomic development. The Bank supports its Clients to identify potential gender-specific opportunities as well as gender-specific adverse risks and impacts under their Projects, and to develop mitigation measures to avoid or reduce such risks and impacts, including, as appropriate, measures to identify and address the risks of gender-based violence (GBV). The Bank supports its Clients to enhance the design of their Projects in an inclusive and gender-responsive manner to promote equality of opportunity and women's socioeconomic empowerment, particularly with respect to access to finance, services and employment, including equal pay for equal work, and otherwise to promote positive impacts on women's economic status, with particular regard to financial resources and property ownership and control. The Bank also supports its Clients' efforts to identify and address the risks of sexual exploitation and abuse (SEA), sexual harassment (SH), and GBV, including intimidation, in the Projects it supports.

20. **Persons with Disabilities.** The Bank believes that including persons with disabilities in the development process contributes to sustainable development. Consequently, the Bank supports its Clients' efforts to empower such persons and to identify sustainable solutions that make Projects more inclusive. Through the Projects it finances, the Bank therefore supports efforts to provide equal opportunity to persons with disabilities, including equal access to public facilities and services, and to enable persons with disabilities to live independently where feasible and to be included in the community.

21. **Treatment of Labor.** The Bank recognizes the important role played by workers, employers and their representatives in the development process, and their contribution to sustainable economic growth. It believes that the following measures taken under Projects help to support sustainable development: providing workers with living wages; providing safe and healthy working conditions and putting measures in place to prevent accidents, injuries and disease; avoiding activities involving forced labor and harmful or exploitative forms of child labor; having good human resources management; and having a sound labor management relationship based on equal opportunity, fair treatment, nondiscrimination, freedom of association, right to collective bargaining and access to a workplace grievance redress mechanism, consistent with national law (including international agreements adopted by the Member) governing the Project. The Bank also recognizes the need for Clients to identify, avoid and mitigate the environmental and social risks and impacts of labor influx into Project communities.

22. **Measures to Address Climate Change.** Infrastructure needs to be green, low carbon and climate resilient in order to strengthen the global response to the threat of climate change, in line with the Paris Agreement of 2015 and countries' nationally determined contributions (NDC).² The Bank's focus in this area has been reinforced by the increasing attention and commitment on the part of Clients to mitigate and adapt to the impacts of climate change. The Bank supports the three aims of the Paris Agreement, namely: the mitigation goal of holding

² This means those contributions referred to as "nationally determined contributions," and as found on the [UNFCCC website](#).

the increase in the global average temperature to well below two degrees Centigrade above pre-industrial levels; the global adaptation goal of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change; and the goal of making all finance flows consistent with a pathway toward low greenhouse gas (**GHG**) emissions and climate-resilient development.

23. As stated in its *Corporate Strategy*, in line with the international community's ambition on the climate agenda, the Bank supports its Members' transition toward low-carbon, climate-resilient development pathways and finances investments that are demonstrably compatible with the Member's national climate and development strategies and internationally agreed targets. The Bank will increasingly focus on investments in climate change mitigation and adaptation, while continuing to support financial and capital market operations with green objectives, scaling up its climate financing through partnerships with private and public sector institutions and exploring opportunities to access dedicated climate funds.

24. The Bank also stands ready, through its financings, to support Clients' formulation of long-term, low-GHG development strategies. The Bank recognizes the challenges presented by climate change and the need to support both mitigation and adaptation measures in a Project facing such challenges. The Bank supports its Clients in their evaluation of both the potential impacts of the Project on climate change and the risks to the Project induced by climate change, as well as in their reporting on GHG emissions expected to result from the Project.

25. In addition, the Bank seeks to further support its Members' specific policy and institutional reform actions to address their climate mitigation and adaptation needs through climate-based policy financing, as elaborated below in *Section 33* of this Vision.

26. **Conserving Biodiversity.** The Bank recognizes that protecting and conserving biodiversity, sustainably managing terrestrial and aquatic natural resources and maintaining core ecological functions and services are fundamental to sustainable development. The objective of biodiversity conservation and sustainable management of natural resources should be balanced with a commitment to sustainable use of the multiple economic, social and cultural values of biodiversity and natural resources in an optimized manner. Through the Projects it finances, the Bank seeks, where applicable, to: (a) avoid adverse impacts on biodiversity and ecosystem services; and (b) assist its Clients in protecting and conserving biodiversity and promoting the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.

27. The Bank recognizes the value of natural infrastructure, such as wetlands, and the importance of enhancing or restoring ecosystem services where feasible. The Bank also recognizes the essential role that Indigenous Peoples and women play in managing and protecting the environment, natural resources and biodiverse ecosystems. Through its financings, the Bank seeks, where applicable, to assist its Clients in maintaining the livelihoods of Indigenous Peoples and other affected communities whose access to or use of biodiversity or natural resources may be affected by a Project. Through the Projects it finances, the Bank also supports its Clients to consider risks associated with climate-change impacts on biodiversity and ecosystems, as applicable, throughout a Project's design, implementation and operation, and to evaluate measures needed for climate adaptation under a Project.

28. **Support for Green Economic Growth.** The Bank recognizes the importance of green economic growth and the long-term benefits that it will provide. The Bank aims to build upon existing green economic growth initiatives, and to provide support for new ones at the regional, national and subnational level and within the private sector. Planning, investment and capacity-building measures that the Bank supports help to “green” both infrastructure and interconnectivity. The Bank promotes the conservation of energy, water and other resources; supports sustainable land use management; and encourages making best use of green-growth and low-carbon technologies, renewable energy, cleaner production, sustainable transport systems and sustainable urban development.

29. **Use of Financial Intermediaries.** Financial intermediaries (**FIs**) are an increasingly important instrument for expanding the reach of sustainable growth and promoting lasting improvement in people’s living conditions, through Bank financing for economic activities in infrastructure and other productive sectors. The Bank works with a variety of financial service providers, including, among others, banks, private equity funds and the managers of these funds. FIs are engaged in a wide range of activities, including medium- to long-term corporate or project finance, lending to small and medium enterprises, trade finance, housing finance and microfinance. The Bank’s approach under FI operations is adapted to the nature of the activities supported, consistent with the ESP.

30. **Environmental, Social and Governance Approaches to Capital Market Operations.** Mobilization by development finance institutions of financial resources for infrastructure development through investments in publicly traded securities (i.e., stocks and bonds) using environmental, social and governance (**ESG**) approaches is a new and dynamic frontier. The Bank recognizes the importance of applying sound and transparent ESG risk management approaches to these types of investments to facilitate environmentally and socially sustainable investments whose ESG performance can be measured. In view of the rapidly evolving nature of this type of resource mobilization, as well as the evolving practice of development finance institutions in applying such approaches, the Bank intends, in special circumstances, to support investments in a portfolio of publicly traded securities. The objective of such investments is the development of capital markets for infrastructure rather than the financing of specific infrastructure projects. Such investments would require the use of an appropriate ESG framework against which environmental and social risks can be addressed.

31. The ESG framework would be applied, normally by an asset manager, to a proposed investment of the Bank’s funds in publicly traded securities, in order to evaluate and monitor the environmental and social risks and impacts associated with these investments. The asset manager would apply the ESG framework based on an analysis of publicly available information and targeted engagement with securities’ issuers, with the objective of enhancing the ESG performance of the beneficiary of the proceeds raised through such capital markets transactions, against established criteria.

32. **Results-based Financing.** Another project financing modality designed to enhance development effectiveness is the Results-based Financing (**RBF**) whose overall policy framework is addressed in the *Operational Policy on Financing*. This Sovereign-backed Financing (**SBF**) modality, which links disbursements of financing proceeds with the achievement of measurable results under an identified program of activities referred to as Results-based Project (**RBP**), rather than directly with the RPB’s expenditures, requires a different type of review of the various risks associated with the RBP than is applicable to other

Projects. The environmental and social considerations of the RBP policy framework are elaborated below in the ESP.

33. **Climate Policy-based Financing.** The Bank may offer its Clients another SBF modality, that is, Climate Policy-based Financing (**CPBF**), whose overall policy framework is addressed in the *Operational Policy on Financing*, to support the Client's specific policy and institutional reform actions under a climate policy-based program (**CPBP**) aimed at scaling up climate finance and accelerating the Member's transition towards a low-carbon and climate-resilient future.

34. **Other Innovative Financing Approaches.** The Bank may, with the prior approval of the Board and to the extent consistent with the Bank's Articles of Agreement: (a) cofinance with other MDBs, bilateral development organizations and development finance institutions that have developed other innovative financing approaches and apply their policies applicable to such approaches, in lieu of the Bank's operational policies, including the ESP; and (b) develop other innovative financing instruments designed to support Projects for which the ESP is not well suited, including a specific policy framework consistent with the objectives of this ESF, to assess the environmental and social risks and impacts associated with such operations.

35. **Development and Dissemination of Knowledge.** The Bank develops, disseminates and applies knowledge gained from its application of the ESP, ESSs and ESEL at the operational level with Member governments, the private sector, the public and other development partners. This process benefits from evaluations of Projects, on a collective and individual basis, prepared by the Bank, Clients and other development partners. The Bank aims to use this knowledge to further improve the ESP, ESSs and ESEL, as appropriate, so as to increase the development effectiveness of the Projects it supports.

36. **Cooperation with Development Partners.** The Bank promotes alignment of policies with MDBs, bilateral development organizations and development finance institutions with which it cofinances Projects in order to reduce the burden of multiple requirements on Clients. When cofinancing a Project with these other financial institutions, the Bank seeks to cooperate with them with a view to adopting a common approach to appraisal, environmental and social management requirements, monitoring and reporting, and handling of complaints regarding the Project. Cooperation may include Projects at the regional and national level, including those for the management of transboundary environmental and natural resource management issues. To further this alignment, where Clients have themselves adopted policies of these financial institutions, the Bank may, consistent with its Articles of Agreement, permit the use of these policies in specific Projects.

Environmental and Social Policy (ESP)
Environmental and Social Standards (ESSs)
Environmental and Social Exclusion List (ESEL)
Glossary

Environmental and Social Policy

I. Introduction

1. **Purpose.** The Bank recognizes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mandate to support the development of sustainable infrastructure and other productive sectors. The overarching objective of this policy is to facilitate achievement by the Bank's Clients of these development outcomes, through a system that integrates sound environmental and social management into Projects.

2. **Contents.** This policy comprises the following four complementary elements.

2.1 **Environmental and Social Policy.** An environmental and social policy (**ESP**), which sets forth mandatory environmental and social requirements applicable to all Projects.

2.2 **Environmental and Social Standards.** The following three associated environmental and social standards (**ESSs**), which set out more detailed mandatory environmental and social requirements to be implemented by the Client, depending on the nature of the Project. These standards cover the following:

(a) ESS 1: Environmental and Social Assessment and Management (**ESS 1**);

(b) ESS 2: Land Acquisition and Involuntary Resettlement (**ESS 2**); and

(c) ESS 3: Indigenous Peoples (**ESS 3**).

2.3 **Environmental and Social Exclusion List.** An Environmental and Social Exclusion List (**ESEL**) setting forth activities and items that are excluded from financing by the Bank and that the Client is required to exclude from the Project.

2.4 **Glossary.** A glossary with definitions of certain terms used in the ESP and ESSs accompanies this policy.

3. **An Approach for Environmental and Social Management.** Together, the ESP, the ESSs and the ESEL comprise an environmental and social management approach designed to:

3.1 Support decision-making by the Bank.

3.2 Provide a robust structure for managing operational and reputational risks of the Bank and its shareholders in relation to environmental and social risks and impacts of Projects.

3.3 Provide for a process of environmental and social screening and categorization of Projects.

3.4 Analyze potential environmental and social risks and impacts of Projects.

- 3.5 Identify actions to avoid, minimize, mitigate, offset or compensate for environmental and social impacts of Projects.
- 3.6 Support integration into Projects of measures required to manage environmental and social risks and impacts and steps to monitor implementation of those measures.
- 3.7 Specify environmental and social management provisions to be included in agreements governing Projects.
- 3.8 Provide a sound mechanism for ongoing public engagement of stakeholders through consultation and disclosure of information on environmental and social risks and impacts of Projects, and measures to manage them.
- 3.9 Provide for Project-level grievance redress mechanisms.
- 3.10 Provide for monitoring of environmental and social management measures under Projects and facilitate evaluation of their performance.
- 3.11 Facilitate development and dissemination of lessons learned from Projects to improve environmental and social management practices.

4. **Support for Clients.** The ESP, ESSs and ESEL set out the requirements relating to identification, assessment and management of environmental and social risks and impacts associated with Projects supported by the Bank. By focusing on these requirements, the Bank supports Clients in: (a) achieving good international practice relating to environmental and social sustainability; fulfilling their national and international obligations relating to environmental and social risks and impacts; (b) enhancing nondiscrimination, transparency and disclosure, participation, accountability and governance; and (c) enhancing sustainable development outcomes of Projects through ongoing stakeholder engagement and mechanisms to address grievances of Project-affected people.

II. Definitions

5. As used in the ESP, ESSs and ESEL, the following terms have the meanings set out below.

- 5.1 **Client** means the recipient, guarantor, beneficiary and/or sponsor of the Bank's financing for a Project, that is/are responsible for the environmental and/or social aspects of the Project.
- 5.2 **Legal Agreements** mean the legal agreements for a Project to which the Bank is a party.
- 5.3 **Project** means the specific set of activities for which the Bank's financing is provided, as defined in the agreement governing such financing, regardless of the financing instrument or the source of such financing or whether the Project is financed in whole or in part by the Bank. The term may include a discrete set of activities or a program of activities, such as a Results-based Project (**RBP**) (see *Section 15, Environmental and Social Assessment of Results-based Projects* below) or a specific program of policy and institutional reform actions comprising a Climate Policy-based Program (**CPBP**) (see *Section 16, Environmental and Social*

Analysis of Climate Policy-based Programs below), unless the context otherwise requires.

6. Other terms used in the ESP, ESSs and ESEL are defined in the text below, or in the ESSs, the ESEL or the Glossary.

III. Scope of Application

7. **All Projects.** Except as otherwise specified below in this *Section III*, the ESP applies to all Projects. The Bank requires each Client, through its financing agreements, to manage the environmental and social risks and impacts associated with its Project in a manner designed to meet the requirements of the ESP, the applicable ESSs and the ESEL, in accordance with the environmental and social documentation required for the Project under this ESP and ESSs.

8. **Funds Administered by the Bank.** The ESP would also apply to Projects financed using funds provided by other financiers and administered by the Bank.¹ In such cases, the Bank may agree to apply additional requirements of the other financiers relating to environmental or social risks and impacts, provided that the Bank determines that they are materially consistent with its Articles of Agreement, the ESP, ESSs and ESEL.

9. **Additional Member or Client Requirements.** If the Bank determines that certain elements of the relevant environmental and social requirements of the Member in whose territory the Project is located, or of the Client's environmental and social management system (as applicable), are more stringent than the requirements of the ESP, ESSs or ESEL, the Bank will apply these elements, provided that they are not in violation of the Bank's Articles of Agreement.

10. Development Partner Co-financier's Policies.

10.1 The Bank may, on a case-by-case basis, in lieu of the ESP, ESSs and ESEL, apply the environmental and social policies and procedures of multilateral development banks (**MDBs**), bilateral development organizations and development finance institutions that are cofinancing the Project, provided that the Bank is satisfied that these policies and procedures are consistent with the Bank's Articles of Agreement and materially consistent with the ESP, applicable ESSs and ESEL and that appropriate environmental and social arrangements and monitoring procedures are in place for the Project. This includes the environmental and social provisions of the policies of MDB co-financiers governing RBPs and CPBPs.

10.2 Where the Bank is an implementing agency for a partnership fund, it may complement the application of the ESP with additional provisions required under the policy of the partnership fund, provided that the Bank is satisfied that these provisions are consistent with the Bank's Articles of Agreement.

10.3 In all cases described above in this *Section 10*, the Bank may rely on the co-financier's determination as to whether compliance with the co-financier's policies and procedures has been achieved under this approach. At the same time, the

¹ This would be the case for trust funds that may be established by the Bank in accordance with its Articles of Agreement.

Bank works with the co-financier in order to support the co-financier's due diligence and monitoring of the Project.

11. **Adoption by the Client of a Development Partner's Environmental and Social Policy.** If the Client has adopted as part of its own environmental and social management system, the environmental and social policies and procedures of an MDB, bilateral development organization, development finance institution or other international organization, the Bank will permit the use of such policies and procedures under a Project, provided that the Bank is satisfied that they are consistent with the Bank's Articles of Agreement and materially consistent with the ESP, ESSs and ESEL, and that appropriate monitoring procedures are in place for the purpose. Application of these policies and procedures does not preclude access of Project-affected people: (a) to the Project-level grievance redress mechanism (**GRM**); or (b) to the Project-affected People's Mechanism (**PPM**) unless the Project is cofinanced and the Bank has agreed to rely on the co-financier's independent accountability mechanism (**IAM**).

12. **Environmental, Social and Governance Approaches to Capital Market Operations.** The ESP is designed to apply to Projects where the financing is governed by private, bilateral agreements between the Bank and the Client that require compliance with specific environmental and social undertakings. Bank financings involving investments in a portfolio of publicly traded securities using environmental, social and governance (**ESG**) approaches are different from the types of operations that are covered by the ESP, in that they are governed by the terms of the publicly traded securities; the environmental and social assessment of any potential investment is made on the basis of publicly available information; reporting is made to all securities holders in the same manner; and environmental and social performance is more suitably assessed at the corporate rather than asset level by measuring publicly available ESG information against widely acknowledged benchmarks.

13. For this reason, in lieu of applying this ESP, the Bank would require for each such operation a specific ESG framework, including arrangements for its application, consistent with the spirit and vision of the ESF, against which environmental and social risks could be addressed. Recognizing the evolving nature of ESG approaches, the Bank would take into account emerging good practices as it assesses such framework and arrangements for each operation. When assessing the ESG framework for each operation, the Bank would consider the inclusion of mechanisms designed to address environmental and social concerns arising under the operation.

14. Each Bank financing for this type of operation would be submitted to the Board of Directors for approval, including its specific ESG framework. The Policy on the PPM would not apply to the operation.

15. **Results-based Projects.** The provisions set forth in this *Section 15* apply to an RPB supported by an RBF. The following provisions of this ESP do not apply to the RBP: (a) *Section IV, Roles and Responsibilities, Section V.B, Environmental and Social Due Diligence by the Bank, Section VI, Environmental and Social Assessment by the Client, Section VII.A, Disclosure of Environmental and Social Information, Section VII.B, Consultation, and Section VIII, Safety of Dams*; and (b) the ESSs. The other provisions of the ESF, including the ESEL, apply to the RBP. Access of RBP-affected people to the use of the PPM is not precluded under the RBP, unless the RBP is cofinanced and the Bank has agreed to rely on the co-financier's IAM.

- 15.1 **Bank Assessment of Environmental and Social Systems.** The Bank conducts a due diligence assessment of the environmental and social systems proposed to govern the RPB, based on upstream work by the Client. The assessment considers the degree to which these systems:
- (a) Promote environmental and social sustainability in the RBP's design;
 - (b) Avoid, minimize or mitigate adverse impacts and promote informed decision-making relating to the RBP's environmental and social impacts;
 - (c) Avoid, minimize, or mitigate adverse impacts on natural habitats and cultural resources resulting from the RBP;
 - (d) Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the RBP; (ii) exposure to toxic chemicals, hazardous wastes and other dangerous materials under the RBP; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards;
 - (e) Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at a minimum restoring, their livelihoods and living standards;
 - (f) Give due consideration to the cultural appropriateness of and equitable access to RBP benefits, giving special attention to the rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups; and
 - (g) Avoid exacerbating social conflict.
- 15.2 **Bank Consultation; Other Parties' Assessments; and Disclosure.** The Bank conducts its environmental and social systems assessment in consultation with the Client and RBP stakeholders. It may conduct the assessment alone or with development partners. It may rely on assessments prepared by other development partners if it is satisfied with the quality and relevance of the assessments. The Bank discloses in a timely manner: (a) its assessment, with a summary in an appropriate local language; and (b) information on the RBP's GRM and on the availability of the PPM (or other applicable IAM).
- 15.3 **Results-based Project Action Plan.** Based on the results of its assessment, the Bank may require the Client to implement an action plan to address identified weaknesses and risks in the proposed environmental and social systems and to strengthen institutional capacity. This action plan is included in the RBP Action Plan referred to in the *Operational Policy on Financing, Annex 1 Specific Provisions Applicable to Sovereign-backed Financings, Section 3.5.3(e) Results-based Project Action Plan*.
- 15.4 **Activities Excluded.** Activities which the Bank determines are Category A activities (as defined below in *Section 20, Categories*) and other activities that are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or Project-affected people, are not eligible for financing under the RBF, and are excluded from the RBP.

15.5 **Bank Monitoring.** Based on its assessment of the environmental and social systems for the RBP, the Bank determines the feasibility of extending the RBF for the RBP. It monitors the Client's environmental and social performance under the RBP until its completion, in accordance with the environmental and social provisions of the Legal Agreements for the RBF. In the event of noncompliance by the Client with its environmental and social obligations, the Bank consults with the Client on corrective measures to bring the Client back into compliance within a time frame deemed appropriate by the Bank. If the Client fails so to reestablish compliance, the Bank may exercise its available contractual remedies under the Legal Agreements for the RBF.

15.6 **Client Responsibilities.** The Client is responsible for: (a) preparing and implementing the environmental and social aspects of the RBP, in accordance with the provisions of the ESP applicable to RBPs, and with its obligations under the Legal Agreements for the RBF; (b) furnishing to the Bank in a timely fashion for the Bank's review all required information on the environmental and social systems governing the RBP, including the Client's monitoring reports; (c) planning for and allocating the resources, and developing and maintaining the capacity, necessary for it to carry out its environmental and social obligations under the RBP; (d) providing information to RBP-affected people about the availability of the RBP's GRM and of the PPM (or other applicable IAM) in accordance with the provisions of the ESP applicable to RBPs; and (e) addressing in a timely and effective manner any noncompliance with the environmental and social obligations under the Legal Agreements for the RBF, and with issues (individual or systemic) raised in relation to the environmental and social systems that govern the RBP.

16. **Climate Policy-based Programs.** The provisions set forth in this *Section 16* apply to a CPBP supported by a CPBF. *Sections IV, Roles and Responsibilities* through *Section X, Project Implementation, Monitoring and Reporting* and the ESSs of this ESP do not apply to CPBPs. The other provisions of the ESF, including the ESEL, apply to the CPBP. Access to the PPM by CPBP-affected people is not precluded under the CPBP, unless the CPBP is cofinanced and the Bank has agreed to rely on the co-financier's IAM.

16.1 **Bank Analysis of Environmental and Social Aspects.** The Bank conducts a due diligence analysis of the environmental and social impacts of the actions under the CPBP. The analysis includes the following matters:

(a) The Bank analyzes: whether the actions under the CPBP are likely to have significant adverse environmental or social impacts; and the Member's systems to address these impacts; and

(b) If the actions under the CPBP are likely to have significant adverse environmental or social impacts, and if significant shortcomings are identified in the Member's systems to address these impacts, the Bank describes in the Project document how the Member will address these shortcomings either before or during the implementation of the CPBP, as appropriate.

16.2 **Other Parties' Analyses.** In conducting its environmental and social analysis, the Bank may rely on analytical work prepared by the Member and other development partners if it is satisfied with the quality and relevance of the analysis.

- 16.3 **Disclosure.** The Bank discloses on its website in a timely manner: (a) a summary of its environmental and social analysis; and (b) information about the availability of the PPM (or other applicable IAM).
- 16.4 **Client Consultation.** The Client-led consultations on the CPBP under *Section 6.4.2 of the Operational Policy on Financing* include environmental and social aspects of the CPBP. Under that *Section*, “[t]he Bank advises the Member to consult with key stakeholders in the development of the CPBP, including groups directly affected by the CPBP, relevant public and private sector entities, development partners, and other organizations.”
- 16.5 **Bank Monitoring.** The Bank’s monitoring of the CPBP under the *OPF* includes environmental and social aspects of the CPBP, as appropriate.
- 16.6 **Client Responsibilities.** The Client is responsible for: (a) preparing and furnishing to the Bank in a timely fashion for the Bank’s analysis under *Section 16.1* above, all required information on the environmental and social aspects related to the CPBP; (b) consulting with key stakeholders as provided above in *Section 16.4*; (c) preparing and implementing measures under the CPBP as provided above in *Section 16.1(b)*; (d) planning for and allocating the resources, and developing and maintaining the capacity, to implement the environmental and social aspects of the CPBP, as appropriate; (e) preparing and furnishing to the Bank in a timely fashion for the Bank’s review all required information on the Client’s monitoring of the environmental and social aspects of the CPBP; and (f) addressing in a timely and effective manner issues raised in relation to the environmental and social aspects of the CPBP.

IV. Roles and Responsibilities

17. **General.** The respective roles and responsibilities of the Bank and the Client for each Project under the ESP and ESSs are summarized below.

- 17.1 **The Bank’s Roles and Responsibilities.**² The Bank: (a) screens each Project to assign an environmental and social category to it; (b) undertakes environmental and social due diligence regarding the Project, which includes a review of the Client’s environmental and social assessment and documentation required under this ESP and applicable ESSs, to determine whether appropriate measures are in place to avoid, minimize, mitigate, offset or compensate for adverse environmental and social risks and impacts of the Project in accordance with this ESP and applicable ESSs; (c) determines the feasibility of the Bank’s financing for the Project; (d) discloses in a timely manner: (i) environmental and social documentation for the Project and information on the availability of the PPM (or other applicable IAM); (e) monitors the Client’s environmental and social performance under the Project until its completion, in accordance with the environmental and social provisions of the Legal Agreements governing the Project; and (f) in the event of noncompliance by the Client with its environmental and social obligations, consults with the Client on corrective measures to bring the Client back into compliance within a time frame deemed appropriate by the Bank.

² See also *Operational Policy on Financing*.

If the Client fails so to reestablish compliance, the Bank may exercise its available contractual remedies under the Legal Agreements governing the Project.

- 17.2 **The Client's Roles and Responsibilities.** The Client: (a) assesses the Project and its environmental and social risks and impacts; (b) prepares the Project's required environmental and social documentation, in accordance with this ESP and applicable ESSs; (c) engages with Project-affected people and other relevant stakeholders, through: (i) timely disclosure of the Project's environmental and social information; (ii) meaningful consultation; and (iii) Project-level GRMs, which can be readily accessed by Project-affected people; all in accordance with this ESP and applicable ESSs; (d) provides information to Project-affected people about the availability of the PPM (or other applicable IAM) in accordance with this ESP and applicable ESSs; (e) implements the Project in accordance with its environmental and social obligations under the Legal Agreements governing the Project; (f) includes the relevant environmental and social requirements in the tendering documents and contracts for goods and services required for the Project; and (g) requires contractors to implement the agreed measures appropriately, and monitors the environmental and social performance of contractors and the Project against the agreed measures.³ The Client furnishes to the Bank for review all required information, including executive summaries and reports on the environmental and social assessment, other required environmental and social documentation as applicable, and monitoring reports, in a timely fashion. The Client is required to plan for and allocate the resources, and to develop and maintain the capacity necessary for it to carry out its environmental and social responsibilities properly.

V. Environmental and Social Screening, Categorization and Due Diligence by the Bank

A. Screening and Categorization

18. General.

- 18.1 The Bank screens and categorizes each Project as early as feasible at the outset of its due diligence assessment of the Project in order to determine the nature and level of the required environmental and social assessment, information disclosure and stakeholder engagement required of the Client for the Project.
- 18.2 In its categorization, the Bank takes into consideration the type, nature, location, sensitivity and scale of the Project, so that the Client's assessment is proportional to the significance of the Project's potential environmental and social risks and impacts.
- 18.3 As part of this process, the Bank also screens the Project to determine which of the ESSs applies and which of the environmental and social instruments are required for the Project.

³ See also *Procurement Policy*.

- 18.4 In cases where environmental and social assessment work has already been carried out for the Project, the Bank reviews the work and in consultation with the Client, determines whether any additional environmental or social work is required.

19. **Categorization.**

- 19.1 The Bank determines the Project's category on the basis of the Project's component presenting the highest environmental or social risk and potential impacts (including direct, indirect, cumulative and induced impacts, as relevant, in the Project area). The Bank reviews these environmental and social risks and impacts, regardless of the categorization being considered.
- 19.2 As an element of the categorization process, the Bank may conduct field-based reviews of the Project to provide for a refined understanding of the environmental and social risks and impacts and to support the Client's preparation of a site-specific approach to assessment of these risks and impacts.
- 19.3 The Bank may adjust the categorization during the life of the Project, if warranted by changes in the environmental and social risks and impacts.

20. **Categories.** The Bank assigns each proposed Project to one of the following four categories and determines the type of assessment and instrument required, as noted below and further elaborated throughout this ESP:

20.1 **Category A.**

- (a) **Categorization.** A Project is categorized A if it is likely to have significant adverse environmental and social impacts that are irreversible, cumulative, diverse or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works and may be temporary or permanent in nature.
- (b) **Assessment and Instrument.** The Bank requires the Client to conduct an environmental and social impact assessment (**ESIA**) or equivalent environmental and social assessment, for each Category A Project, and to prepare an environmental and social management plan (**ESMP**) or environmental and social management planning framework (**ESMPF**) (or other similar Bank-approved environmental and social documentation), which is included in the ESIA report for the Project.
- (c) The ESIA for a Category A Project examines the Project's potential environmental and social risks and impacts, both positive and adverse, compares them with those of feasible alternatives (including the "without Project" alternative), and recommends any measures needed to avoid, minimize, mitigate, offset or compensate for adverse impacts and improve environmental and social performance of the Project.

20.2 **Category B.**

- (a) **Categorization.** A Project is categorized B if: (i) it has a limited number of potentially adverse environmental and social impacts; (ii) the impacts are not unprecedented; (iii) few if any of them are irreversible or cumulative; (iv) they

are limited to the Project area; and (v) they can be successfully managed using good practice in an operational setting.

(b) **Assessment and Instrument.** The Bank requires the Client to conduct an initial review of the environmental and social risks and impacts of the Project. On the basis of this review, the Bank, in consultation with the Client, determines the appropriate instrument for the Client to assess the Project's environmental and social risks and impacts, on a case-by-case basis. The Bank may determine that an ESIA or another similar instrument is appropriate for the Project. Commonly used instruments for Category B include an ESMP or an ESMPF.

(c) The scope of the assessment may vary from Project to Project, but it is narrower than that of the Category A ESIA. As in the case of a Category A Project, the assessment examines the Project's potentially adverse and positive environmental and social impacts and recommends any measures needed to avoid, minimize, mitigate, offset or compensate for adverse impacts and improve the environmental and social performance of the Project.

20.3 **Category C.** A Project is categorized C if it is likely to have minimal or no adverse environmental and social impacts. The Bank does not require an environmental and social assessment, but does require the Client to prepare an analysis of the environmental and social aspects of the Project.

20.4 **Category FI.** A Project is categorized FI if the financing structure involves the provision of funds to or through a financial intermediary (**FI**) for the Project, whereby the Bank delegates to the FI the decision-making on the use of the Bank funds, including the selection, assessment, approval and monitoring of Bank-supported activities,⁴ based on a sound environmental and social management system (**ESMS**) adopted by the FI.

21. **Strategic, Sectoral, Regional or Other Assessment.** On a case-by-case basis and in consultation with the Client, the Bank may require the Client to undertake a strategic, sectoral or regional assessment, a cumulative impact assessment or other specialized assessment, for the Project.

22. **Combined Review and Attention to Vulnerability.** The Bank bases its categorization of the Project on a combined review of both environmental and social risks and impacts. In reviewing the social risks and impacts of the Project, it pays special attention to disproportionate gender impacts and the vulnerability⁵ of various types of potentially affected people.

B. Environmental and Social Due Diligence by the Bank

23. **General.**

23.1 Following its screening and categorization of the Project, the Bank conducts environmental and social due diligence, as an integral element of the preparation

⁴ The term "activities" is used generically in the context of FI Projects to refer to a specific subset of tangible activities under the Project that is supported or to be supported entirely or in part under the Bank's financing, either directly by the FI or indirectly through another FI.

⁵ For a definition of vulnerable groups, see ESS 1, *Section 45, Vulnerable Groups and Discrimination*.

of its financing and assessment of the Project, in a manner that is: (a) appropriate to the nature and scale of the Project; and (b) proportional to the level of the Project's potential environmental and social risks and impacts. This due diligence informs the Bank's decision as to whether to finance the Project and, if so, how the Client is required to address these risks and impacts in the planning and implementation of the Project.

- 23.2 The Bank's due diligence may involve both site visits and desk reviews, which may be supplemented by the use of independent consultants.
- 23.3 The Client is responsible for ensuring that all relevant information is provided in a timely manner to the Bank so that the Bank can fulfill its responsibility to undertake environmental and social due diligence in accordance with the ESP.

24. **Scope of the Bank's Due Diligence.** As part of its due diligence, the Bank assesses whether the Project presents reputational risks to the Bank. It also reviews the Client's environmental and social assessment and documentation in order to determine the extent to which:

- 24.1 All key potential environmental and social risks and impacts of the Project, including those relating to climate change, gender and disability, have been identified;
- 24.2 Effective measures to avoid, minimize, mitigate, offset or compensate for the adverse impacts are incorporated into the Project's design and ESMP or ESMPF, or other Bank-approved environmental and social documentation (as applicable);
- 24.3 The Client understands the requirements of the ESP and applicable ESSs and has the necessary commitment, track record and capacity, or has made arrangements to strengthen its capacity (including the engagement of suitably qualified and experienced environmental and social experts, as needed), to manage the Project's environmental and social risks and impacts adequately. In this regard, the Bank reviews the Client's past performance in relation to environmental and social risk management;
- 24.4 The role of third parties is appropriately defined in the ESMP or ESMPF or other Bank-approved environmental and social documentation;
- 24.5 Consultations with affected people are conducted in accordance with requirements of the ESP and applicable ESSs;
- 24.6 The Project can be implemented in accordance with the ESP, ESSs and ESEL;
- 24.7 The costs and responsibilities for mitigation and monitoring measures have been adequately articulated; and
- 24.8 The timing of mitigation and monitoring activities in the schedule for implementation of the Project is appropriate.

25. **Independent Consultants for Due Diligence.** The Bank may retain, or require the Client to retain, independent consultants to assist in its due diligence.

26. **Review of Information.**

- 26.1 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.
- 26.2 In such circumstances, as part of its due diligence, the Bank assesses the risks and impacts of the proposed Project based on the information that is available to it, together with an assessment of: (a) the risks and impacts inherent in projects of the type proposed for financing and the specific context in which the proposed Project will be developed and implemented; and (b) the capacity and commitment of the Client to develop and implement the Project in accordance with the ESP and applicable ESSs.
- 26.3 The Bank assesses the significance of the gaps in information, and the potential risk this may present to achieving the objectives of the ESP and applicable ESSs.
- 26.4 The Bank reflects this assessment in the Project documents at the time the proposed financing is submitted for approval.

27. **Supplemental Information and Measures Required of the Client.**

- 27.1 The Bank's due diligence responsibilities include, as appropriate: (a) reviewing the information available to the Bank relating to the environmental and social risks and impacts of the Project⁶ 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 Client in developing appropriate measures to address environmental and social risks and impacts in accordance with the ESP, applicable ESSs and ESEL.
- 27.2 If the Bank determines that the assessment and planning processes or the documents require further work to comply with the requirements of the ESP or applicable ESSs, the Bank requires the Client to undertake some or all of the following actions according to a time frame acceptable to the Bank: (a) carry out supplemental environmental and social assessments or studies; (b) strengthen existing assessments or studies; (c) improve the required environmental and social documentation; (d) undertake supplemental stakeholder engagement; or (e) engage suitably qualified and experienced environmental and social specialists to assist in the preparation and implementation of these actions.

28. **Projects under Construction or with Permits.** If the Project is under construction, or permits for the Project have been obtained, including approval of the ESIA or other relevant documentation required under the Client's laws, the Bank conducts, as part of its environmental and social due diligence of the Project, a gap analysis of the Project's design and implementation against the requirements of the ESP and applicable ESSs, to identify whether any additional studies or mitigation measures are required of the Client in order to meet these requirements.

29. **Due Diligence for Financial Intermediary Projects.**

⁶ For example, pre-feasibility studies, scoping studies, national environmental and social assessments, licenses and permits.

- 29.1 **Due Diligence.** The Bank conducts due diligence on the FI and its portfolio relevant to the Project to assess whether the FI is in a position to apply its existing or proposed ESMS and related environmental and social requirements with respect to the Bank-supported activities. Specifically, the Bank assesses:
- (a) The ESMS, the adequacy of the FI's resources for its application to the Project and the FI's capacity and commitment, including implementation experience, as they pertain to environmental and social risks and impacts;
 - (b) Environmental and social risks and impacts associated with the FI's existing and likely future portfolio relevant to the Project, and the extent to which this portfolio includes activities equivalent to Category A or other Higher Risk Activities (see below *footnote 7* for a definition of Higher Risk Activities);
 - (c) Measures necessary to strengthen the FI's existing ESMS, if applicable, and related environmental and social requirements, and its capacity to implement them; and
 - (d) The type of financial instrument extended by the FI using the Bank funds to support beneficiaries.
- 29.2 **Eligibility Criteria for Bank Support.** The Bank requires the FI to apply appropriate criteria and procedures for the selection, assessment, approval and monitoring of Bank-supported activities. These criteria include, among others: (a) exclusion of any activity listed in the ESEL; (b) application of applicable ESSs to Higher Risk Activities;⁷ and (c) timely disclosure of environmental and social information on, and prior Bank approval of, Higher Risk Activities as described below in *Section 29.3, Prior Approval of Higher Risk Activities* and *ESS 1, Section 21, Environmental and Social Information Disclosed under FI Projects*.
- 29.3 **Prior Approval of Higher Risk Activities.**
- (a) For all Higher Risk Activities proposed for Bank financing, the Bank requires the FI to furnish its detailed environmental and social due diligence assessment and instruments for the Bank's prior review and approval for inclusion in the Project.
 - (b) If, following the Bank's review of a suitable number of Higher Risk Activities as in (a) above, the FI has demonstrated to the Bank's satisfaction that its assessment and management of the environmental and social risks of the Bank-supported activities are robust enough not to require the Bank's prior review and approval of all such activities, the Bank may instead require prior review and approval of only a subset of such activities, such subset to include all Category A activities proposed for Bank support.

⁷ Higher Risk Activities include the following activities financed by the Bank through the FI: (a) all Category A activities; and (b) selected Category B activities, as determined by the Bank, that may potentially result in: (i) Land Acquisition or Involuntary Resettlement; (ii) risk of adverse impacts on Indigenous Peoples and/or vulnerable groups; (iii) significant risks to or impacts on the environment, community health and safety, biodiversity, and/or cultural resources; (iv) significant retrenchment of more than 20 percent of direct employees and recurrent contractors; and/or (v) significant occupational health and safety risks.

(c) As an alternative to the above paragraphs (a) and (b) of this *Section*, the Bank may ex ante exclude Higher Risk Activities from Bank support under the Project or retain the right to decline to participate in investments in such activities.

29.4 **Information on Other Activities.** The Bank requires the FI to furnish to it, at the Bank's request, relevant environmental and social information for all activities for which the Bank does not require prior approval.

29.5 **Equity Funds.** In FI Projects where the Bank provides financing for a private equity fund that invests in subfunds, and prior review and approval of Higher Risk Activities is not feasible, the Bank instead requires that the fund exclude investments in Higher Risk Activities or that the Bank retain the right to decline to participate in such investments.

VI. Environmental and Social Assessment by the Client

A. Scope and Nature of the Environmental and Social Assessment

30. **Integrated Assessment.** Generally, the Bank requires the Client to adopt an integrated approach to the process of environmental and social assessment, given the complex interrelationships of environmental and social risks and impacts in both public and private sector Projects. However, the Bank recognizes that in some economies, legislation and procedures require separate environmental and social documents, making the preparation of an integrated environmental and social assessment difficult to achieve. In such cases, the Bank reviews the environmental and social documentation prepared by the Client to confirm that it provides for assessment of both environmental and social risks and impacts, as well as mitigation and monitoring.

31. Application of the Environmental and Social Standards.

31.1 **ESS 1 (Environmental and Social Assessment and Management).** When the Bank has determined, in consultation with the Client, that the Project is likely to have adverse environmental and/or social risks and impacts, it requires the Client to conduct an environmental and social assessment relating to these risks and impacts, and design appropriate measures to avoid, minimize, mitigate, offset or compensate for them, all as required under ESS 1.

31.2 **ESS 2 (Land Acquisition and Involuntary Resettlement).** If the Project is likely to involve Involuntary Resettlement,⁸ the Bank requires the Client to address this in the social section of the assessment report, complemented by more in-depth coverage, as required under ESS 2. The Client covers this in a plan or framework, as applicable, which may be called a land acquisition and resettlement plan, land acquisition plan or resettlement plan (**LARP/LAP/RP**) or, in the case of a framework, a land acquisition and resettlement planning framework, land acquisition planning framework or resettlement planning framework (**LARPF/LAPF/RPF**). This plan or framework is provided to the Bank as a

⁸ For a definition of Involuntary Resettlement, see ESS 2.

freestanding document, an annex to the assessment report, or incorporated as a recognizable element of the report.

- 31.3 **ESS 3 (Indigenous Peoples).** If the Project would involve Indigenous Peoples,⁹ the Bank requires the Client to address this in the social section of the assessment report, complemented by more in-depth coverage, as required under ESS 3. The Client covers impacts on Indigenous Peoples in an Indigenous Peoples plan (**IPP**) or Indigenous Peoples planning framework (**IPPF**), which is provided to the Bank as a freestanding document, an annex to the assessment report, or incorporated as a recognizable element of the report.

32. Elements of the Environmental and Social Assessment.

- 32.1 The Bank requires the Client to undertake an environmental and social assessment that consists of the following elements in varying degrees, depending on the categorization, and reflecting the nature, scale and potential risks and impacts of the Project: (a) description of the Project, including, as applicable, a map of the Project area; (b) policy, legal and administrative framework, including the international and national legal framework applicable to the Project; (c) scoping, including stakeholder identification and consultation plan; (d) analysis of alternatives, including the “without Project” alternative; (e) baseline environmental and social data; (f) evaluation of environmental and social risks and impacts; (g) analysis of risks and impacts related to climate change; (h) public consultation and information disclosure; and (i) development of mitigation, monitoring and management measures and actions in the form of an ESMP or ESMPF or other Bank-approved document. The assessment also identifies the GRMs required for the Project (see below).

- 32.2 The assessment considers Project and design alternatives to avoid or minimize physical and/or economic displacement and impacts on Indigenous Peoples.

33. Scope of Analysis and Mitigation Hierarchy.

- 33.1 The scope and depth of the Client’s analysis is proportional to the nature and magnitude of the Project’s potential environmental and social risks and impacts.
- 33.2 The environmental and social assessment applies a mitigation hierarchy to: (a) anticipate and avoid risks and impacts; (b) where avoidance is not feasible, minimize or reduce risks and impacts to acceptable levels; (c) once risks and impacts have been minimized or reduced, mitigate them; and (d) where residual risks or impacts remain, compensate for or offset them, where technically and financially feasible.
- 33.3 The Bank requires the Client to make information on the Project available during preparation and implementation, including the environmental and social assessment and ESMP and ESMPF, if applicable (or other Bank-approved document), in accordance with *Section 66, Environmental and Social Information Disclosure by the Client*, below.

⁹ For a definition of Indigenous Peoples, see ESS 3.

34. Addressing Land Acquisition and Involuntary Resettlement.

- 34.1 **General.** As noted above, the Bank screens each Project to determine whether or not it involves Involuntary Resettlement, (which covers both physical and economic displacement, as defined in ESS 2). Where it is not feasible to avoid Involuntary Resettlement, the Bank requires the Client to conceive and execute the Involuntary Resettlement activities as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in Project benefits.
- 34.2 **Land Acquisition and Resettlement Plan and Land Acquisition and Resettlement Planning Framework.** If the Project involves Involuntary Resettlement, the Bank requires the Client to prepare a LARP/LAP/RP or LARPF/LAPF/RPF (as applicable) in accordance with ESS 2, which is proportional to the extent and degree of the impacts. The degree of impacts is determined by: (a) the scope of physical and economic displacement; and (b) the vulnerability of the affected people. The LARP/LAP/RP or LARPF/LAPF/RPF complements the broader coverage of social risks and impacts in the environmental and social assessment and provides specialized guidance to address the specific issues associated with the Involuntary Resettlement, including land acquisition, changes in land use rights, displacement and need for livelihood restoration.
- 34.3 **Use of Land Aggregators.** If the Client wishes to use the services of a third party, such as a local land aggregator, to acquire land needed for the Project, the Bank requires the Client to address the proposed process in the LARP/LAP/RP and/or LARPF/LAPF/RPF in accordance with this ESP and ESS 2. Any such land acquisition activities are subject to prior Bank approval.
- 34.4 **Inhabitants Without Title or Recognized Land Rights.** The Bank does not endorse illegal settlement; however, it recognizes that significant populations already inhabit both urban and rural land without title or recognized land rights in its economies of operation. Given this situation, the Bank requires the Client to make displaced persons without title to land or any recognizable legal rights to land eligible for, and to provide them with, resettlement assistance and compensation for loss of nonland assets, in accordance with cut-off dates established in the LARP/LAP/RP, and to include them in consultation processes.
- 34.5 **Land Acquisition and Involuntary Resettlement Prior to the Project.** The Bank requires the Client to address, in accordance with ESS 2, any Involuntary Resettlement that was undertaken within three years prior to identification of the Project for possible Bank financing and which is directly linked to the Project. In certain situations, the Bank may require the Client to address Involuntary Resettlement undertaken earlier than during this three-year period, especially where ongoing legacy issues over such actions remain unresolved.

35. Addressing Impacts on Indigenous Peoples.

- 35.1 **General.** As noted above, the Bank screens each Project to determine whether or not it would have impacts on Indigenous Peoples. In conducting this screening, the Bank seeks the technical judgment of qualified social scientists with expertise on

the social and cultural groups in the Project area. The Bank also consults the Indigenous Peoples concerned and the Client.

35.2 **Indigenous Peoples Plan and Indigenous Peoples Planning Framework.** If the Project would have impacts on Indigenous Peoples, the Bank requires the Client to prepare an IPP or IPPF, whose level of detail and comprehensiveness is proportional to the degree of the impacts. The degree of impacts is determined by evaluating: (a) the magnitude of the impact on Indigenous Peoples' customary rights of use and access to land and natural resources; socioeconomic status; cultural and communal integrity and heritage; health, education, livelihood systems and social security status; and indigenous knowledge; and (b) the vulnerability of the affected Indigenous Peoples. The IPP or IPPF complements the broader coverage of social risks and impacts in the environmental and social assessment and provides specialized guidance to address specific issues associated with the needs of affected Indigenous Peoples.

36. Addressing Associated Facilities.

36.1 **General.** Associated facilities (**Associated Facilities**) are activities that are not included in the description of the Project set out in the Legal Agreements governing the Project, but which, following consultation with the Client, the Bank determines are: (a) directly and materially related to the Project; (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 be carried out if the Project did not exist.

36.2 **Associated Facilities Controlled or Not Controlled by the Client.** The Bank requires the Client, as part of its environmental and social assessment, to identify and assess the potential environmental and social risks and impacts of Associated Facilities, and implement measures as follows.

(a) To the extent the Client controls or has influence over the Associated Facilities: (i) the Client is required to comply with the requirements of the ESP and applicable ESSs with respect to such facilities, to the extent of its control or influence; or (ii) if the Associated Facilities are financed by another MDB, bilateral development organization or development finance institution, the Bank may rely on the requirements of such other development partner in place of all or some of the requirements set out in the ESP and ESSs, provided that, in the Bank's judgment, such requirements do not materially deviate from what would otherwise be required under the ESP and ESSs.

(b) If the Client does not control or have influence over the Associated Facilities, it identifies in the environmental and social assessment the environmental and social risks and impacts the Associated Facilities may present to the Project, as well as potential mitigation measures that are within the Client's control. The Client is required to demonstrate, to the Bank's satisfaction, the extent to which it does not exercise control or have influence over the Associated Facilities by providing details of the relevant considerations, which may include legal, regulatory, and institutional factors.

37. **Support for Quantification of Greenhouse Gas Emissions.** In order to support reporting on greenhouse gas (**GHG**) emissions for implementation of the Paris Agreement,

the Bank may, at the Client's request, finance measures for the Client to quantify and report to national authorities, in accordance with internationally recognized methodologies and good practice, direct and indirect emissions from Project-related facilities.

38. Client Use of Independent Experts and Advisory Panels.

- 38.1 In the case of a Project that the Bank deems to be highly risky or contentious because of its potential environmental or social risks and impacts (or both), the Bank may require the Client to engage one or more suitably qualified and experienced internationally recognized independent experts, not affiliated with the Project, to advise the Client during preparation and implementation of the Project.
- 38.2 Such experts may, depending on the Project, form part of an advisory panel or be otherwise employed by the Client, and provide independent advice and oversight to the Project.
- 38.3 The Bank and the Client jointly agree on the appointment of each expert and all members of each independent advisory panel before they begin their tasks.

B. Environmental and Social Assessment Documentation and Instruments

39. Use of Appropriate Assessment Documentation. The Bank requires the Client to prepare appropriate environmental and social assessment documents. The Bank determines the appropriate documentation in consultation with the Client as follows.

- 39.1 For Category A Projects, the Bank requires the Client to prepare an ESIA report or other environmental and social assessment report that includes an ESMP or ESMPF (or both), or other Bank-approved document.
- 39.2 For Category B Projects, the Bank determines the appropriate environmental and social assessment documentation the Client is required to prepare on a case-by-case basis. The environmental and social assessment for a Category B Project is narrower in scope than that for a Category A Project. If the Bank determines that a Category B Project has limited impacts with well-known mitigation and monitoring measures, it may decide that the only required environmental and social assessment document is an ESMP or ESMPF (or both, as applicable), or other Bank-approved document. In such case, potentially adverse environmental and social risks and impacts may be addressed by the use of recognized good management or pollution abatement practices.
- 39.3 For Category C Projects, the Bank requires the Client to prepare a review of the environmental and social aspects of the Project.
- 39.4 For Category FI Projects, the Bank requires the FI to develop and apply an appropriate ESMS and related environmental and social requirements that are proportional to the environmental and social risks associated with the Bank-supported portfolio, are consistent with this ESP, exclude from Bank support activities covered in the ESEL and incorporate applicable provisions of the ESSs.

40. A Variety of Possible Assessment and Management Instruments.

- 40.1 The Bank, in consultation with the Client, determines which among a wide variety of assessment and management instruments may be used for the Project. A key

consideration is the effectiveness of the instrument in the analysis of the environmental and social risks and impacts in the specific setting of the Project. These instruments may include, but are not limited to, the following:

- (a) Strategic environmental and social assessment on a policy, plan or programmatic level;
- (b) Regional or sectoral environmental and social assessments;
- (c) ESIA for the Project; and
- (d) On a specialized basis, a cumulative impact assessment or other assessment instruments.

40.2 These instruments are complemented by an ESMP or ESMPF (or both).

40.3 In some cases, the Bank may determine that in lieu of other instruments, it is appropriate for the Client to use instruments such as physical, spatial and environmental planning, environmental and social audits, environmental and social action plans, hazard and risk assessments, and emergency response plans, among others, as tools for integration of environmental and social measures into the Project.

40.4 In the case of Category FI Projects, the Bank requires that the Client use for the Project an ESMS and related environmental and social requirements. The Bank may also require an ESMS for Projects that are not categorized as FI Projects.

C. Environmental and Social Management Plan

41. **General.** Once the Client has identified the Project's risks and impacts through the environmental and social assessment, the Bank requires it to develop the measures to manage and mitigate the risks and impacts and reflect them in an ESMP, all as required under ESS 1. If the Client has inadequate capacity to carry out the ESMP, the Bank requires that the Project include activities to strengthen that capacity.

42. **Preparation, Disclosure and Consultation.** To enable the Client to prepare the ESMP for the Project, the Bank requires the Client to: (a) identify the Project's potentially adverse impacts; (b) determine requirements so that those impacts are addressed in an effective and timely manner; (c) describe the means for meeting those requirements; (d) disclose the draft ESMP in the manner required of it below under *Section 66, Environmental and Social Information Disclosure by the Client*; and (e) engage in consultation on the ESMP in the manner required of it below under *Section VII, Disclosure, Consultation, Grievances and Project-affected People's Mechanism, Section B, Consultation*.

43. **Elements of the ESMP.** The Bank normally requires the Client to include in the ESMP: (a) mitigation measures; (b) environmental and social monitoring and reporting requirements; (c) related institutional or organizational arrangements; (d) provisions for information disclosure and consultation during Project preparation and implementation; (e) provisions for the Project's GRMs, as well as a description of the PPM or other Bank-approved IAM and how they can be accessed; (f) community health and safety measures applicable to the Project; (g) capacity-development and training measures, including engagement of any environmental and social experts required for this purpose; (h) implementation schedule and cost estimates,

including environmental and social mitigation and monitoring costs, which are integrated into the Project's overall schedule and budget; (i) performance indicators; and (j) if required, a LARP/LAP/RP or an IPP (or both). These elements may be presented as one or more separate plans, depending on Client requirements. Recognizing the dynamic nature of Project implementation, the ESMP addresses the need to be responsive to changed circumstances, unforeseen events and the results of Project implementation monitoring (see below, *Section 86, Changes Requiring Adaptive Management*).

44. Implementation Schedule and Cost Estimates. For mitigation, monitoring and capacity development, the Bank requires the Client to provide in the ESMP:

44.1 An implementation schedule of measures that are required to be carried out as part of the Project, showing phasing and coordination with overall implementation plans; and

44.2 The investment and recurrent cost estimates for developing and implementing the ESMP. These figures are also integrated into the total budget of the Project. Costs of implementation of the ESMP, including environmental and social mitigation and monitoring, capacity building, costs related to land acquisition and resettlement and measures for Indigenous Peoples, are eligible for Bank financing if these activities are included in the Project description and financing plan.

45. Proportionality. The level of detail and the complexity of the ESMP should be proportional to the risks and impacts of the Project. The ESMP takes into account the experience and capacity of the parties involved with the Project.

46. Performance Indicators. The ESMP and its related plans contain a selected set of measurable outcomes and targets or performance indicators that can be monitored on a regular basis by the Client and reviewed by the Bank.

47. Integration into the Project and Adaptive Management. For effective implementation of the Project's ESMP, the Bank requires the Client to: (a) describe specifically in the ESMP individual mitigation and monitoring measures and assignment of institutional responsibilities; (b) integrate these measures into the Project's overall planning, design, budget and implementation schedule; and (c) where appropriate, provide for adaptive management to address issues that may arise as the Project is implemented (see below, *Section 86, Changes Requiring Adaptive Management*).

48. Remediation Measures for Existing Facilities. If the Project involves rehabilitation, upgrading, expansion or privatization of existing facilities, or a merger or acquisition of a business with existing facilities, remediation of existing environmental and social adverse impacts may be more important than mitigation and monitoring of expected impacts. In such cases, the ESMP focuses on cost-effective measures to remediate and manage these problems so as to meet the objectives of the applicable ESSs.

D. Environmental and Social Management Planning Framework

49. General. If the Project includes activities whose details are not yet identified, and thus, whose specific physical location is not known at the time the Project is approved by the Bank,

the Bank requires the Client to use an ESMPF.¹⁰ An example of when an ESMPF is required is when the Bank authorizes the Client to use a phased approach (see below, *Section E, Special Circumstances* of this *Section VI*).

- 49.1 The ESMPF includes, when applicable, a LARPF/LAPF/RPF and an IPPF.
- 49.2 The purpose of the ESMPF is to provide a framework for the Client to assess and implement the Project activities, once identified, in conformity with the ESP, applicable ESSs and ESEL.
- 49.3 It sets out the policies and procedures to assess and address: (a) environmental and social risks and impacts of the activities; (b) Involuntary Resettlement that is likely to arise from such activities; and (c) impacts on Indigenous Peoples that are likely to arise from such activities. The policies and procedures also cover working conditions and community health and safety aspects described in ESS 1.

50. **Preparation, Disclosure and Consultation.**

- 50.1 The Client agrees with the Bank on the ESMPF, including the LARPF/LAPF/RPF and IPPF if required, prior to approval of the Bank's financing.
- 50.2 The Bank requires the Client to prepare the environmental and social assessment report and ESMP for each of the activities during their development, in conformity with the ESMPF.
- 50.3 Costs of development and implementation of the ESMPF and development and implementation of any ESMP required under the ESMPF, are eligible for Bank financing if these activities are included in the Project description and financing plan.
- 50.4 The Bank requires the Client to disclose the draft ESMPF in the manner required of it below under *Section 66, Environmental and Social Information Disclosure by the Client*, and engage in consultation on the ESMPF in the manner required of it below under *Section VII, Disclosure, Consultation, Grievances and Project-affected People's Mechanism, Section B, Consultation*.

51. **Elements of the ESMPF.** The Bank requires the Client to set forth the following in any ESMPF, LARPF/LAPF/RPF and IPPF:

- 51.1 Description of the applicable principles, rules, guidelines and procedures to be followed to assess and address: (a) environmental and social risks and impacts of the activities; (b) any Involuntary Resettlement that is likely to result from such activities; and (c) any impacts on Indigenous Peoples that are likely to result from such activities;
- 51.2 An explanation of the anticipated environmental and social risks and impacts;
- 51.3 Screening and assessment activities;

¹⁰ For example, because: (a) the zone of impact of activities cannot be determined; or (b) the zone of impact is known but precise siting alignments cannot be determined.

- 51.4 Provisions for disclosure of and consultation on the ESMPF, and the LARPF/LAPF/RPF and IPPF (as applicable);
 - 51.5 Provisions for the Project's GRMs, as well as a description of the PPM or other Bank-approved IAM and how they can be accessed;
 - 51.6 Community health and safety measures applicable to the Project;
 - 51.7 Implementation and monitoring requirements;
 - 51.8 Provisions for estimating and budgeting the costs of implementing any required measures and plans and determining the schedule for implementation of these measures and plans; and
 - 51.9 Roles and responsibilities of the agency or agencies involved.
52. If the Bank authorizes the Client to use a phased approach in accordance with *Section E, Special Circumstances* of this *Section VI*, below, the Bank requires the Client to describe with specificity in the ESMPF the phased approach, including the activities covered by this approach, the environmental and social planning and assessment activities, and their phasing and timing.
- 53. Appropriateness and Conditions of Use of ESMPF.**
- 53.1 To determine whether the application of an ESMPF, LARPF/LAPF/RPF or IPPF is appropriate, the Bank assesses the Client's capacity to manage environmental and social risks and impacts and to implement relevant national laws, the ESP, applicable ESSs and ESEL. If gaps exist between the ESP and ESSs on the one hand and the laws of the Member in whose territory the Project is located on the other, or where gaps in Client capacity are apparent, the Bank requires the Client to include in the relevant document details of the specific gap-filling measures to enable the Client to comply with the provisions of the applicable ESSs.
 - 53.2 In determining the appropriateness of the use of an ESMPF, the Bank takes into account: (a) the proposed Project's overall risks, impacts and benefits; (b) an initial review of environmental and social implications of the Project; and (c) the Client's capacity, commitment and track record in managing environmental and social risks and impacts and in implementing relevant national laws, the ESP and applicable ESSs.

E. Special Circumstances

54. Use of a Phased Approach.

- 54.1 In exceptional circumstances, duly justified by the Client, the Bank may determine that the timing of the Client's environmental and social assessment of identified activities under the Project, and the timing of the Bank's environmental and social due diligence, may follow a phased approach that begins after the Bank's approval of the financing for the Project.
- 54.2 In making its determination, the Bank considers: (a) the proposed Project's overall risks, impacts and benefits; (b) an initial review of environmental and social implications of the Project; and (c) the Client's capacity, commitment and track

record in managing environmental and social risks and impacts and in implementing relevant national laws, the ESP and applicable ESSs.

54.3 Where the Client proposes such a phased approach, a description of the approach (including actions and their timing) is provided in an ESMPF, or an environmental and social action plan (**ESAP**, see ESS 1, *Section 15*) or other Bank-approved document).

54.4 Except in situations of urgent need of assistance described below in *Section 55, Projects in Situations of Urgent Need of Assistance*, the Client may not carry out any Project activity covered by the phased approach until the required ESIA, including information disclosure and consultation, has been conducted and related management measures for the specified activity, including a LARP/LAP/RP and/or IPP, as applicable, has been approved by the Bank and implemented as required. This is reflected in the ESMPF and the Legal Agreements for the Project.

55. Projects in Situations of Urgent Need of Assistance.

55.1 An example of when the Bank may determine that a phased approach is warranted would be in a case where the Client is deemed by the Bank to be in urgent need of assistance because of a natural or man-made disaster or conflict.

55.2 In such a case, and if the Client so requests, the Bank may approve a deferral of certain environmental and social requirements in this ESP and ESSs to the Project implementation phase. The nature and timing of the requirements to be met by the Client are set out in the ESMPF and Legal Agreements for the Project.

F. Use of Country and Corporate Systems

56. Review and Determination of Appropriateness of Use of the Client's Systems.

The Bank may, if requested, decide to offer the Client (whether public or private) the option to use all or part of the Client's existing environmental and social management system for all or part of the Project, on the basis of the following review and determination by the Bank:

56.1 The Client's existing environmental and social management system relevant to the Project, including its scope and effectiveness, is adequate to address the environmental and social risks and impacts of the Project in a manner materially consistent with the objectives of the ESP and relevant ESSs; and

56.2 The performance of the Client's environmental and social management system proposed for use in the Project demonstrates both the Client's ability to apply the system, and the system's capacity to enable the Project to achieve the desired environmental and social outcomes. An element of this review is an assessment of the Client's implementation practices, capacity and commitment.

57. The Bank conducts the review in consultation with the Client and Project stakeholders. The Bank may conduct the review alone or with development partners. It may also rely on studies prepared by other development partners if it is satisfied with the quality and relevance of such studies. The Bank's determination may be made on a Project-by-Project basis or for a specific sector or specific Client.

58. The Bank discloses its findings in accordance with the provisions below of *Section 67, Environmental and Social Information Disclosure by the Bank*.

59. **Applicability of the ESEL.** Notwithstanding the Bank's agreement to enable the Client to use all or part of the Client's existing environmental and social management system for all or part of the Project, the ESEL continues to apply to the entire Project.

60. **Elements of the Client's System.**

60.1 The Client's environmental and social management system includes those aspects of the legal, policy and institutional framework of the Member in whose territory the Project is located, which are relevant to the environmental and social risks and impacts of the Project. This includes: (a) national, subnational, sectoral or corporate implementing institutions; (b) applicable laws, regulations, rules and procedures, as well as the international agreements to which the relevant Member is a party; and (c) implementation capacity.

60.2 The aspects of the Client's existing system that are relevant may vary between the public and private sectors, from Project to Project, depending on such factors as the type, scale, location and environmental and social risks and impacts of the Project, and the role and authority of different institutions involved.

61. **Scope of Use of the Client's System; Access to the PPM.**

61.1 The Bank may, on the basis of its review, determine that one or more specific parts of the Project qualify for the use of all or part of the Client's system in lieu of one or more of the ESSs or elements of the ESP.

61.2 The Bank reviews and approves the environmental and social documentation for the Project and maintains its monitoring role in Project implementation.

61.3 Use of a Client's systems (including in situations described below in *Section 63, Adoption by the Client of a Development Partner's Environmental and Social Policy*) does not preclude access of Project-affected people to the Project-level GRM or to the PPM.

62. **Gap Filling.**

62.1 If the Bank determines that the Client may use all or part of the Client's environmental and social management system for one or more specific parts of the Project, the Bank, in consultation with the Client, identifies actions required to address gaps so that the system is materially consistent with the objectives of the ESP and relevant ESSs and the Project can achieve its development objectives.

62.2 The Bank requires the Client to describe the parts of the system proposed to be used for the Project in the ESMP or ESMPF (as applicable) or other Bank-approved document. To the extent actions to address gaps are necessary for the system to be materially consistent with the objectives of the ESP and relevant ESSs, the Bank requires the Client to detail these actions in an ESAP, together with the time frames for their completion, the reporting requirements of the Client and the monitoring approach of the Bank. The Bank satisfies itself of the adequacy of the Client's description of the parts of the system proposed to be used for the Project and gap-filling measures.

63. **Adoption by the Client of a Development Partner’s Environmental and Social Policy.** If the Client has adopted as part of its own environmental and social management system the environmental and social policies and procedures of an MDB, bilateral development organization, other development finance institution or other international organization, the Bank will permit the use of such policies and procedures, provided that the Bank is satisfied that they are consistent with the Bank’s Articles of Agreement and materially consistent with the ESP, ESSs and ESEL, and that appropriate monitoring procedures are in place for the purpose.

64. **Application of Client’s Additional Requirements.** If the Bank determines that relevant aspects of the Client’s environmental and social management system are more stringent than the requirements of the ESP, ESSs or ESEL, the Bank will apply those aspects, provided that they are not in violation of the Bank’s Articles of Agreement.

65. **Notification of Changes.** The Bank requires the Client to notify the Bank of any material change in its environmental and social management system that may adversely affect the Project. In such a case, if the Bank determines that the change is not materially consistent with the objectives of the ESP or relevant ESSs or that it is inconsistent with the ESMP or ESMPF, the Bank may: (a) require revisions to the ESMP or ESMPF (or both), as necessary to meet the requirements of material consistency with the objectives of the ESP and relevant ESSs; and (b) require the Client to take such other actions as the Bank deems appropriate to address any potentially adverse impacts on the Project. The Bank may also apply any contractual remedies available to it under the Legal Agreements for the Project.

VII. Disclosure, Consultation, Grievances and Project-affected People’s Mechanism

A. Disclosure of Environmental and Social Information

66. **Environmental and Social Information Disclosure by the Client.** The Bank requires disclosure of environmental and social information in accordance with ESS 1, *Sections 19, Overview of Environmental and Social Information Disclosure, through 22, Language and Location of Information Disclosed.*

67. **Environmental and Social Information Disclosure by the Bank.** To further enhance access to the environmental and social information related to Projects, the Bank also discloses the Client’s documentation referred to above in *Section 66, Environmental and Social Information Disclosure by the Client*, as follows.

67.1 **Early Disclosure of Environmental and Social Information.** Subject to any deferral of disclosure pursuant to *Section 68, Deferral of Disclosure*, below, the Bank discloses:

- (a) The same draft documentation required to be disclosed by the Client pursuant to ESS 1, *Sections 20.1, Draft Environmental and Social Documentation and 21.1, FI Policy Overview*, as early as feasible during the Bank’s due diligence assessment of the Project;¹¹ and
- (b) If applicable, the Bank’s review of the use of the Client’s systems.

¹¹ This early disclosure applies equally to Sovereign-backed and Non-sovereign-backed Financings.

67.2 **Disclosure Deadlines for Client's Draft Environmental and Social Documentation.** Deadlines for disclosure by the Bank of the draft documentation required to be disclosed by the Client pursuant to ESS 1, *Section 20.1, Draft Environmental and Social Documentation* are: (a) for Category A Projects, sixty (60) calendar days prior to consideration of the Bank's financing for approval; and (b) for Category B Projects, thirty (30) calendar days prior to consideration of the Bank's financing for approval. In exceptional circumstances, due to the specific nature and scope of the environmental and social risks and impacts of the Project, the Bank's Management may decide that a longer or a shorter disclosure period is appropriate. In such cases, the disclosure period so decided by Management is reported to the Bank's Board of Directors.

67.3 **Disclosure of other Environmental and Social Documentation.** The Bank discloses the documentation referred to in ESS 1, *Sections 20.3, Final Environmental and Social Documentation* through *20.6. Environmental and Social Monitoring Reports* and in *Sections 21.2, Private Equity Funds* and *21.3, Higher Risk Activity Environmental and Social Documentation*, in a timely manner following disclosure by the Client.

68. **Deferral of Disclosure.** The Bank may defer the timing of disclosure required above under *Section 66, Environmental and Social Information Disclosure by the Client*, and *Section 67, Environmental and Social Information Disclosure by the Bank*, because of: (a) legal or other regulatory requirements such as timing requirements relating to securities offerings, equity investments in publicly listed companies or purchases of shares in a private placement; or (b) the commercially sensitive nature of the transaction involving, for example, an acquisition or a financial restructuring, where premature disclosure would compromise the financial worth or competitiveness of a corporate entity or its assets. The prerogative to defer disclosure is exercised by the Bank's Management, and the deferrals so approved by Management are reported to the Bank's Board of Directors.

69. **Cofinancing Considerations relating to Disclosure.** If the Bank has agreed with a co-financier to apply the co-financier's environmental and social policy to the Project, the disclosure requirements applicable to the Client and the Bank (including timing and languages of disclosure), as set forth or referred to above in this ESP nevertheless apply.

B. Consultation

70. **Overview.** The consultation covers Project design, mitigation and monitoring measures, sharing of development benefits and opportunities on a Project-specific basis, and implementation issues. The Bank requires the Client to engage in meaningful consultation¹² with stakeholders during the Project's preparation and implementation, in a manner commensurate with the risks to and impacts on those affected by the Project.

70.1 Consultation is required for each Category A Project, and it is normally more elaborate than consultation for a Category B Project.

70.2 Consultation for each Category B Project is undertaken in a manner proportional to the Project's risks and impacts.

¹² For a definition of meaningful consultation, see ESS 1, *Section 23, Meaningful Consultation*.

- 70.3 For each Project with (a) significant adverse environmental and social impacts, (b) Involuntary Resettlement or (c) impacts on Indigenous Peoples, the Bank may participate in consultation activities to understand the concerns of the affected people and to require the Client to address these concerns in the Project's design and ESMP or ESMPF (as applicable) or other Bank-approved environmental and social documentation.
- 70.4 The Bank requires the Client to include a record of the consultations and list of participants in the environmental and social assessment documentation.

71. Free, Prior and Informed Consultation with Indigenous Peoples.

- 71.1 **When Required.** Since Indigenous Peoples may be particularly vulnerable to the loss of, alienation from or exploitation of their land and access to natural and cultural resources, the Bank requires the Client to engage in free, prior and informed consultation (**FPICon**) with and obtain the broad support of the affected Indigenous Peoples communities if activities under the Project would: (a) have impacts on land and natural resources subject to traditional ownership or under customary occupation or use; (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 resources. In these circumstances, the Bank requires the Client to engage suitably qualified and experienced independent experts to assist in the identification of these activities' risks to and impacts on Indigenous Peoples.
- 71.2 **How FPICon is Established.** There is no universally accepted definition of FPICon. For the purpose of this ESP and ESS 3, FPICon is established as follows: (a) the scope of FPICon applies to Project design, implementation arrangements and expected outcomes related to risks to and impacts on the affected Indigenous Peoples; (b) FPICon builds on the process of meaningful consultation and requires good faith negotiation between the Client and the affected Indigenous Peoples; (c) the Client documents: (i) the details of the process by which the support of the affected local Indigenous Peoples communities will be determined, in a written consultation process agreement with these communities; and (ii) the details of the Project-related matters on which their broad community support has been obtained, in a consultation statement, which includes all agreements reached as well as dissenting views; and (d) FPICon does not require unanimity and may be achieved even when individuals or groups within or among these affected Indigenous Peoples explicitly disagree with support for the Project.
- 71.3 **When FPICon is Not Established.** When the Bank is unable to ascertain that such broad community support has been obtained from the affected Indigenous Peoples, it excludes from the Project those activities that would affect those Indigenous Peoples. In such cases, the Bank requires the Client to redesign the Project so that it will not have adverse impacts on such Indigenous Peoples.

72. Free, Prior and Informed Consent. If the laws of the Member in whose territory the Project is located mandate free, prior and informed consent (**FPIC**), the Bank may, in accordance with the provisions of *Section 9, Additional Member or Client Requirements*, above, and provided that in its view, such application is consistent with the requirements of

FPIC as set out above in *Section 71, Free, Prior and Informed Consultation*, determine that the Client is required to apply FPIC as defined in those laws.

C. Grievances

73. Project-level Grievance Redress Mechanism.

73.1 The Bank requires the Client to establish, in accordance with the ESP and applicable ESSs, a suitable Project-level GRM to receive and facilitate resolution of the concerns and complaints of people who believe they have been adversely affected by the Project's environmental or social impacts, and to inform Project-affected people of its availability.

73.2 The GRM is scaled to the risks and impacts of the Project. The GRM: (a) may utilize existing formal or informal complaint-handling mechanisms, provided that they are properly designed and implemented, and deemed by the Bank to be suitable for the Project (these may be supplemented, as needed, with Project-specific arrangements); (b) is developed in such a manner that it does not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration or mediation procedures; (c) is designed to address affected people's concerns and complaints promptly, including gender-related concerns and complaints relating to GBV, using an understandable and transparent process that is gender sensitive, culturally appropriate and readily accessible to all affected people; (d) includes provisions: (i) to protect complainants from retaliation, grant them confidentiality and enable them to remain anonymous, if requested; and (ii) to protect those who defend the rights of complainants to make such complaints; (e) provides for maintenance of a publicly accessible case register and reports on grievance redress and outcomes, which are disclosed in accordance with the applicable ESS; and (f) is required to be operational by the time implementation of the relevant Project activities commences and for the duration of the Project.

73.3 The Bank also requires the Client (including an FI Client) to establish or maintain a GRM for contracted Project workers under the Project to address workplace concerns, and reflect this in the tender documents for contracted Project workers. The requirements for this workplace GRM are described in ESS 1, *Sections 58, Labor Management Relationships and 60, Civil Servants*.

D. Project-affected People's Mechanism

74. **Project-affected People's Mechanism.** People who believe they have been or are likely to be adversely affected by a failure of the Bank to implement the ESP may submit complaints to the Bank's PPM in accordance with the Policy on the PPM, when their Project-related concerns cannot be addressed satisfactorily through Project-level GRMs or the Bank's management processes. The Bank requires all Clients to inform Project-affected people about the availability of the PPM. Information on the availability of the PPM is provided in an accessible and understandable manner in locally appropriate language(s), including on the Client's (or beneficiary's) Project-related website.

75. **Use of Co-financier's Independent Accountability Mechanism.** If the Project is cofinanced with another MDB, bilateral development organization or other development

finance institution, and the Bank agrees to the application of the environmental and social policies and procedures of the co-financier (in lieu of the ESP) to the Project, the Bank may also agree to rely on the IAM of such co-financier (in lieu of the PPM) to handle submissions from Project-affected people.

E. Retaliation

76. **Addressing Retaliation.** Recognizing the increasing risks of intimidation, coercion, manipulation and retaliation in cases where relevant stakeholders express views regarding the environmental and social risks and impacts of development projects, if the Bank determines that a Project presents such risks to the relevant Project stakeholders, it requires the Client to develop measures to protect against them. The Bank will promptly review allegations of such retaliation in connection with the Projects it supports. If such allegations are substantiated to the Bank's satisfaction, the Bank will discuss with the Client measures to be implemented by the Client to address retaliation risks under the Project. If the Client fails to do so within a reasonable time, the Bank will consider taking appropriate action.

77. **PPM.** In addition, in recognition of the seriousness of matters relating to confidentiality and possible risks of retaliation in connection with submissions to the PPM, the Policy on the PPM and its related Rules of Procedure provide for special handling of submissions to the PPM in order to minimize such risks.

VIII. Safety of Dams

78. A Project may involve construction of a new dam (**New Dam**) or it may rely on an existing dam or dam under construction (collectively, **Existing Dams**). A dam includes, for example, a water storage dam for a hydropower, water supply, irrigation, flood control, or multipurpose project, a tailings or slimes dam, or an ash impoundment dam. Different requirements apply to these dams, depending on the risks they present, which are set out in ESS 1, *Section G, Safety of Dams*. The documentation required under that *Section* of ESS 1 is not disclosed.

IX. Decision-making and Legal Provisions

79. **Documentation Required of the Client.** The Bank requires the Client to furnish the Bank with the following environmental and social documentation, as required for the Project, as early as possible during the Bank's due diligence assessment of the Project: the draft environmental and social assessment report, including the record of consultations; the draft ESMP, ESMPF and/or ESAP (as applicable) or other Bank-approved environmental and social documentation; and the drafts of any required LARP/LAP/RP, IPP, LARPF/LAPF/LARPF and IPPF (if applicable).

80. **Information for Bank Decision-making.** The documentation prepared by the Bank for approval of the Project's financing includes:

- 80.1 A description of the applicable environmental and social policy and PPM or other Bank-approved IAM;
- 80.2 The Project's environmental and social categorization (or, in the case of an RBP, a description of the governing environmental and social systems);

- 80.3 The Bank's environmental and social due diligence on the Project's environmental and social risks and impacts and mitigation and monitoring measures (or, in the case of an RBP, the Bank's assessment of the governing environmental and social systems, as well as any action plan required to strengthen these systems);
- 80.4 A summary of stakeholder engagement (including disclosure of and consultation on the Project's environmental and social documentation);
- 80.5 An assessment of the Client's capacity to manage the identified environmental and social risks and impacts;
- 80.6 The Client's institutional and implementation arrangements for addressing these risks and impacts (including, when the Bank agrees to a phased approach under *Section VI, Environmental and Social Assessment by the Client, Section E, Special Circumstances*, above, a description of that approach);
- 80.7 A description of how the Client has taken the comments and concerns of relevant stakeholders into account as part of assessing the overall environmental and social benefits and risks and impacts of the Project (or, in the case of an RBP, a description of the Bank's consultation on and outcome relating to the governing environmental and social systems);
- 80.8 The Bank's proposed environmental and social monitoring plan for the Project; and
- 80.9 If the Bank determines that the Client may use all or part of its environmental and social system for the Project (see above, *Section VI, Environmental and Social Assessment by the Client, Section F, Use of Country and Corporate Systems*), the Bank's key findings justifying such use, details regarding the parts of the system to be used for the Project, clarification of differences between the Client's system and the ESP and any required gap-filling measures.

81. Coverage of Environmental and Social Requirements in the Project's Legal Agreements. The Legal Agreements for the Project contain¹³ specific provisions reflecting all actions required on the part of the Client during implementation of the Project (and their timing) to be in compliance with the ESP, the applicable requirements of the ESSs and the ESEL, including implementing the Project in accordance with the applicable environmental and social documents and monitoring and reporting on this implementation. These provisions also cover, as applicable:

- 81.1 Any phased approach; and requirements relating to Bank-supported activities under an FI Project,¹⁴ Associated Facilities and/or dam safety; any action plan for strengthening the environmental and social systems applicable to an RBP; or use of the Client's environmental and social system; and
- 81.2 Contractual remedies available to the Bank in the event of failure to comply with any of the above provisions.

¹³ See also *Operational Policy on Financing*.

¹⁴ In the case of an FI Project, the Bank also requires the Client to conclude arrangements with its clients to enable the Bank to have access to sites of activities financed by the Bank and relevant reports on these activities.

X. Project Implementation, Monitoring and Reporting

82. **General.** The Bank and the Client have complementary but distinct Project monitoring responsibilities. The extent of monitoring activities, including their scope and periodicity, is proportional to the Project's risks and impacts.

83. **Monitoring and Reporting by the Client.** The Bank requires the Client to: (a) implement the Project in compliance with the ESMP, ESMPF, LARP/LAP/RP, LARPF/LAPF/RPF, IPP and IPPF (as applicable) or other Bank-approved environmental and social documentation, and any other environmental and social obligations in the Legal Agreements for the Project; and (b) prepare and furnish to the Bank periodic monitoring reports on the Client's performance under the Project relating to environmental and social risks and impacts. This may include information on health and safety issues as well as implementation phase consultations. To this end, the Bank requires the Client to take the following actions under the Project:

- 83.1 Establish and maintain appropriate procedures to enable it to monitor progress on the implementation of the environmental and social measures agreed with the Bank;
- 83.2 Verify the compliance with these specific measures and their progress toward intended outcomes;
- 83.3 Document monitoring results and identify necessary corrective actions in its periodic monitoring reports to the Bank (see below, *Section 83.9*);
- 83.4 Follow up on these actions in order to progress toward the intended outcomes;
- 83.5 Retain suitably qualified and experienced environmental and social experts to verify the monitoring information on a routine basis if the Project presents significant risks and impacts or if the Client lacks sufficient capacity to do so appropriately;
- 83.6 As needed, retain a suitably qualified and experienced third party, including in appropriate situations, nongovernmental or civil society organizations, approved by the Bank to monitor the Project;
- 83.7 Use suitably qualified and experienced individual environmental and social experts or independent advisory panels, not affiliated with the Project, to monitor implementation if the Project is very complex or sensitive;
- 83.8 Furnish the Bank with periodic monitoring reports on the environmental and social measures agreed with the Bank according to a time frame agreed with the Bank; the frequency of these reports is proportional to the complexity of the issues, but not less than annual; and
- 83.9 Disclose the periodic environmental and social monitoring reports in accordance with *Section 66, Environmental and Social Information Disclosure by the Client*, above.

84. **Monitoring and Reporting by the Bank.** The Bank reviews Project performance against the Client's obligations set forth in the Legal Agreements for the Project. Monitoring of environmental and social aspects of the Project are integrated into the Bank's monitoring plan

for the Project. The Bank monitors the environmental and social aspects of the Project on an ongoing basis during Project implementation, and may retain independent consultants for the purpose.¹⁵ In monitoring implementation of the environmental and social aspects of the Project, the Bank:

- 84.1 Conducts periodic site visits if the Project presents adverse environmental or social risks and impacts;
- 84.2 Conducts comprehensive field-based reviews if a Project activity presents significant adverse environmental and social risks and impacts;
- 84.3 Reviews the periodic monitoring reports furnished by the Client to ascertain whether adverse risks and impacts are mitigated as planned and as agreed with the Bank; and discloses these reports in accordance with *Section 67, Environmental and Social Information Disclosure by the Bank*, above;
- 84.4 Consults with the Client on corrective measures to rectify any failures to comply with its environmental and social obligations, as documented in the Legal Agreements for the Project; and
- 84.5 Prepares a completion note¹⁶ that assesses whether the objective and desired outcomes of the Project's environmental and social measures have been achieved, taking into account the baseline conditions documented in the ESIA, ESMP, ESMPF, LARP/LAP/RP, LARPF/LAPF/RPF, IPP or IPPF, or other Bank-approved environmental and social documentation (as applicable), and the results of its monitoring. The completion report includes lessons learned.

85. **Project Changes.**

- 85.1 Changes may occur in the nature and scope of the Project during Project implementation. Such changes may present material environmental or social risks and impacts.
- 85.2 In such circumstances, the Bank carries out environmental and social due diligence of the proposed changes and if it determines, on the basis of this due diligence, that any additional assessment, stakeholder consultations or environmental and social risk mitigation measures are required to meet the ESP, applicable ESSs and ESEL, it requires the Client to incorporate these measures in the Project.
- 85.3 The Bank may also require the Project to be re-categorized.

86. **Changes Requiring Adaptive Management.**

- 86.1 In the case of Project changes, the Bank may require the Client to use adaptive management measures. The adaptive management process is set out in the ESMP or ESMPF (as applicable) or other Bank-approved environmental and social

¹⁵ The Bank may in particular cases require that environmental and social monitoring extend beyond the Project implementation period. An example of when this would be required under a Sovereign-backed Financing is if completion of the Project's LARP/LAP/RP extends beyond the completion of construction of the Project facilities.

¹⁶ The timing of this note may vary depending on whether the Project is supported by a Sovereign-backed Financing or a Non-sovereign-backed Financing, and when the Client's Project-related environmental and social responsibilities under the Legal Agreements are complete. See also *Operational Policy on Financing*, which covers Project completion notes and the *Policy on the Project-affected People's Mechanism (PPM)*, which provides the time frame within which submissions may be made to the PPM.

documentation. The process specifies how such changes or circumstances are to be managed and reported.

- 86.2 In such case, the Bank requires the Client to prepare, provide to the Bank for approval and implement the approved adaptive management measures to address proposed Project changes or unforeseen circumstances.
- 86.3 If there are material changes to the scope, design, implementation or operation of the Project that are likely to result in additional environmental or social risks or impacts, the Bank requires the Client to: (a) carry out an additional assessment of such changes and stakeholder engagement in accordance with the ESP and applicable ESSs; (b) provide to the Bank for approval mitigation measures, as appropriate, in accordance with the findings of such assessments and consultation; and (c) then implement the approved mitigation measures.
- 86.4 The Client and the Bank are each required to disclose the Project changes and mitigation measures in the manner required of them above under, respectively, *Section 66, Environmental and Social Information Disclosure by the Client and Section 67, Environmental and Social Information Disclosure by the Bank*.¹⁷

XI. Exclusions

87. **Environmental and Social Exclusion List.** The Bank will not finance Projects that it determines do not comply with the ESP and applicable ESSs. The Bank will not knowingly finance a Project that: (a) either involves or results in forced evictions;¹⁸ or (b) involves activities or items specified in the list set forth in the ESEL.

¹⁷ See also *Operational Policy on Financing* for the approval process for Project changes.

¹⁸ Forced eviction is defined as the permanent or temporary removal, against the will of individuals, families and/or communities, from homes or land (or both) which they occupy, without the provision of, or access to, appropriate forms of legal or other protection (such as the provisions of ESS 2). The exercise of eminent domain, compulsory acquisition or similar powers, is not considered to be forced eviction, providing it complies with the requirements of national law and the provisions of ESS 2, 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 appeal, and avoidance of the use of unnecessary, disproportionate or excessive force).

Environmental and Social Standards

Environmental and Social Standard 1: Environmental and Social Assessment and Management

I. Objectives, Scope and Application

1. **Objectives.** To achieve the environmental and social soundness and sustainability of Projects and to support the integration of environmental and social considerations into the Project decision-making process and implementation.
2. **Scope and Application.** Environmental and Social Standard (**ESS**) 1 applies if the Project is likely to have adverse environmental risks and impacts or social risks and impacts (or both). The scope of the environmental and social assessment and management measures are proportional to the risks and impacts of the Project. ESS 1 provides both for quality environmental and social assessment and for management of risks and impacts through effective mitigation and monitoring measures during the course of Project implementation.

II. Requirements

A. General

3. **Client Responsibilities.** The Client is responsible for: (a) assessing the Project and its environmental and social risks and impacts; (b) preparing the Project's required environmental and social documentation, in accordance with the Environmental and Social Policy (**ESP**) and applicable **ESSs**; (c) engaging with Project-affected people and other relevant stakeholders, through: (i) timely disclosure of the Project's environmental and social information; (ii) meaningful consultation; and (iii) Project-level grievance redress mechanisms (**GRMs**), which can be readily accessed by Project-affected people; all in accordance with the ESP and applicable ESSs; (d) furnishing to the Bank for review all required information, including executive summaries and reports on the environmental and social assessment, all of the Project's required environmental and social documentation, and monitoring reports; (e) implementing the Project in accordance with its environmental and social obligations under the Legal Agreements governing the Project; (f) including the relevant environmental and social requirements in the tendering documents and contracts for goods and services required for the Project, requiring contractors to implement the agreed measures appropriately and monitoring the environmental and social performance of contractors and the Project against the agreed measures;¹ and (g) planning for and allocating the resources, and developing and maintaining the capacity, necessary for it to carry out its environmental and social responsibilities properly.
4. After the Bank, in consultation with the Client, has screened the Project to determine the extent and type of environmental and social assessment that will be required, the Client undertakes an environmental and social assessment of the Project in accordance with *Section VI, Environmental and Social Assessment by the Client*, of the ESP, using appropriate studies

¹ See also *Procurement Policy*.

proportional to the significance of the potential risks and impacts. The environmental and social assessment process is based on current and/or recent information, and environmental and social baseline data, including gender-disaggregated data, at an appropriate level of detail. The Client prepares an environmental and social assessment report, which contains an executive summary, a main report, and annexes as appropriate, including one on the nature and findings of consultations undertaken. In cases where environmental and social assessment work may already have been carried out for the Project, the Bank reviews the work and in consultation with the Client, determines whether any additional environmental or social work is required. If the Bank determines that there are risks of retaliation against relevant Project stakeholders or gender-based violence (**GBV**) or other threats to the safety of Project-affected people under the Project, additional measures may be required to minimize such risks. This process may also require the Client to undertake supplemental consultations.

5. The Client is required to conduct the environmental and social assessment for the Project, incorporating those elements described below, which the Bank has determined are required for the Project, based on the Bank's review and screening. The Client is also required to address the identified environmental and social risks and impacts of the Project in accordance with *Sections VI, Environmental and Social Assessment by the Client; VII, Disclosure, Consultation, Grievances, Project-affected People's Mechanism; and X, Project Implementation, Monitoring and Reporting*, of the ESP.

6. **Third Party Responsibilities.**

6.1 If the assessment and management of certain environmental and social risks and impacts are the responsibility of a third party over which the Client has no control or influence, the Client identifies, as part of its assessment, the different entities involved, the roles they play, the risks they present to the Client and the opportunities to work with these parties in order to achieve environmental and social outcomes consistent with the ESP and relevant ESSs.

6.2 In particular, in Projects where the host government is the third party, it: (a) may have provided land for the Project which involved loss of biodiversity or Land Acquisition and Involuntary Resettlement (see ESS 2) or Indigenous Peoples (see ESS 3); (b) will normally have responsibilities for land to be acquired under the Project that involves Land Acquisition and Involuntary Resettlement; (c) may have a defined role in managing the Project's risks and impacts on Indigenous Peoples involved in the Project; (d) may be responsible for managing the Project's consultation process; (e) may be responsible for health and safety measures; and/or (f) may be responsible for providing security forces for the Project.

6.3 In all such cases, the Client: (a) engages with the responsible government agencies early in the Project preparation; and (b) collaborates with and supports these agencies, to the extent feasible, to achieve outcomes that are consistent with the objectives of the ESP and the applicable ESSs.

7. *Section B, Assessment and Management Process*, below of this ESS 1 sets out general requirements for the Client to assess and manage environmental and social risks under the Project; subsequent *Sections* of this ESS 1 set out more detailed requirements applicable to the Client for the following aspects of such assessment and management:

environmental aspects, social aspects, health, safety and security aspects, labor and working conditions, and technical aspects of dam safety.

B. Assessment and Management Process

8. Environmental and Social Assessment.

- 8.1 Conduct an environmental and social assessment to identify direct, indirect, cumulative and induced Project-related risks to and impacts on physical, biological, socioeconomic and cultural resources in the Project's area of influence. These include risks to and impacts on air and water quality, including: (a) environmental health; (b) natural resources, including land, water and ecosystems; (c) livelihoods; (d) vulnerable groups;² (e) gender; (f) worker and community health and safety;³ and (g) cultural resources.
- 8.2 Use strategic, sectoral or regional environmental and social assessments and cumulative impact assessments, where appropriate.
- 8.3 Assess potential transboundary and global impacts, including climate change, as they relate to the Project.
- 8.4 Conduct an assessment whose scope and depth are commensurate with and proportional to the nature and magnitude of the Project's potential risks and impacts and the categorization assigned by the Bank.
- 8.5 Apply a mitigation hierarchy approach in the environmental and social assessment, by: (a) anticipating and avoiding risks and impacts; (b) where avoidance is not feasible, minimizing or reducing risks and impacts to acceptable levels; (c) once risks and impacts have been minimized or reduced, mitigating; and (d) where residual risks or impacts remain, compensating for or offsetting them, where technically and financially feasible.
- 8.6 As part of the environmental and social assessment, conduct an assessment of the Project's legal obligations under national law (including international agreements adopted by the Member) applicable to the Project.

9. **Examination of Alternatives.** Examine, all in a comparative manner: (a) alternatives to the proposed Project that are relevant to the stage of the Project's development; and (b) their potential environmental and social risks and impacts; and document the rationale for selecting the particular alternative proposed. Depending on the type of Project, alternatives examined may include: (a) investment alternatives to address the development objective; and (b) technical alternatives, including Project location, design, technology and operation. As part of examining alternatives, consider and document the "without Project" alternative. Assess the alternatives' feasibility of mitigating environmental and social risks and impacts, capital and recurrent costs, suitability under local conditions and their institutional, training and monitoring requirements. Examine Project alternatives to avoid or minimize Involuntary Resettlement and impacts on Indigenous Peoples. For existing Projects, the scope of alternatives may be limited.

² See ESS 1, *Section 45. Vulnerable Groups and Discrimination*, below for definition of vulnerable groups.

³ This would include, as appropriate, risks related to pandemics and other forms of transmission of communicable diseases.

10. **Addressing Impacts.** Address environmental and social risks and impacts in accordance with the mitigation hierarchy, with emphasis on avoiding impacts, or where avoidance is not feasible, on minimizing them; and where feasible, enhance positive impacts by means of environmental and social planning and management measures.

11. **Addressing Associated Facilities.**

11.1 **General.** Associated facilities (**Associated Facilities**) are activities that are not included in the description of the Project set out in the Legal Agreements governing the Project, but which, following consultation with the Client, the Bank determines are: (a) directly and materially related to the Project; (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 be carried out if the Project did not exist.

11.2 **Associated Facilities Controlled or Not Controlled by the Client.** As part of the environmental and social assessment, identify and assess the potential environmental and social risks and impacts of Associated Facilities, and implement measures as follows.

(a) To the extent the Client controls or has influence over the Associated Facilities: (i) comply with the requirements of the ESP and applicable ESSs with respect to such facilities, to the extent of such control or influence; or (ii) if the Associated Facilities are financed by another MDB, bilateral development organization or development finance institution, apply the requirements of such other development partner in place of all or some of the requirements set out in the ESP and ESSs, provided that, in the Bank's judgment, such requirements do not materially deviate from what would otherwise be required under the ESP and ESSs.

(b) To the extent the Client does not control or have influence over the Associated Facilities, identify in the environmental and social assessment the environmental and social risks and impacts the Associated Facilities may present to the Project, as well as potential mitigation measures that are within the Client's control. Demonstrate, to the Bank's satisfaction, the extent to which the Client does not exercise control or have influence over the Associated Facilities by providing details of the relevant considerations, which may include legal, regulatory, and institutional factors.

12. **Environmental and Social Management Plan (ESMP).** Once the Project's risks and impacts are identified and the mitigation hierarchy has been applied, establish the measures to mitigate, monitor and manage the impacts and reflect them in an ESMP (or other document) approved by the Bank.

12.1 Include in the ESMP the proposed:

- (a) Mitigation and management measures;
- (b) Environmental and social monitoring and reporting requirements, including any third-party monitoring and periodicity of monitoring reports;
- (c) Related institutional or organizational arrangements;

- (d) Provisions for information disclosure and consultation during Project preparation and implementation;
 - (e) Provisions for the Project's GRM, as well as a description of the Project-affected People's Mechanism (**PPM**) or other Bank-approved independent accountability mechanism (**IAM**) and how it can be accessed;
 - (f) Community health and safety measures applicable to the Project;
 - (g) Capacity development and training measures, including engagement of any environmental and social experts required for the purpose;
 - (h) Implementation schedule and cost estimates, including environmental and social mitigation and monitoring costs, which are integrated into the Project's overall schedule and budget; and
 - (i) Performance indicators, including as appropriate, disaggregation by gender.
- 12.2 Include as attachments in the ESMP, when applicable, a land acquisition and resettlement plan/land acquisition plan/resettlement plan (**LARP/LAP/RP**) in accordance with ESS 2 and an Indigenous Peoples plan (**IPP**) in accordance with ESS 3.
- 12.3 Key considerations for ESMP preparation include mitigation of potentially adverse impacts to acceptable levels, and the polluter pays principle. Such plan may take a variety of forms, as determined by the Bank.
- 12.4 Address in the ESMP the need to be responsive to changed circumstances, unforeseen events and the results of Project implementation monitoring.

13. **Adaptive Management.** In the case of Project changes, use adaptive management measures. Set out the adaptive management process in the ESMP, specifying how such changes or circumstances are to be managed and reported. In such case, prepare and provide to the Bank for approval and then implement the approved adaptive management measures to address proposed Project changes or unforeseen circumstances. If there are material changes to the scope, design, implementation or operation of the Project that are likely to result in additional environmental or social risks or impacts, carry out an additional assessment of such changes and stakeholder engagement in accordance with the ESP and applicable ESSs, provide to the Bank for approval mitigation measures, as appropriate, in accordance with the findings of such assessments and consultation, and then implement the approved mitigation measures. Disclose the Project changes and mitigation measures in accordance with the applicable provisions below of *Sections 19, Overview of Environmental and Social Information Disclosure through 22, Language and Location of Information Disclosed* of this ESS 1.

14. **Environmental and Social Management Planning Framework.** If (a) the Project consists of a program or series of activities whose details are not yet identified at the time the Project is approved by the Bank or (b) in exceptional circumstances, duly justified by the Client, the Bank determines that the environmental and social assessment of identified Project activities may be conducted using a phased approach, as described in *Section VI, Environmental and Social Assessment by the Client, Section E, Special Circumstances*, in the ESP, prepare an environmental and social management planning framework (**ESMPF**), or an

environmental and social action plan (**ESAP**, see below, *Section 15, Environmental and Social Action Plan*) or other Bank-approved document. The purpose of the ESMPF is to enable the Client to assess and implement the activities covered in conformity with the ESP and applicable ESSs.

14.1 Set out in the ESMPF:

- (a) A description of the principles, rules, guidelines and procedures proposed to be followed to assess and address: (i) environmental and social risks and impacts of the activities; (ii) any Involuntary Resettlement⁴ that is likely to result from such activities; and (iii) any impacts on Indigenous Peoples⁵ that are likely to result from such activities;
- (b) An explanation of the anticipated environmental and social risks and impacts;
- (c) Screening and assessment activities;
- (d) Provisions for disclosure of and consultation on the ESMPF, and, as applicable, the land acquisition and resettlement planning framework/land acquisition planning framework/resettlement planning framework (**LARPF/LAPF/RPF**) and Indigenous Peoples planning framework (**IPPF**);
- (e) Provisions for the Project's GRMs, as well as a description of the PPM or other Bank-approved IAM and how they can be accessed;
- (f) Community health and safety measures applicable to the Project;
- (g) Implementation and monitoring requirements;
- (h) Provisions for estimating and budgeting the costs of implementing any required measures and plans and determining the schedule for implementation of these measures and plans; and
- (i) Roles and responsibilities of the agency or agencies involved.

14.2 Include as attachments in the ESMPF, when applicable, a LARPF/LAPF/RPF in accordance with ESS 2 and an IPPF in accordance with ESS 3. Prepare the ESMPs and any other required environmental and social assessment documents during development of the activities, in conformity with the ESP and applicable ESSs and the ESMPF approved by the Bank. As activities are identified and appraised, refrain from initiating their implementation: (a) unless and until any required ESMP, LARP/LAP/RP or IPP has been prepared and approved by the Bank and all actions required prior to commencement of this implementation have been taken; or (b) unless the Bank has approved the initiation of such implementation in situations of urgent need of assistance under *Section VI Environmental and Social Assessment by the Client, Section E, Special Circumstances* of the ESP, and then implement only those actions that have been so approved.

15. Environmental and Social Action Plan. To the extent actions to address gaps are necessary for the Client's system to be materially consistent with the objectives of the ESP

⁴ For a definition of Involuntary Resettlement, see ESS 2.

⁵ For a definition of Indigenous Peoples, see ESS 3.

and relevant ESSs, it prepares (or requires the beneficiary under a financial intermediary (**FI**) Project, as applicable, to prepare) an ESAP setting out: (a) commitments to implement corrective actions to address these gaps in accordance with an appropriate time-bound action plan, in conformity with the ESP, Environmental and Social Exclusion List (**ESEL**) and applicable ESSs; (b) estimates of the resources required; and (c) responsibilities for implementation of the actions. If required by the Bank under an FI Project, the FI prepares an ESAP to be agreed with the beneficiaries, in order to mitigate identified risks and impacts within their operations in accordance with the applicable environmental and social requirements.

16. Environmental and Social Management System. If the Project is categorized as Category FI, develop and apply an appropriate environmental and social management system (**ESMS**) and related environmental and social requirements for the Project, which are approved by the Bank and are proportional to the environmental and social risks of the Project, are consistent with the ESP, exclude from Bank support any activities or items covered in the ESEL and incorporate applicable provisions of the ESSs. The ESMS and related requirements provide for:

- 16.1 Screening of each Bank-supported activity⁶ against the ESEL and review and categorization of each such activity as Category A, B, C or FI or other similar risk categorization materially consistent with the ESP and acceptable to the Bank;
- 16.2 Assessment and implementation of all: (a) such activities in accordance with applicable national laws and consistent with the ESP; and (b) Bank-supported activities presenting higher environmental and social risks (Higher Risk Activities)⁷ in accordance with the applicable ESSs;
- 16.3 Preparation and disclosure of and stakeholder engagement on environmental and social documentation for Bank-supported activities, as required under *Sections 19, Overview of Environmental and Social Information Disclosure, through 22, Language and Location of Information Disclosed*, of this ESS 1;
- 16.4 Monitoring and reporting to the Bank on the environmental and social performance of Bank-supported activities;
- 16.5 Measures approved by the Bank to address environmental and social implementation issues under Bank-supported activities; and
- 16.6 Information at the activity level about the availability of the PPM.

⁶ For purposes of this ESS 1, the term activity is used generically in the context of FI Projects to refer to a specific subset of tangible activities under the Project that is supported entirely or in part under a Bank financing, either directly by the FI or indirectly through another FI. The term may, in particular cases, also include investments made for general non-earmarked corporate purposes, such as for liquidity needs.

⁷ For purposes of this ESS 1, Higher Risk Activities include the following activities financed by the Bank through the FI: (a) all Category A activities; and (b) selected Category B activities, as determined by the Bank, that may potentially result in: (i) Land Acquisition and Involuntary Resettlement (as defined in ESS 2); (ii) risk of adverse impacts on Indigenous Peoples and/or vulnerable groups; (iii) significant risks to or impacts on the environment, community health and safety, biodiversity, and cultural resources; (iv) significant retrenchment of more than 20 percent of direct employees and recurrent contractors; and/or (v) significant occupational health and safety risks.

17. An ESMS may also be appropriate for a Project that is not categorized as FI (see ESP, *Section 40.4*) or where a phased approach under *Section 54, Use of a Phased Approach*, of the ESP has been adopted for the Project.

18. **Additional Considerations for the ESMS for an FI Project.** The ESMS and related environmental and social requirements apply to activities within the defined scope of the Project that are supported by the Bank's financing, which could be an identified subset of activities under or component of the Project. If the Bank's funds under an FI Project are to be on-lent to or invested in subfunds, and the Bank is a minority financier (i.e., less than 5 percent of the subfund), it requires the Client to maintain an ESMS for the subfund that is broadly equivalent to the ESMS requirements above in *Section 16, Environmental and Social Management System*.

19. **Overview of Environmental and Social Information Disclosure.** Make available the information listed below in *Sections 20, Environmental and Social Information Disclosed*, and *21, Environmental and Social Information Disclosed under FI Projects*, about the environmental and social risks and impacts in the Project area during preparation and implementation. Do so in a timely, accessible, gender sensitive and inclusive and culturally appropriate manner and location, and in a form and language(s) understandable to the Project-affected people, other relevant stakeholders who may have specific needs (related to disability, literacy and/or language). The objective is to provide these stakeholders with an opportunity to broadly identify and address the Project's environmental and social risks and impacts, including those involving Involuntary Resettlement, Indigenous Peoples and community health and safety aspects, so they can provide meaningful inputs into the design and implementation of the Project.

20. **Environmental and Social Information Disclosed.** As early as feasible, disclose the following environmental and social information.

- 20.1 **Draft Environmental and Social Documentation.** Disclose the draft environmental and social assessment reports and the documents required to complement these reports (including the ESIA, ESMP, ESMPF, LARP/LAP/RP, RPF/LARPF/LAPF, IPP, IPPF, and/or other Bank-approved form of environmental and social documentation).⁸
- 20.2 **Information on GRM and IAM.** Disclose information regarding the Project-level GRM and applicable IAM.
- 20.3 **Final Environmental and Social Documentation.** Disclose final versions of the above reports, documents and information, and any updates to them.
- 20.4 **Environmental and Social Documentation Disclosed pursuant to Environmental and Social Frameworks.** Disclose environmental and social documentation required to be prepared during Project implementation under any ESMPF, LARPF/LAPF/RPF, IPPF (e.g., ESMP, LARP/LAP/RP, IPP or other Bank-approved form of environmental and social documentation).

⁸ See Table of Acronyms for definitions. Once the Client has disclosed these drafts, the timing of the Bank's disclosure of these same drafts is governed by the main text of the ESP in *Section 67.2, Environmental and Social Information Disclosure Deadlines* and *Section 68, Deferral of Disclosure*.

- 20.5 **Material Changes to Environmental and Social Information.** Disclose any material changes to the disclosed environmental or social information for the Project.
- 20.6 **Environmental and Social Monitoring Reports.** Disclose any environmental and social monitoring reports required to be prepared by the Client under the above documentation.
- 20.7 **Bank Signage at Project Site.** In addition, if the Project involves a large infrastructure investment financed directly by the Bank, and if required by the Bank, post appropriate Bank-approved signage at the Project site that is clearly visible and understandable to Project-affected communities and other relevant stakeholders, noting that the Project is being financed by the Bank.
21. **Environmental and Social Information Disclosed under FI Projects.** In the case of an FI Project, disclose environmental and social information as follows:
- 21.1 **FI Policy Overview.** Disclose an overview of the FI's environmental and social policy and of the ESMS, including information on the IAM applicable to the Project and activities.
- 21.2 **Private Equity Funds.** In the case of an FI project involving a private equity fund, disclose the name, location and sector of the Client's portfolio companies supported by the Bank's financing within 12 months following financial closure of the investment.
- 21.3 **Higher Risk Activity Environmental and Social Documentation.**
- (a) For each Category A activity supported by the Bank under an FI Project, disclose the draft environmental and social assessment reports and documents referred to above in *Section 20.1, Draft Environmental and Social Documentation*, at least sixty (60) calendar days prior to final approval of the activity for inclusion in the Project. The Bank's Management may decide, based on the specific nature and scope of the FI project and the environmental and social risks and impacts of the activity, that a longer or a shorter disclosure period is appropriate.
- (b) Disclose annual environmental and social documentation for all other Higher Risk Activities financed by the Bank under the Project during the preceding 12 months, unless such disclosure is subject to regulatory constraints, market sensitivities or consent of the sponsor, in which case, disclose the reasons for nondisclosure.
- 21.4 The ESMS is normally not disclosed.
22. **Language and Location of Environmental and Social Information Disclosed.** Disclose the environmental and social documentation: (a) in English, together with summaries incorporating elements of this documentation that are relevant to stakeholders, including the Project-affected people, in language(s) understandable to them; and (b) on the Client's website, with the summaries also disclosed in an accessible manner in the Project area.

23. Meaningful Consultation.

- 23.1 Carry out meaningful consultation with Project-affected people and other stakeholders and facilitate their informed participation in the consultations.
- 23.2 Meaningful consultation is an interactive process to provide information and facilitate informed decision-making that: (a) begins early in the preparation stage of the Project to provide accurate information on the proposed Project, minimize misinformation and unsupported expectations, and obtain initial views on the Project; (b) is carried out on an ongoing basis throughout the implementation and life cycle of the Project; (c) is designed so that all relevant parties have a voice in consultation, including national and subnational governments, the private sector, nongovernmental organizations and people affected by the Project, including, as applicable, Indigenous Peoples; (d) provides additional support as needed so that women, elderly, young, disabled, minorities and other vulnerable groups participate; (e) provides timely disclosure of relevant and adequate information, including availability of the Project's GRMs and of the PPM or other Bank-approved IAM, which is understandable and readily accessible to the people affected by the Project and other relevant stakeholders; (f) is undertaken in an atmosphere free of intimidation or coercion; (g) is gender sensitive, inclusive, accessible, responsive and tailored to the needs of vulnerable groups; and (h) enables the consideration of relevant views of people affected by the Project and other concerned stakeholders in decision-making.
- 23.3 Continue consultation with Project-affected people throughout Project implementation as necessary on issues related to environmental and social performance and implementation of the Project-level GRM.

24. Project-level Grievance Redress Mechanisms.

- 24.1 Establish a suitable Project-level GRM as early as feasible, to receive and facilitate resolution of the concerns of people who believe they have been adversely affected by the Project's environmental and social impacts and inform Project-affected people of its availability.
- 24.2 Scale the GRM to the risks and impacts of the Project, and develop it in such a manner that it does not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration or mediation procedures. The GRM may utilize existing formal or informal complaint-handling mechanisms, provided that they are properly designed and implemented, and deemed by the Bank to be suitable for the Project; these may be supplemented, as needed, with Project-specific arrangements.
- 24.3 Design the GRM to address promptly Project-affected people's concerns and complaints under the Project, including gender-related concerns and complaints related to GBV, using an understandable and transparent process that is gender sensitive, culturally appropriate and readily accessible to all Project-affected people.

- 24.4 Include provisions so that the concerns of the Project-affected people are brought to the attention of the GRM, and the GRM records, responds to, and resolves or escalates these concerns in a timely manner.
- 24.5 Include provisions to: (a) protect complainants from retaliation, grant them confidentiality and enable them to remain anonymous, if requested; and (b) protect those who defend the rights of complainants to make such complaints. Information on the availability of the PPM is provided in an accessible and understandable manner in locally appropriate language(s), including on the Client's (or beneficiary's) Project-related website.
- 24.6 Make the Project-level GRM operational at latest by the time implementation of the relevant Project activities commences and for the duration of the Project.
- 24.7 Make provisions for the maintenance of a publicly accessible case register and reports on grievance redress and outcomes to be disclosed in the manner set out above in *Section 20, Environmental and Social Information Disclosed*, of this ESS 1.
25. For **FI Projects**, establish: (a) a mechanism to address concerns of relevant Project stakeholders related to the FI's ESMS implementation; and (b) a requirement that a GRM be established for Bank-supported activities as described above in this *Section* and *Sections 24, Project-level Grievance Redress Mechanisms* and *58, Labor Management Relationships*, of this ESS 1.
26. **Implementation and Monitoring.** (a) Implement the Project in accordance with the ESMPF and ESMP (as applicable) or other Bank-approved environmental and social instrument, and any other environmental and social obligations in the Legal Agreements for the Project; (b) monitor progress on implementation of these instruments and obligations; (c) identify and implement necessary corrective actions; (d) document monitoring results and corrective actions taken; (e) prepare and furnish to the Bank periodic monitoring reports according to a time frame agreed with the Bank (but not less than annually) on the Client's environmental and social performance under the Project; and (f) disclose the monitoring reports in accordance with the applicable provisions above of *Sections 19 through 21*, of this ESS 1.
27. **Environmental and Social Exclusion List (ESEL).** Refrain from including in the Project any activity or item listed in the ESEL.

C. Environmental Coverage

28. **Environmental Risks and Impacts.** Undertake a broad assessment of potential environmental risks and impacts, both positive and adverse, associated with the Project. This includes direct and indirect impacts on the physical and biological environment, recognizing they are closely linked with social and economic conditions.
29. **Biodiversity Consideration.** Consider direct, indirect, and cumulative Project-related impacts on biodiversity and ecosystem services, for example, habitat loss, interference with migratory routes or wildlife movement, degradation and fragmentation, invasive species, overexploitation, hydrological changes, nutrient loading, pollution and incidental take, as well

as projected climate change impacts. Also take into account the differing values attached to biodiversity by affected communities and other relevant stakeholders.

30. Biodiversity Impacts.

- 30.1 Avoid adverse Project impacts on biodiversity. When avoidance of adverse impacts is not feasible, implement measures to minimize adverse impacts and restore biodiversity, including, as a last resort, biodiversity offsets.
- 30.2 Biodiversity offsets are to be designed and implemented to achieve outcomes that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity. In critical habitats, a net gain is required.
- 30.3 When applicable, consider risks associated with climate change impacts on biodiversity and ecosystems throughout the Project's design, implementation and operation, and include any measures needed for climate adaptation in the ESMP.
- 30.4 Use suitably qualified and experienced biodiversity experts to conduct the environmental and social assessment, to assist in the development of a mitigation hierarchy and to verify the implementation of mitigation measures.
- 30.5 Address biodiversity as an element of the ESMP or ESMPF (or both, as applicable). In the case of critical habitats meeting the requirements below of *Section 31, Critical Habitats*, or other complex situations, prepare as appropriate, a biodiversity management plan, which may be included in the ESMP or ESMPF or be self-standing.

31. Critical Habitats. Project activities in areas of critical habitats are prohibited, unless all of the following are demonstrated:

- 31.1 There are no predicted measurable adverse impacts on the critical habitat that could compromise its ability to function;
- 31.2 There is no predicted reduction in the population of any recognized endangered or critically endangered species;
- 31.3 The Project will not involve significant conversion or degradation of critical habitats; and
- 31.4 Any impacts are mitigated.

32. If the Project is located within a legally protected area, implement additional programs to promote and enhance the conservation objectives of the protected area. Take all measures required so that the Project also complies with any applicable national laws and regulations.

33. Natural Habitats. If the Project must be implemented in an area of natural habitats, refrain from any activity that would result in significant conversion or degradation, and if feasible alternatives are not available, take all measures required so that: (a) the Project's overall benefits substantially outweigh the environmental costs; and (b) any conversion or degradation is appropriately mitigated through measures acceptable to the Bank. Apply these criteria when proposed actions under the Project could potentially cause deforestation or conversion of natural forests. Modified habitats of significant conservation value are identified and assessed in the same manner.

34. **Protected Areas.** Where the Project occurs within or has the potential to adversely affect an area that is legally protected or internationally recognized or designated for protection, identify and assess these potentially adverse impacts and apply the mitigation hierarchy so as to avoid, or when avoidance is not feasible, to mitigate those adverse impacts that would compromise the integrity, conservation objectives or biodiversity importance of the area. Take all measures required so that the Project also complies with any applicable national laws and regulations relating to protected areas.

35. **Ecosystem Services.** Where a Project is likely to adversely affect ecosystem services, conduct a systematic review to identify and assess priority ecosystem services (including the use of and dependence on these services by Project-affected communities and the Project's dependence on these services). Consult with Project-affected communities when their use of these services is likely to be affected. Avoid adverse impacts on priority ecosystem services of relevance to Project-affected communities. If these impacts are unavoidable, mitigate them so as to maintain the value and functionality of priority services. Minimize impacts on priority ecosystem services on which the Project depends, and implement measures that increase resource efficiency of their operations.

36. **Sustainability of Land and Water Use.** Assess the sustainability of land and water use in the area of the Project and in immediately adjacent areas. Review risks to and impacts on the quantity, quality and ecology of surface and groundwater resources, including the use of environmental flow studies as appropriate. Include examination of risks to and impacts on coastal and marine resources, where relevant. Examine risks of desertification, where relevant. Where feasible, locate the Project, particularly if it involves land clearing, on land that is already converted or highly degraded, provided that any resulting Involuntary Resettlement is limited and meets the requirements for an abbreviated LARP/LAP/RP, as provided for in ESS 2. Consider co-locating infrastructure investments such as pipelines, transmission lines and roads, when feasible, to minimize land requirements.

37. **Precautionary Approach.** Use a precautionary approach to anticipate, prevent or minimize adverse Project impacts on the environment, including the development and management of renewable natural resources. Where there is a significant risk of adverse impacts, promptly adopt measures to avoid or minimize such impacts even if full scientific certainty regarding the optimal measures is lacking.

38. **Pollution Prevention.** Apply pollution prevention and control technologies and practices under the Project consistent with international good practice, as reflected in internationally recognized standards, such as the World Bank Group Environmental, Health and Safety Guidelines (EHSGs).⁹ Adopt clean production processes and good energy efficiency practices. Avoid pollution, or when avoidance is not feasible, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gas emissions. Minimize and manage waste generation, including through waste reduction and recycling, and release of hazardous materials from production, transportation, handling and storage. Avoid the use of hazardous materials subject to international bans or phase outs. Purchase, use and manage pesticides based on integrated pest management and integrated vector management approaches, and reduce reliance on synthetic chemical pesticides. Where historical pollution such as land or groundwater contamination exists, the Client will seek to determine whether it is responsible for mitigation measures. If it is

⁹ <http://www.ifc.org/ehsguidelines>

determined that the Client is legally responsible, these liabilities are to be resolved in accordance with applicable national law and, as appropriate, with good international practice.

39. **Resource Efficiency.** Implement technically and financially feasible measures under the Project for improving efficiency in consumption of energy and water, as well as other resources and material inputs. Integrate the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy and water. Include measures to minimize and recycle domestic waste. Make use of recycled construction waste and other alternatives to new materials where feasible under the Project.

40. **Climate Change.** Assess the proposed Project¹⁰ with respect to climate change mitigation and adaptation.

40.1 Assess the impacts of the Project on climate change (i.e., GHG emissions), and design and implement the Project so as to minimize emissions in accordance with the aims of the Paris Agreement of December 2015, including the Member's nationally determined contributions (**NDC**).¹¹ Identify opportunities for the use of low-carbon technologies where applicable, and for reducing emissions, and promoting energy efficiency and the use of renewable energy, where these are technically and financially feasible.

40.2 Assess the risks induced by climate change on the Project, and design and implement the Project so as to minimize the Project's vulnerability and increase its resilience to the adverse impacts of climate change.

41. **Greenhouse Gases.** Assess alternatives under the Project, and implement technically and financially feasible and cost-effective options that support Clients in meeting their NDC. In order to support reporting on greenhouse gas (**GHG**) emissions for implementation of the Paris Agreement, the Bank may, at the Client's request, finance measures for the Client to quantify and report to national authorities, in accordance with internationally recognized methodologies and good practice, direct and indirect emissions from Project-related facilities. Develop an estimation of GHG emissions under the Project, as needed with Bank support in cases where the Client lacks the necessary capacity to do so.

42. **Quantification of and Reporting on Greenhouse Gases.**

42.1 The following GHG accounting assessment requirements will be implemented on a phased basis in a manner to be determined by the Bank's Management, starting with energy sector Projects.

42.2 If the Bank determines that the Project is expected to produce or currently produces significant levels of GHG emissions annually,¹² that an accounting of such emissions is feasible and that the Client has the capacity to do such accounting, the Client conducts an ex-ante GHG accounting assessment for the Project before its approval (i.e., gross emissions), based on internationally

¹⁰ Provisions on climate change that apply to the Bank's direct financing also apply to Higher Risk Activities under FIs.

¹¹ Nationally determined contributions means those contributions referred to as "nationally determined contributions," and as found on the [UNFCCC website](#).

¹² The quantification of emissions should consider all significant sources of GHGs, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆).

recognized methodologies and good practice acceptable to the Bank. The Client reports to the Bank on the results of these assessments. The Bank discloses gross emissions following consultation with the Client.

- 42.3 If the Project is not expected to produce or does not currently produce significant levels of GHG emissions annually, the Client is not required to conduct an assessment of or report on the Project's GHG emissions.

D. Social Coverage

43. **Social Risks and Impacts.** Undertake a broad assessment of potential social and economic risks and impacts, both positive and adverse, associated with the Project, not limited to Involuntary Resettlement or impacts on Indigenous Peoples. This includes direct and indirect impacts, where relevant, at the community and household level and gender-specific opportunities, risks and impacts, recognizing that these risks and impacts are closely linked with physical and biological conditions. Conduct enhanced assessment where adverse social and economic risks, including discrimination, are significant.

44. **Scope of Social Coverage.** Provide in the assessment an overview of the full range of social risks and impacts, as described below, and identify measures for their avoidance or mitigation. If Involuntary Resettlement would occur under the Project, describe this in the assessment and complement it with the preparation of a LARPF/LAPF/RPF or LARP/LAP/RP as required by ESS 2. If Indigenous Peoples are present in, or have a collective attachment to, the proposed area of the Project and are likely to be affected by the Project, describe this in the assessment and complement it with the preparation of an IPPF or IPP as required by ESS 3.

45. **Vulnerable Groups and Discrimination.** Assess social risks and impacts that affect vulnerable groups or individuals, and any discrimination toward groups or individuals in providing access to development resources and Project benefits, particularly toward vulnerable groups. As necessary, incorporate measures to mitigate any such discrimination. The objective of nondiscrimination is to enable access of affected people to the benefits of Projects financed by the Bank so that they do not suffer disproportionately from adverse Project impacts. Vulnerable groups or individuals refers to people who, by virtue of factors beyond their control: (a) are more likely to be adversely affected by the Project's environmental and social impacts; and (b) are more likely than others to be limited in their ability to claim or take advantage of Project benefits. Such an individual or group is also more likely to be excluded from or unable to participate fully in the mainstream consultation process and may require specific measures or assistance (or both) to do so.

46. **Gender.** Identify any potentially adverse gender-specific risks and impacts of the Project that have a disproportionate impact on one gender compared to another, consider how the Project's risks and impacts may increase such gender-specific risks and impacts and develop mitigation measures to reduce these. Collect, at an appropriate level of detail, and use gender-disaggregated baseline data and analysis, and consider enhancing the design of the Project to promote equality of opportunity and women's socioeconomic empowerment, particularly with respect to access to finance, services and employment. During implementation, collect gender-disaggregated data for monitoring and evaluation purposes at an appropriate level of detail.

47. **Gender-based Violence.** Manage risks of Project-related GBV to Project-affected persons and communities, and Project workers. Take measures to address any form of GBV and harassment, bullying, intimidation, and/or exploitation under the Project, and adopt specific measures to avoid or mitigate these risks, including providing for confidential, culturally appropriate channels for reporting incidents and providing support to GBV survivors.

48. **Land and Natural Resource Access.** Assess: (a) economic and social risks and impacts relating to the involuntary taking of land or restriction on access to natural resources under the Project;¹³ (b) risks or impacts associated with land and natural resource tenure and use, including (as relevant) potential Project impacts on local land use patterns and tenure arrangements, land access and availability, food security and land values; and (c) any corresponding risks related to conflict or contestation over land and natural resources. Take gender into account regarding land ownership and customary rights to natural resources. Review potential risks and impacts to Indigenous Peoples and forest peoples.¹⁴

49. **Loss of Access to Assets or Resources or Restrictions on Land Use.** If adverse environmental, social or economic impacts from Project activities involving loss of access to assets or resources or restrictions on land use that do not fall within the definition of Involuntary Resettlement under ESS 2 are identified, such impacts are avoided, or when avoidance is not feasible, they are at least minimized, mitigated, or compensated for, through the environmental and social assessment. If these impacts are found to be significantly adverse at any stage of the Project, develop and implement a management plan to restore the livelihoods of the affected persons to at least pre-Project level or better.

50. **Cultural Resources.** Conserve and avoid impacts on cultural resources under the Project. Review available documentation on these resources and conduct field-based surveys using suitably qualified and experienced experts for the assessment. Address cultural resources as an element of the ESMP or ESMPF (or both, as applicable). When avoidance of impacts on cultural resources is not feasible, prepare a cultural resources management plan to mitigate and monitor these impacts. This plan may be included in the ESMP or ESMPF or be self-standing. Provide for the use of “chance find” procedures, which include a pre-approved management and conservation approach for cultural resources that may be discovered during site preparation or implementation of the Project. Determine, in consultation with the Bank, if disclosure of information regarding cultural resources would compromise or jeopardize the safety or integrity of the cultural resources. In such cases, sensitive information may be omitted from public disclosure. Cultural resources include 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, as well as graveyards and individual grave sites. Cultural resources may be located in urban or rural settings, and may be above or below ground or under water. Their cultural interest may be at the local, provincial or national level, or within the international community.

¹³ See also ESS 2 for additional requirements relating to Land Acquisition and Involuntary Resettlement.

¹⁴ Forest peoples refers to local communities living in forests and depending on forest resources for their livelihoods.

E. Health and Safety

51. **Health and Safety of Workers and Communities.** Assess health and safety risks to Project workers¹⁵ and Project-affected communities. For such workers and communities, put in place measures to prevent accidents, injuries and disease (including as appropriate, measures to avoid or minimize exposure to communicable and noncommunicable diseases, including pandemics) associated with the Project. Apply the relevant health and safety provisions of internationally recognized standards, such as the World Bank Group EHSGs and, as appropriate, industry-specific EHSGs, to the Project. Document and report on accidents, diseases and incidents. Put in place, and provide relevant information and training to Project workers and affected communities on, preventive and emergency preparedness and response measures to avoid, or where avoidance is not feasible, to minimize adverse risks and impacts of the Project on their health and safety. (See also above, *Section 47, Gender-based Violence*, which includes requirements to address risks of Project-related GBV to Project-affected persons and communities and Project workers.)

52. **Occupational Health and Safety.** In addition to the above general provisions, implement the following measures designed to provide Project workers with safe and healthy working conditions: (a) provide personal protective equipment at no cost to Project workers; (b) provide Project workers with facilities appropriate to their work (e.g., hygiene, rest, eating facilities); (c) where accommodation services are provided, provide adequate accommodations for Project workers, including separate and safe accommodations for female workers; (d) put in place workplace processes for Project workers to: (i) report work situations that they believe are not safe or healthy; and (ii) remove themselves from situations which they have reasonable justification to believe present a danger to their life or health; and (e) put in place a system for regular review of occupational health and safety performance and the working environment. The Client may, at its option, apply the relevant International Labour Organization's Labor Standards relating to occupational health and safety, consistent with the requirements of this *Section*.¹⁶

53. **Labor Influx.** Assess and appropriately manage the risks of adverse impacts on communities that may result from temporary Project-induced labor influx. If such risks are likely to exist, apply the following principles to be implemented by the Client: (a) seek to avoid or minimize the labor influx by tapping into the local workforce whenever feasible; and (b) assess and manage labor influx risk (including risk of disease transmission or of GBV or sexual exploitation and abuse (SEA)) based on appropriate instruments, depending on the risk factors and their level. This may call for broad requirements in the ESMP if the risks are low, or more specialized instruments, such as a site-specific labor influx management plan, a workers' camp management plan, or other instruments with similar purpose, if the risks are high.

54. **Building Safety.** Where the Project includes new buildings and structures that will be accessed by members of the public, consider the incremental risks of the public's potential exposure to operational accidents or natural hazards, including extreme weather events.

¹⁵ For the purpose of this ESS, Project workers include: (a) persons engaged directly by the Client (whether full-time, part-time, temporary, seasonal or migrant), to work specifically on the Project; and (b) personnel of contractors engaged by the Client to work on the Project and of subcontractors hired by these contractors to work on the Project. The term does not apply to any other workers of the Client or other entities.

¹⁶ <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/lang-en/index.htm>

Where technically and financially feasible, apply the principles of universal access¹⁷ to the design and construction of such new buildings and structures.

55. **Traffic and Road Safety.** Identify, evaluate and monitor traffic¹⁸ and road safety risks to Project workers and affected communities throughout the Project life cycle, develop measures and plans to address them, and incorporate technically and financially feasible road safety components into Project design, where applicable, to prevent and mitigate potential road safety impacts on the affected communities. If the Project involves operating construction and other moving equipment on public roads or if the use of Project equipment could have an impact on public roads or other public infrastructure, implement measures to avoid the occurrence of incidents and injuries associated with the operation of such equipment, whether to workers or the public. Where appropriate, undertake a road safety audit and implement measures to address identified risks and impacts. Provide appropriate training to Project workers on driver and vehicle safety, and regularly maintain all Project vehicles (owned or leased).

56. **Security Personnel.** When Project workers are assigned to provide security to safeguard the Client's personnel and property (Project security workers), assess risks posed by these security arrangements to persons within and outside the Project site. In making such arrangements, apply the principles of proportionality and good international practice, and comply with applicable law relating to hiring, rules of conduct, training, equipping, and monitoring of Project security workers. Implement measures designed to limit the security actions of Project security workers exclusively to preventive and defensive purposes, in proportion to the nature and extent of the threat. Require such security workers to take reasonable steps to avoid the use of force. If force is used, it must be in a manner consistent with applicable law, proportionate to the threat and appropriate to the situation. Where the Client engages such security workers, provide appropriate training on these matters, including on risks relating to GBV. The Client discloses security arrangements for the Client's facilities to the public, subject to overriding security concerns.

57. Make reasonable inquiries so that any security workers who have been implicated in past abuses are excluded from the Project. Train Project security workers so that they conduct their security actions appropriately, and conduct themselves toward Project workers and affected communities appropriately; and require them to act within the applicable law. Review all allegations of unlawful or abusive acts by Project security workers, take appropriate action to prevent recurrence and where necessary, report unlawful acts to the relevant authorities.

F. Labor and Working Conditions

58. **Labor Management Relationships.** Provide a sound labor management relations system for Project workers, which includes the following, consistent with relevant national law:

- 58.1 Clear and understandable written terms of employment made available to Project workers in an accessible manner at the time of hiring and when any changes are made to the terms;
- 58.2 Timely payment for Project work;

¹⁷ Universal access means unimpeded access for people of all ages and abilities in different situations and under various circumstances.

¹⁸ Traffic includes all motorized transportation relevant to the Project.

- 58.3 Adequate periods of rest;
 - 58.4 Timely written notice of termination of the working relationship;
 - 58.5 Employment based on the principles of equal opportunity, fair treatment and nondiscrimination with respect to any aspect of the employment relationship;
 - 58.6 Compliance with national law relating to workers' organizations and collective bargaining;
 - 58.7 An accessible, understandable and transparent GRM for raising Project workplace concerns, including gender-related concerns, that: (a) does not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration or mediation procedures, or substitute for grievance mechanisms provided through workers unions or collective agreements; (b) involves an appropriate level of management and addresses concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retaliation; (c) is proportional to the nature and scale and the potential risks and impacts of the Project; and (d) allows for confidential complaints to be raised and addressed, including GBV-related complaints; and (e) provides measures to protect against retaliation; and
 - 58.8 A suitable system designed to inform Project workers of the GRM at the time of hiring, and which is made easily accessible to them.
59. Reflect the above requirements, as applicable, in the procurement documentation for the Project.
60. **Civil Servants.** Where government civil servants are working in connection with the Project (whether full-time or part-time) and they remain subject to the terms and conditions of their existing public sector employment agreement and related national laws applicable to the civil service, the provisions of *Section 58, Labor Management Relationships* above do not apply to them.
61. **Child Labor and Forced Labor.**
- 61.1 **Child Labor.** In order to protect children from jeopardy to their health, safety and morals, take all measures required so that children under the age of 18 are not employed for work under the Project. However, if the laws or regulations of the Member in whose territory the Project is located provide, in conformity with the International Labour Organization's Minimum Age Convention, 1973, that children at least 16 years of age may be employed for such work on condition that their health, safety and morals are fully protected and that they have received adequate specific instruction or vocational training in the relevant branch of activity, such children may be employed, but only in conformity with these laws and regulations. In such cases of employment of children under the age of 18 under the Project, conduct an appropriate risk assessment, together with regular monitoring, of their health, safety, working conditions and hours of work.
 - 61.2 **Forced Labor.** Take all measures required in connection with the Project so that no work or service not voluntarily performed is exacted from an individual under threat of force or penalty (including any kind of forced or compulsory labor, such

as indentured labor, bonded labor or similar labor-contracting arrangements, or labor by trafficked persons). Assess the risks of forced labor under the Project, and if applicable, include measures in the ESMP (or other Bank-approved document) to address such risks in accordance with this *Section*.

- 61.3 If cases of child labor or forced labor are identified, take immediate steps to correct them, to prevent similar occurrences in the future, and to facilitate the rehabilitation of victims.

G. Safety of Dams

62. **Introduction.** The following *Sections* address additional technical considerations that require attention when a Project involves a dam.

63. **Dams Generally.** A Project may involve construction of a new dam (**New Dam**) or it may rely on an existing dam or dam under construction (**Existing Dam**). A dam includes, for example, a water storage dam for a hydropower, water supply, irrigation, flood control or multipurpose project, a tailings or a slimes dam or an ash impoundment dam. Different requirements apply to these dams, depending on the risks they present. If the Project involves a dam, the Bank requires the Client to implement the applicable measures described below.¹⁹

64. **New Dam.** (a) If the Project involves construction of a New Dam, engage qualified and experienced professionals for the design and construction of the dam, and require the owner of the dam to adopt and implement dam safety measures designed by qualified engineers in accordance with good international practice, during the design, tendering, construction, operation and maintenance of the dam and associated works. (b) In addition, if the New Dam meets the criteria specified below in *Section 65, Criteria for Higher Risk Dams*, of this ESS 1, implement the measures set out below in *Section 66, Measures for a New Higher Risk Dam* of this ESS 1.

65. **Criteria for Higher Risk Dams.** The risks associated with a dam are design- and situation-specific, and vary depending on structural components, socioeconomic factors and the environment within which the dam is being constructed and will operate. Consequently, implement the measures required, taking into account these considerations and in a manner proportional to the size, complexity and potential risk of the dam.²⁰ For a preliminary risk assessment, apply the following criteria: the dam is either: (a) 15 meters high or more, or between 5 and 15 meters high and impounding more than 3 million cubic meters (the height in either case is measured from the lowest foundation to crest) (**Large Dam**); or (b) of any size or retention capacity and: (i) could cause safety risks, such as 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 on populations, economic and environmental assets; or (ii) is expected to become a Large Dam during its operating life (a dam meeting the criteria above in either (a) or (b) is referred to as a **New Higher Risk Dam**).

¹⁹ If the Client is not the owner of the dam, the Client requires the owner to take these measures. If the Project is governed by a co-financier's policies that do not address dam safety, the dam safety measures applicable to the Project may need to be determined by the Bank on a case-by-case basis.

²⁰ If a dam does not meet the criteria of a New Higher Risk Dam, confirm, through the environmental and social assessment, that there will be no or negligible risk of significant adverse impacts due to potential failure of the dam structure to local communities and assets, including assets to be financed as part of the proposed Project.

66. Measures for a New Higher Risk Dam.**66.1 Panel.**

- (a) Appoint an independent panel of experts, with expertise in the various technical fields relevant to the safety aspects of the particular dam (**Panel**) and whose qualifications, experience and terms of reference are acceptable to the Bank. The number of the Panel's members should be proportional to the size, complexity and potential risk of the dam. The Panel: (i) conducts reviews of the investigation, design, and construction of the dam and the start of operations; (ii) advises the Client on matters relative to dam safety and other critical aspects of the dam, its associated structures, the catchment area, the area surrounding the reservoir and downstream areas; and (iii) as appropriate, advises on matters beyond dam safety that are related to the dam.
- (b) Arrange for periodic Panel meetings and reviews to start as early as possible during Project preparation and continue through the start-up phases of the dam, notifying the Bank in advance of each meeting and providing the Bank following each meeting with a written report on its conclusions and recommendations, signed by each participating Panel member.
- (c) The Client may disband the Panel after the filling of the reservoir and start-up of the dam, provided the Bank has reviewed the Panel's findings and recommendations and no significant difficulties are encountered in the filling and start-up of the dam.

66.2 Plans. Prepare and implement the following detailed plans, under terms of reference acceptable to the Bank and of such scope as the Bank requires:

- (a) A plan for construction supervision and quality assurance, to be furnished to the Bank during Project preparation;
- (b) An instrumentation plan, to be furnished to the Bank prior to tendering;
- (c) An operation and maintenance plan, to be furnished to the Bank during Project preparation and finalized at least three months prior to the start of the initial filling of the reservoir; and
- (d) An emergency preparedness plan, for which a broad framework and an estimate of funds needed for its preparation are to be furnished to the Bank during Project preparation. The plan itself is to be furnished to the Panel and Bank for review at least one year before the projected date of initial filling of the reservoir.

66.3 Prequalification of Contractors. Prequalify tenderers during procurement and tendering.**66.4 Periodic Safety Inspections.** Conduct periodic safety inspections of the dam after completion, and implement measures required to address safety deficiencies.**67. Measures for an Existing Dam.** If the Project relies on the performance of an Existing Dam within the territory of the Member where the Project is located, the Bank requires the Client to implement the following measures.

- 67.1 **Inspection and Evaluation.** Arrange for one or more independent dam specialists to: (a) inspect and evaluate the safety status of the Existing Dam, its associated structures 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 to an acceptable standard of safety.
- 67.2 The Client may use a previously prepared dam safety assessment or recommendations for improvements needed in an Existing Dam, if: (a) an effective dam safety program is already in operation; and (b) full-level inspections and dam safety assessments of the Existing Dam have already been conducted and documented and are satisfactory to the Bank.
- 67.3 **Additional Dam Safety Measures.** If the Existing Dam requires additional dam safety measures or remedial work, the Bank requires: (a) that the measures or work be designed and its construction supervised by competent professionals; and (b) the reports and plans required above for a New Higher Risk Dam under *Section 66.2, Plans*, of this ESS 1 be prepared and implemented.
- 67.4 **Significant and Complex Remedial Work.** If significant and complex remedial work is required, the Bank requires the Client to appoint a panel of independent experts on the same basis as for a New Higher Risk Dam under *Section 66.1, Panel*, above of this ESS 1.

Environmental and Social Standard 2: Land Acquisition and Involuntary Resettlement

I. Introduction, Objectives, Scope and Application

1. **Introduction.** This Environmental and Social Standard (**ESS**) 2 addresses impacts of Project-related land acquisition, including restrictions on land use and access to assets and natural resources, which may cause physical displacement (relocation, loss of land or shelter), and/or economic displacement (loss of land or assets, or restrictions on land use, assets and natural resources leading to loss of income sources or other means of livelihood), as more fully described below in *Section 6, Definition of Involuntary Resettlement*.

2. Involuntary resettlement (**Involuntary Resettlement**) refers to the impacts of both physical and economic displacement and the processes to mitigate and compensate them. Resettlement is considered involuntary when the Project-affected people do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of: (a) lawful expropriation or temporary or permanent restrictions on land use; and (b) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

3. Involuntary Resettlement, as defined in this ESS 2, may involve land acquisition without physical displacement. Consequently, the instruments used to address the requirements of this ESS 2 may be known by a variety of different names, such as a Land Acquisition and Resettlement Plan (**LARP**), Land Acquisition Plan (**LAP**) or Resettlement Plan (**RP**) (collectively, **LARP/LAP/RP**).

4. **Objectives.** The objectives of this ESS 2 are: (a) to avoid Involuntary Resettlement wherever feasible; (b) to minimize Involuntary Resettlement by exploring Project alternatives; (c) where avoidance of Involuntary Resettlement is not feasible, to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-Project levels and to provide resettlement assistance; (d) to understand and address gender-related risks and differential impacts of Involuntary Resettlement; (e) to improve the overall socioeconomic status of the displaced poor and other vulnerable groups; and (f) to conceive and implement resettlement activities as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in Project benefits.

5. **Scope and Application.** ESS 2 applies if the Project would or may involve Involuntary Resettlement (including Involuntary Resettlement of the past or foreseeable future that the Bank determines is directly linked to the Project).

6. **Definition of Involuntary Resettlement.** ESS 2 applies to physical and/or economic displacement under the Project, whether permanent or temporary, full or partial, resulting from the following types of land-related transactions and economic displacement not related to land:

- 6.1 Acquisition of or restriction on land rights or land use rights through expropriation or other compulsory procedures under national law;
- 6.2 Acquisition of land rights or land use rights 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;

- 6.3 Involuntary restrictions on land use and access to natural resources that cause Project-affected people or communities to lose access to resource use where they have traditional, customary or recognizable use rights;
 - 6.4 Certain Project situations requiring evictions of people occupying land without formal, traditional or recognizable use rights;
 - 6.5 Restrictions on access to land or use of other resources, including communal property and natural resources such as marine and aquatic resources, timber and nontimber forest products, freshwater resources, medicinal plants, hunting and gathering grounds, and grazing and cropping areas;
 - 6.6 Economic displacement resulting from permanent or temporary loss of access to formal or informal economic activities (e.g., small shops owners and informal vendors, among others);
 - 6.7 Restrictions on land use or on access to legally designated parks and protected areas;
 - 6.8 Displacement of people as a result of Project impacts that render their land unusable or inaccessible; or
 - 6.9 Land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation.
7. **Voluntary Land Transactions.**
- 7.1 **Purchase of Land.** ESS 2 does not apply to voluntary, legally recorded market transactions in which the Client demonstrates to the Bank's satisfaction that the seller has been given a genuine opportunity to retain the land and to refuse to sell it, is fully informed about the Project and available choices regarding the land transaction and their implications, including refusal to sell the land, and there is no evidence of intimidation or abuse of power in connection with the transaction.
 - 7.2 **Land Donations.** ESS 2 similarly does not apply to voluntary, legally documented donations of land without payment of full compensation, where the Client demonstrates to the Bank's satisfaction that: (a) the donor has been fully informed about the Project and available choices regarding the land and their implications, including refusal to donate the land, and has confirmed in writing their willingness to proceed with the donation; (b) the amount of land is minor and will not reduce the donor's remaining land area below that which is required to maintain the donor's livelihood at current levels; (c) no household relocation is involved; and (d) the donor is expected to benefit directly from the Project.
 - 7.3 **Exceptions.** Where any of the above voluntary land transactions may result in the displacement of persons other than the seller (or donor), who occupy, use or claim rights to the land in question, this ESS 2 applies.
8. **Other Project Activities Outside the Scope of ESS 2.**
- 8.1 ESS 2 does not apply to management of refugees from, or persons internally displaced by, natural disasters, conflict, crime or violence.

- 8.2 If adverse environmental, social or economic impacts from Project activities involving loss of access to assets or resources or restrictions on land use that do not fall within the scope of ESS 2 are identified, such impacts are avoided, or when avoidance is not feasible, they are at least minimized, mitigated or compensated for, through the environmental and social assessment under ESS 1. If these impacts are found to be adverse at any stage of the Project, the Client is required to develop and implement a management plan to restore the livelihoods of affected persons to at least pre-Project level or better.
- 8.3 This ESS 2 does not apply to land use planning or the regulation of natural resources to promote their sustainability on a regional, national or subnational level (including watershed management, groundwater management, fisheries management and coastal zone management).

II. Requirements

9. **General.** If this ESS 2 applies to the Project, the Client is required to undertake the actions as described in the following *Sections* in relation to the Project.

10. **Planning.** Determine the required scope of Involuntary Resettlement planning, through a survey of land and assets, a full census of persons to be displaced, an evaluation of socioeconomic conditions specifically related to the risks and impacts of such displacement and an identification of gender-differentiated sources of livelihoods, including informal ones. This establishes baseline information on assets, productive resources and status of livelihoods. Include consideration of customary rights and collective or communal forms of land tenure. Take gender into account in conducting the above. If Indigenous Peoples are affected, follow the requirements of ESS 3. Address any Involuntary Resettlement that the Bank determines was undertaken in the past and is directly linked to the Project.

11. Land Acquisition and Resettlement Plan.

- 11.1 Prepare a LARP/LAP/RP, which may take different forms depending on the nature of the displacement, elaborating on the displaced persons' entitlements, income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget and time-bound implementation schedule and provisions for grievance redress.
- 11.2 Conduct a land survey and census as early as feasible during Project preparation to establish clear cut-off dates for eligibility and to prevent encroachment. If claims have been made by these displaced persons that are currently under administrative or legal review, develop procedures to address these situations.
- 11.3 Collect data disaggregated by gender and age and include information about vulnerable groups, if present. Involve affected persons in consultation on the LARP/LAP/RP and disclose the draft resettlement documentation in accordance with the applicable provisions of ESS 1, *Sections 19, Overview of Information Environmental and Social Disclosure through 22, Language and Location of Information Disclosed*.

12. The LARP/LAP/RP complements the broader coverage of social risks and impacts in the environmental and social assessment and provides specialized requirements to address

the specific issues associated with Involuntary Resettlement, including: (a) land acquisition; (b) changes in land use rights, including customary rights; (c) physical and economic displacement; and (d) potential design adjustments that may reduce resettlement requirements.¹ The LARP/LAP/RP takes into consideration differentiated impacts of the Involuntary Resettlement with respect to gender and vulnerable groups. In some cases, with the Bank's prior approval, resettlement actions may be part of an overall community development plan, where the Client makes special efforts to provide people who are displaced with appropriate benefits through such a plan. When displacement is only economic, prepare a livelihood restoration plan. Provide for measures to be taken in case of disputes over compensation.

13. **Abbreviated Land Acquisition and Resettlement Plan.** Where impacts on the entire displaced population are minor, or fewer than 200 people are displaced, the Client may, with the prior approval of the Bank, prepare an abbreviated LARP/LAP/RP, covering such elements as the Bank may specify. Impacts are considered "minor" if the affected people are not physically displaced and less than 10 percent of their productive assets are lost.

14. **Land Acquisition and Resettlement Planning Framework.** If (a) the Project is likely to involve Involuntary Resettlement but consists of a program or series of activities whose details are not yet identified at the time the Project is approved by the Bank or (b) in exceptional circumstances, duly justified by the Client, the Bank determines that the environmental and social assessment of identified Project activities involving Involuntary Resettlement may be conducted using the phased approach under the Environmental and Social Policy (**ESP**), *Section VI, Environmental and Social Assessment by the Client, Section E, Special Circumstances*, prepare a framework to address such Involuntary Resettlement (which may be referred to variously as a Land Acquisition and Resettlement Planning Framework (**LARPF**), Land Acquisition Planning Framework (**LAPF**) or Resettlement Planning Framework (**RPF**)). Prepare the LARP/LAP/RP or abbreviated LARP/LAP/RP, as described in (b) and (c) above, as early as feasible during development of the activities, in conformity with the LARPF/LAPF/RPF approved by the Bank.

15. **Proportionality.** Design and implement the LARP/LAP/RP, and if applicable, the LARPF/LAPF/RPF, in a manner that is proportional to the extent and degree of the impacts. The degree of impacts is determined by: (a) the scope of physical and economic displacement; and (b) the vulnerability of the persons to be displaced by the Project.

16. **Use of Land Aggregators.** If the Client wishes to use the services of a local land aggregator or other third party to acquire land needed for the Project, address the proposed process in the LARP/LAP/RP and/or LARPF/LAPF/RPF. Any such land acquisition activities must meet the requirements of this ESS 2 and require prior Bank approval. These requirements are reflected in the agreement between the Client and the third party. The Client may require the third party to pay the costs of land acquisition and compensation; but the Client remains fully responsible for proper application of this ESS 2 and is required to assume all the other costs associated with the environmental and social impacts of the land acquisition,

¹ 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.

as required under this ESS 2, including, but not limited to, livelihood restoration and resettlement, and assumes responsibility for establishing and maintaining the GRM.

17. **Consultations.** Carry out meaningful consultations (as described in ESS 1, *Section 23, Meaningful Consultation*) with persons to be displaced by the Project, host communities and nongovernmental organizations, and facilitate their informed participation in the consultations. Consult with all persons to be displaced on their rights within the resettlement process, their entitlements and resettlement options, and any further participation process. Involve them in planning, implementation, monitoring and evaluation of the LARP/LAP/RP. Put in place measures for meaningful participation in these consultations, including appropriate meeting times, transport, childcare support, as well as convening of women-only meetings when appropriate. Pay particular attention to the needs of people with disabilities, vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples and those without legal title to land, and take all measures required for them to participate in consultations.

18. **Project-level Grievance Redress Mechanism.**

- 18.1 Establish a suitable Project-level grievance redress mechanism (**GRM**) to receive and facilitate resolution of the concerns of persons displaced by the Project and inform them of its availability.
- 18.2 Scale the GRM to the risks and impacts of the Involuntary Resettlement. The GRM may utilize existing formal or informal GRMs, provided that they are properly designed and implemented and are determined by the Bank to be suitable for the Project; these may be supplemented, as needed, with Project-specific arrangements.
- 18.3 Design the GRM to address promptly displaced persons' concerns and complaints (including gender-related concerns and gender-based violence (**GBV**)), using an understandable and transparent process that is gender sensitive, culturally appropriate and readily accessible to all affected people. The GRM may take the form of customary dispute-settlement mechanisms, which may entail less reliance on written procedures and more use of verbal reporting channels; in such cases, verbal reporting is complemented by written procedures and is fully documented by the Client. Include provisions to protect complainants from retaliation, grant them confidentiality and enable them to remain anonymous, if requested.
- 18.4 Disclose reports on grievance redress and outcomes in accordance with the applicable provisions of ESS 1, *Sections 19, Overview of Environmental and Social Information Disclosure through 22, Language and Location of Environmental and Social Information Disclosed*. See also ESS 1, *Section 47, Gender-based Violence (GBV)*.

19. **Social Support.** Support the social and cultural institutions of persons displaced by the Project and their host population as part of the LARP/LAP/RP. Where the risks and impacts of Involuntary Resettlement are highly complex and sensitive, consider implementation of a social preparation phase to build the capacity of vulnerable groups to address resettlement issues, consisting of consultation with affected people and the host population before key compensation and resettlement decisions are made. The cost of social preparation is included in the resettlement budget.

20. **Livelihood Restoration.** Improve, or at least restore, the livelihoods of all persons displaced by the Project through: (a) where feasible, land-based² resettlement strategies when affected livelihoods are land-based or where land is collectively owned; or cash compensation at replacement value for land, including transitional costs, when the loss of land does not undermine livelihoods; (b) prompt replacement of assets with assets of equal or higher value; (c) prompt compensation at full replacement cost for assets that cannot be restored; and (d) capacity-building programs to support improved use of livelihood resources and enhance access to alternative sources of livelihood. Make equally available to all Project-affected people and in a manner adapted to their respective needs, assistance for livelihood improvement or restoration, such as skills training, access to credit, entrepreneurship and job opportunities and improvement of existing agricultural activities. Include transaction costs in determining compensation. Examine the opportunities for provision of additional revenues and services through benefit-sharing, as the nature and objectives of the Project may allow.

21. **Resettlement Assistance.** Provide persons displaced by the Project with needed assistance, including the following, as applicable: (a) if there is relocation, security of tenure (with tenure rights that are at least as strong as the rights the displaced persons had to the land or other assets from which they have been displaced) of relocation land (and/or other assets, as applicable), adequate housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities and extension of Project benefits to host communities to facilitate the resettlement process; (b) transitional support and development assistance, such as land development, credit facilities, training or employment opportunities; (c) civic infrastructure and community services, as required; and (d) special assistance to woman-headed households and vulnerable households.

22. **Standards of Living.** Improve the standards of living of the poor and other vulnerable groups displaced by the Project, including women, children and persons with disabilities, to at least national minimum standards, including access to social protection systems. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.

23. **Compensation and Entitlements.** Pay compensation and provide other Involuntary Resettlement entitlements before any related physical or economic displacement takes place under the Project. Take gender issues into account in determining and paying compensation and providing other entitlements. Under circumstances in which national law and tenure systems do not recognize the rights of women to hold or exchange property, make provision, to the extent feasible, for women to gain security of tenure. Include provisions to address loss of livelihood during Project implementation.

24. **Persons Without Title or Legal Rights.** Make persons displaced by the Project who are without title to land or any recognizable legal rights to land, eligible for, and provide them with, resettlement assistance and compensation for loss of assets not related to land, in accordance with cut-off dates established in the LARP/LAP/RP. Include them in the consultation process. Do not include compensation to such persons for the land that has been settled illegally. Disseminate information on, and post the cut-off dates in, the Project area

² The term "land-based" includes livelihood activities such as rotational cropping and grazing of livestock as well as the harvesting of natural resources.

concerned, including a warning that persons settling in the Project area after the cut-off dates will be subject to eviction and will not be compensated for assets developed after those dates.

25. **Negotiated Settlement.** Develop procedures in a transparent, consistent and equitable manner if land is acquired, or changes in land use rights are acquired, through negotiated settlement under the Project, so that those people who enter into negotiated settlements maintain the same or better income and livelihood status.

26. **Information Disclosure.** Disclose the draft LARP/LAP/RP, including documentation of the consultation process, in the Project area, in a timely manner in accordance with the applicable provisions of ESS 1, *Sections 19, Overview of Environmental and Social Information Disclosure through 22, Language and Location of Environmental and Social Information Disclosed.*

27. **Implementation.** Design and execute Involuntary Resettlement as part of the Project. Include the full costs of any land acquisition and resettlement in the presentation of the Project's costs and benefits. For a Project with significant Involuntary Resettlement impacts, consider implementing the Involuntary Resettlement component of the Project as a stand-alone Project.

28. **Supervision.** Closely supervise implementation of the LARP/LAP/RP throughout Project implementation.

29. **Monitoring.** Using suitably qualified and experienced experts, monitor and assess resettlement outcomes under the Project, their impacts on the standards of living of displaced persons and whether the objectives of the LARP/LAP/RP have been achieved, by taking into account the baseline conditions and the results of resettlement monitoring. The extent of monitoring is proportional to the Project's risks and impacts. Verify the implementation of the LARP/LAP/RP through submission to and approval by the Bank of a LARP/LAP/RP completion report upon completion of all required activities. Disclose these monitoring reports and the LARP/LAP/RP completion report in accordance with the applicable provisions of ESS 1, *Sections 19, Overview of Environmental and Social Information Disclosure through 22, Language and Location of Environmental and Social Information Disclosed.* Consider the use of suitably qualified and experienced third parties to support monitoring activities and reporting.

30. **Third Party Responsibilities.**

30.1 In a Project where Involuntary Resettlement involves responsibilities of the host government as a third party, the Client: (a) engages the responsible government agencies early in the Project preparation process to explore ways and means to reach compliance with this ESS 2; and (b) collaborates with and supports the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with the objectives of this ESS 2.

30.2 The Client is responsible for identifying gaps between local legislation and government practice on the one hand and the requirements of this ESS 2 on the other (i.e., compensation rates, eligibility of informal occupiers, or consultation and disclosure). When gaps are identified, the Client is responsible for filling these gaps in a manner that is acceptable to the government and to the Bank.

- 30.3 The Client's LARP/LAP/RP (or LARPF/LAPF/RPF, as applicable) complements the documents prepared by the responsible government agency if required to meet the requirements of this ESS 2, and includes: (a) a description of the entitlements of displaced persons provided under applicable laws and regulations; (b) the measures proposed to fill any gaps between such entitlements and the requirements of this ESS 2; and (c) the financial and implementation responsibilities of the government agency and/or the Client in the execution of this plan or framework.

Environmental and Social Standard 3: Indigenous Peoples¹

I. Objectives, Scope and Application

1. **Objectives.** The objectives of this Environmental and Social Standard (ESS) 3 are to design and implement Projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, economies and cultures, as defined by the Indigenous Peoples themselves, so that they: (a) receive culturally appropriate social and economic benefits; (b) do not suffer adverse impacts as a result of Projects; and (c) can participate actively in Projects that affect them.

2. **Scope and Application.** ESS 3 applies if Indigenous Peoples are present in, or have a collective attachment to, the proposed area of the Project, and are likely to be affected by the Project. 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:² (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats, ancestral territories or areas of seasonal use or occupation in the Project area and to the natural resources in these areas; (c) customary cultural, economic, social or political institutions that are distinct or separate from those of the dominant 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 live. In considering these characteristics, national legislation, customary law and any international conventions to which the Member in whose territory the Project is located is a party may be taken into account. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the Project area because of forced severance remains eligible for coverage as group of Indigenous Peoples, under ESS 3.

II. Requirements

3. **General.** If the Project's screening process determines that Indigenous Peoples are present in, or have collective attachment to, the Project area, and are likely to be affected by the Project, the Client is required to prepare an Indigenous Peoples Plan (IPP), as described in the *Sections* below.

4. **Social Assessment.** Undertake a culturally appropriate and gender sensitive social assessment or use similar methods to assess Project impacts, both positive and adverse, on Indigenous Peoples and their use of resources. This may be a stand-alone exercise or part of the Project's overall social assessment. Give full consideration to options the affected Indigenous Peoples communities prefer in relation to the provision of Project benefits and the design of mitigation measures, including consideration of women's wage and nonwage

¹ 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," "ethnic minorities", "minority nationalities," "scheduled tribes," "first nations" or "tribal groups." As the applicability of such terminology varies widely from country to country, the Client may agree with the Bank on an alternative terminology for the Indigenous Peoples as appropriate to the circumstances of the Client.

² Some characteristics may have been eroded or be less evident for some groups or communities through integration into the broader society or economy.

subsistence activities. Identify social and economic benefits for these affected Indigenous Peoples that are culturally appropriate and gender and inter-generationally inclusive, and develop measures to avoid adverse impacts on them, or when avoidance is not feasible, to minimize or mitigate such adverse impacts.

5. **Indigenous Peoples Plan.** Prepare an Indigenous Peoples Plan (IPP) that is based on the social assessment prepared with the assistance of suitably qualified and experienced experts, that draws on indigenous knowledge and participation by the affected Indigenous Peoples communities, and that takes into consideration differentiated impacts of the Project with respect to gender and different generations.

5.1 Include in the IPP: (a) a framework for continued consultation with these affected Indigenous Peoples during Project implementation; (b) measures to provide these Indigenous Peoples with gender sensitive and culturally appropriate benefits; (c) measures to avoid, minimize, mitigate, offset or compensate for any adverse Project impacts, and actions to address these impacts on the different groups in the community; (d) culturally appropriate grievance procedures, monitoring and evaluation arrangements; and (e) a budget and time-bound actions for implementing the planned measures.

5.2 In some cases, the IPP may, if approved by the Bank, be part of an overall community development plan, where the Client makes special efforts to provide the Indigenous Peoples with appropriate benefits through such a plan. If the Project has commenced prior to the Bank's involvement, include in the IPP corrective measures to address any adverse Project impacts on Indigenous Peoples that occurred prior to the Bank's involvement, in a manner consistent with this ESS 3.

6. **Indigenous Peoples Planning Framework.** Prepare an Indigenous Peoples Planning Framework (IPPF) if: (a) the Project is likely to involve Indigenous Peoples and consists of a program or series of activities whose details are not yet identified at the time the Project is approved by the Bank; or (b) in exceptional circumstances, duly justified by the Client, the Bank determines that the environmental and social assessment of identified Project activities may be conducted using a phased approach under *Section VI, Environmental and Social Assessment by the Client, Section E, Special Circumstances*, of the Environmental and Social Policy (ESP). Prepare an IPP, as described above in *Section 5, Indigenous Peoples Plan*, of this ESS 3, during development of the activities in conformity with the IPPF approved by the Bank.

7. **Avoidance of Impacts.** Avoid any restricted access to, or physical displacement from, protected areas and natural resources under the Project. Where avoidance is not feasible, take all measures required so that the affected Indigenous Peoples communities participate in the design, implementation and monitoring and evaluation of management arrangements for such areas and natural resources, and that benefits derived from such areas and resources are equitably shared in a culturally appropriate manner.

8. **Proportionality.** Prepare and implement the IPP or IPPF (as applicable) in a manner such that its level of detail and comprehensiveness are proportional to the degree of the Project's impacts. The degree of the impacts is determined by evaluating: (a) the magnitude of the impacts on the Indigenous Peoples, including: (i) customary rights of use and access to land and natural resources; (ii) socioeconomic status; (iii) cultural and communal integrity and

heritage; (iv) health, education, livelihood systems and social security status; and (v) indigenous knowledge; and (b) the vulnerability of the affected Indigenous Peoples. Design and implement the IPP and IPPF (if applicable) so that they complement the broader coverage of social risks and impacts in the environmental and social assessment and provide specialized guidance to address specific issues associated with the needs of the affected Indigenous Peoples.

9. **Commercial Development of Natural Resources.**

- 9.1 If the Project involves the commercial development of natural resources (such as minerals, hydrocarbons, forests, water, or hunting or fishing grounds) within customary lands under use by Indigenous Peoples, appropriately inform the affected Indigenous Peoples communities of: (a) their rights to such resources under statutory and customary law; (b) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (c) the potential effects of such development on the Indigenous Peoples' livelihoods, environment, and use of such resources.
- 9.2 Include in the IPP arrangements to enable the Indigenous Peoples to receive in a culturally appropriate manner an equitable share of the benefits to be derived from such commercial development that is at least equal to or higher than that of any other affected landowners. This includes the fair and equitable access to and sharing of the benefits arising from the utilization of genetic resources, including the appropriate transfer of relevant technologies.
- 9.3 The determination, delivery and distribution of compensation and other benefit-sharing measures to the Project-affected communities of Indigenous Peoples take account of the laws (including national laws), institutions and customs of these communities as well as their level of interaction with mainstream society. Eligibility for compensation may either be individually or collectively based, or be a combination of both.

10. **Commercial Development of Cultural Resources.** If the Project involves the commercial development of Indigenous Peoples' cultural resources and knowledge, appropriately inform the affected Indigenous Peoples communities of: (a) their rights to such resources under statutory and customary law; (b) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (c) the potential effects of such development on the Indigenous Peoples' livelihoods, environment and use of such resources. Reflect the nature and content of agreements in the IPP and include arrangements so that the Indigenous Peoples receive an equitable share of the benefits to be derived from such commercial development in a culturally appropriate way.

11. **Indigenous Peoples in Voluntary Isolation.** If the Project involves Indigenous Peoples in voluntary isolation, respect their right to remain in isolation and to live freely according to their culture. If the Project has the potential to directly or indirectly affect these communities of Indigenous Peoples, their lands and territories, or their way of life, include appropriate measures to: (a) safeguard the collective and individual physical, territorial and cultural integrity of these peoples; (b) recognize, respect and protect their lands and territories, environment, health and culture; and (c) avoid contact with them as a direct or indirect consequence of the Project. To this end, collaborate with responsible government agencies

which regulate the territories of these peoples to establish buffer zones, limit access to such territories and develop the necessary monitoring and emergency response measures, making avoidance of contact a priority, and mitigating any other risks and impacts on these peoples.

12. **Consultations.** Carry out a process of meaningful consultation (as described in ESS 1, *Section 23, Meaningful Consultation*) on the Project with affected Indigenous Peoples communities and concerned Indigenous Peoples organizations, in a culturally appropriate, accessible and inclusive manner, and facilitate their informed participation throughout Project preparation and implementation: (a) in designing, implementing and monitoring measures to avoid adverse impacts or, when avoidance is not feasible, to minimize, mitigate, offset or compensate for such impacts; and (b) in tailoring Project benefits to affected Indigenous Peoples communities in a culturally appropriate manner. To enhance affected Indigenous Peoples' active participation, provide for culturally appropriate and gender inclusive development in the Project.

13. **Special Considerations in Consultations.** In addition, design and implement the consultation process so that it: (a) involves Indigenous Peoples' representative bodies and organizations (e.g., councils of elders, village councils or chieftains) and, where appropriate, other community members; (b) provides sufficient time for Indigenous Peoples' decision-making processes; and (c) allows for Indigenous Peoples' effective involvement in the design of Project activities or mitigation measures that may affect them either positively or adversely.

14. **Project-level Grievance Redress Mechanism.**

14.1 Establish a culturally appropriate and gender inclusive Project-level grievance redress mechanism (**GRM**) as early as feasible, to receive and facilitate resolution of affected Indigenous Peoples' concerns and grievances regarding the Project's environmental and social risks and impacts, and inform them of its availability. Make the Project-level GRM operational at latest by the time implementation of the relevant Project activities commences and maintain it for the duration of the Project.

14.2 Scale the GRM to the Project's risks to, and impacts on, Indigenous Peoples. Design the GRM to address Indigenous Peoples' concerns and complaints promptly (including gender-related concerns and gender-based violence (GBV)), using an understandable and transparent process that is gender sensitive, culturally appropriate and readily accessible to all affected Indigenous Peoples. The GRM may utilize existing formal or informal GRMs, provided that they are properly designed and implemented, and determined by the Bank to be suitable for the Project; these may be supplemented, as needed, with Project-specific arrangements. The GRM may take the form of customary dispute-settlement mechanisms, which may entail less reliance on written procedures and more use of verbal reporting channels; in such cases, verbal reporting is complemented by written procedures and is fully documented by the Client. Include provisions to: (a) protect complainants from retaliation, grant them confidentiality and enable them to remain anonymous, if requested; and (b) protect those who defend the rights of complainants to make such complaints.

14.3 Make reports on grievance redress and outcomes available, in accordance with the applicable provisions of ESS 1, *Sections 19, Overview of Environmental and*

Social Information Disclosure through 22, Language and Location of Environmental and Social Information Disclosed. See also ESS 1, Section 47, Gender-based Violence (GBV).

15. **When Free, Prior and Informed Consultation Is Required.** Since Indigenous Peoples may be particularly vulnerable to the loss of, alienation from, or exploitation of their land and access to natural and cultural resources, engage in free, prior and informed consultation (**FPICon**) with and obtain the broad support of the affected Indigenous Peoples communities if activities under the Project would: (a) have impacts on land and natural resources subject to traditional ownership or under customary occupation or use; (b) cause relocation of Indigenous Peoples from land and/or limitations on access to natural resources subject to traditional ownership or under customary occupation or use; or (c) have significant impacts on Indigenous Peoples' cultural resources. In these circumstances, engage suitably qualified and experienced independent experts to assist in the identification of the Project's risks to and impacts on Indigenous Peoples.

16. **Definition of FPICon.** There is no universally accepted definition of FPICon. For the purpose of ESS 3, FPICon is established as follows:

- 16.1 The scope of FPICon applies to Project design, implementation arrangements and expected outcomes related to risks to, and impacts on, the affected Indigenous Peoples;
- 16.2 FPICon builds on the process of meaningful consultation and requires good faith negotiation between the Client and the affected Indigenous Peoples;
- 16.3 The Client documents: (a) the details of the process by which the support of the affected local indigenous communities will be determined, in a written consultation process agreement with these communities; and (b) the details of the Project-related matters on which their broad community support has been obtained, in a consultation statement, which includes all agreements reached as well as dissenting views; and
- 16.4 FPICon does not require unanimity and may be achieved even when individuals or groups within or among these affected Indigenous Peoples explicitly disagree with support for the Project.
- 16.5 If the Bank is unable to ascertain that such broad community support has been obtained from the affected Indigenous Peoples, exclude from the Project the activities that would affect those Indigenous Peoples. In such cases, redesign the Project so that it will not have adverse impacts on such Indigenous Peoples.

17. **When Free, Prior and Informed Consent is Required.** If the laws of the Member in whose territory the Project is located mandate free, prior and informed consent (**FPIC**), and the Bank has determined that the requirements of such FPIC are consistent with those of FPICon as set out above, apply FPIC as defined in those laws.

18. **Information Disclosure.** Disclose the draft IPP, including documentation of the consultation process and the results of the social impact assessment in a timely manner in accordance with the applicable provisions of ESS 1, *Sections 19, Overview of Environmental and Social Information Disclosure through 22, Language and Location of Environmental and Social Information Disclosed.*

19. **Action Plan.** If the Project involves (a) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied (such as land titling activities) or (b) the acquisition of such lands, prepare and include in the IPP an action plan for the legal recognition of such ownership, occupation or use.

20. **Monitoring.** Monitor implementation of the IPP using suitably qualified and experienced experts, adopt a participatory monitoring approach, wherever feasible and assess whether the plan's objective and desired outcome have been achieved, taking into account the baseline conditions and the results of monitoring of the plan. Disclose monitoring reports in accordance with the applicable provisions of ESS 1, *Sections 19, Overview of Environmental and Social Information Disclosure through 22, Language and Location of Environmental and Social Information Disclosed*. Consider the use of suitably qualified and experienced third parties to support monitoring programs.

21. **Third Party Responsibilities.** Where the government is a third party under the Project but has a defined role in the management of risks and impacts on Indigenous Peoples in relation to the Project, the Client collaborates with and supports the responsible government agency, to the extent feasible and permitted by the agency, to achieve outcomes that are consistent with the objectives of this ESS 3.

Environmental and Social Exclusion List

The Bank will not knowingly finance Projects involving the following:

1. Forced laborⁱ or harmful or exploitative forms of child labor.ⁱⁱ
2. The production of, or trade in, any product or activity deemed illegal under national laws or regulations of the Member in whose territory the Project is located, or international conventions and agreements, or subject to international phase out or bans, such as:
 - 2.1. Production of, or trade in, products containing polychlorinated biphenyl (PCBs).ⁱⁱⁱ
 - 2.2. Production of, or trade in, pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase outs or bans (Rotterdam Convention, Stockholm Convention).^{iv}
 - 2.3. Production of, or trade in, ozone depleting substances subject to international phase out (Montreal Protocol).^v
3. Trade in wildlife or production of, or trade in, wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).^{vi}
4. Transboundary movements of waste prohibited under international law (Basel Convention).^{vii}

ⁱ Forced labor means any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty (including any kind of forced or compulsory labor, such as indentured labor, bonded labor or similar labor-contracting arrangements, or labor by trafficked persons).

ⁱⁱ For purposes of this List, harmful or exploitative forms of child labor means the employment of children under the age of 18 for work which by its nature or the circumstances in which it is carried out is likely to jeopardize their health, safety or morals. However, if the laws or regulations of the country in which the Project is located provide, in conformity with the International Labour Organization's Minimum Age Convention, 1973, that children at least 16 years of age may be employed for such work on condition that their health, safety and morals are fully protected and that they have received adequate specific instruction or vocational training in the relevant branch of activity, then child labor means employment of children for work that does not comply with these laws and regulations.

ⁱⁱⁱ PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950 to 1985.

^{iv} United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; World Health Organization Recommended Classification of Pesticides by Hazard. A list of pharmaceutical products subject to phase outs or bans is available at https://www.who.int/medicines/areas/quality_safety/safety_efficacy/pharm_restrictions/en/. A list of pesticides, herbicides and other hazardous substances subject to phase outs or bans is available at <http://www.pic.int/TheConvention/Chemicals/AnnexIIIChemicals/tabid/1132/language/en-US/Default.aspx>

^v Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized "ozone holes." The Montreal Protocol on Substances that Deplete the Ozone Layer lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents and fire protection agents, together with details of signatory countries and phase out target dates, is available from the United Nations Environment Programme, <https://ozone.unep.org/treaties/montreal-protocol>

^{vi} The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). A list of CITES listed species is available from the CITES secretariat, <https://www.cites.org/eng/disc/species.php>

^{vii} Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, see <http://www.basel.int>

5. Production of, or trade in, weapons and munitions, including paramilitary materials.
6. Production of, or trade in, alcoholic beverages, excluding beer and wine.^{viii}
7. Production of, or trade in, tobacco.^{ix}
8. Gambling, casinos and equivalent enterprises.^x
9. Production of, trade in, or use of asbestos fibers, whether or not bonded.^{xi}
10. Activities prohibited by legislation of the Member in whose territory the Project is located or by international conventions relating to the protection of biodiversity resources or cultural resources, such as, Bonn Convention, Ramsar Convention, World Heritage Convention and Convention on Biological Diversity.^{xii}
11. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests.
12. Production or trade in wood or other forestry products other than from sustainably managed forests.
13. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.
14. Shipment of oil or other hazardous substances in tankers that do not comply with IMO requirements (IMO, MARPOL, SOLAS and Paris MOU).^{xiii}
15. Thermal coal mining, coal-fired power and heating plants or Projects that are functionally related to coal.^{xiv}

^{viii} This does not apply to Clients who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to the entity's primary operations.

^{ix} This does not apply to Clients who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to the entity's primary operations.

^x This does not apply to Clients who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to the entity's primary operations.

^{xi} In special circumstances, if necessary to enable a Client to transition from the use of bonded asbestos to alternative materials, the Bank may agree with the Client on a reasonable transition period, provided that the asbestos content of the materials being used is less than 20 percent. Projects involving disposal of asbestos are not prohibited, provided a suitable asbestos management plan is adopted for such disposal.

^{xii} Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention) - <https://www.cms.int/>; Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention) - <https://www.ramsar.org/>; Convention Concerning the Protection of the World Cultural and Natural Heritage - <https://whc.unesco.org/en/convention/>; Convention on Biological Diversity - <https://www.cbd.int/>

^{xiii} Noncompliance with International Maritime Organisation (IMO) requirements: tankers that do not have all required International Convention for the Prevention of Pollution from Ships (MARPOL) or International Convention for the Safety of Life at Sea (SOLAS) certificates (including, without limitation, International Safety Management Code compliance), tankers banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase out under MARPOL regulation 13G. No single hull tanker over 25 years old should be used. [http://www.imo.org/en/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-\(MARPOL\).aspx](http://www.imo.org/en/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-(MARPOL).aspx)

^{xiv} Projects functionally related to coal means associated facilities that are dedicated to enable the mining and use of coal or projects that would not be carried out without dedicated coal-based power supply. In order to assist Clients to reduce their coal use, the Bank may support Projects that aim at early retirement of coal plants, replacement of coal with lower-carbon fuel sources, or Projects for decommissioning, remediation, and redevelopment of affected coal facility sites and communities.

Glossary

- **Activity** is a term used generically, to refer to a specific subset of activities under a Project that is supported entirely or in part under Bank financing, either directly by the Client, normally an FI, or indirectly through another FI. The term also includes investments made for general corporate purposes.
- **Beneficiary** means the recipient or other beneficiary of the Bank financing extended for an activity under a Project.
- **Biodiversity** is the variability among living organisms from all sources including, among others, 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 procedures** refer to measures to address archaeological material encountered unexpectedly during Project construction or operation. A chance find procedure is a Project-specific procedure which sets out how chance finds associated with the Project will be managed. This procedure generally includes a requirement to notify relevant authorities of found objects or sites, to close off the area of finds or sites to avoid further disturbance, to conduct an assessment of found objects or sites by cultural resources experts, to identify and implement actions consistent with the requirements of Environmental and Social Standard (ESS) 1 and national law and to train 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.
- **Cost-effectiveness** is determined according to the capital and operational cost and financial benefits of a measure considered over the life of the measure.
- **Critical habitat** is defined as areas with high biodiversity importance or value, including: (a) highly threatened or unique ecosystems; (b) habitat of significant importance to Critically Endangered or Endangered species, as listed on the International Union for the Conservation of Nature (IUCN) Red List of threatened species or equivalent national approaches; (c) habitat of significant importance to endemic or restricted-range species; (d) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; and (e) ecological functions or characteristics that are needed to maintain the viability of the biodiversity values described above in (a) to (d).
- **Cultural resources** include 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. Cultural resources may be located in urban or rural settings, and may be above or below ground, or under water. Their cultural interest may be at the local, provincial or national level, or within the international community.

- **Cumulative impact assessment** is the assessment of the impact on the environmental or social conditions, which results from the incremental impact of an action when added to other past, present or reasonably foreseeable actions, regardless of what agency or person undertakes such actions. Cumulative impact can result from individually minor but collectively significant actions taking place over a period of time.
- **Disability.** The term persons with disabilities is used to apply to all persons with disabilities, including those who have long-term physical, mental, intellectual or sensory impairments which, in interaction with various attitudinal and environmental barriers, hinder their full and effective participation in society on an equal basis with others.
- **Ecosystem services** are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (a) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (b) 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; (c) 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 recreation and aesthetic enjoyment; and (d) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.
- **Environmental and social action plan (ESAP)** is a plan for the Project that sets out measures necessary to strengthen the Client's existing environmental and social policies and procedures and its capacity to implement them under the Project. It defines desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. As appropriate, the plan recognizes and incorporates the role of relevant actions and events controlled by third parties to address identified risks and impacts. The plan may be comprised of an overall ESAP necessary for carrying out a suite of mitigation measures or thematic action plans, such as a Land Acquisition and Resettlement Plan. Action plans may be plans designed to fill in the gaps of existing management programs for consistency with the ESSs, or they may be stand-alone plans that specify the Project's mitigation strategy.
- **Environmental and social audit** is an instrument to determine the nature and extent of all environmental and/or social areas of concern at or associated with an existing facility. The audit identifies and justifies appropriate measures to mitigate the areas of concern, estimates the cost of the measures, and recommends a schedule for implementing them. Environmental and social audits follow similar approaches.

- **Environmental and social impact assessment (ESIA), or environmental and social assessment**, 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. Projects need ESIA to address important issues not covered by any applicable regional or sectoral assessment.
- **Environmental and social management plan (ESMP)** is an instrument that details: (a) the mitigation and management measures to be taken during the implementation and operation of a Project to reduce, mitigate and/or offset adverse environmental and social impacts and enhance positive impacts; (b) the environmental and social monitoring and reporting requirements; (c) related institutional or organizational arrangements; (d) provisions for disclosure and consultation during Project preparation and implementation, including measures for stakeholder engagement; (e) capacity-development and training measures, including engagement of any environmental and social experts required for the purpose; (f) implementation schedule and cost estimates, which are integrated into the Project's overall schedule and budget; and (g) performance indicators.
- **Environmental and social management planning framework (ESMPF)** is an instrument that examines the issues and impacts associated with the circumstances described in the ESP. The ESMPF sets out the principles, rules, guidelines and procedures to assess the environmental and social impacts. It contains: (a) measures and plans to reduce, mitigate and/or offset adverse impacts and enhance positive impacts; (b) provisions for estimating and budgeting the costs of such measures and determining the schedule for implementation of the measures and plans; and (c) information on the agency or agencies responsible for addressing Project impacts.
- **Environmental, health, and safety guidelines (EHSGs)** are technical reference documents with general and industry-specific statements of good international 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*.
- **Financial feasibility** is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting specific 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 Client.
- **FI portfolio** refers to the portfolio of all financial assets (whether loans, guarantees or equity investments or other types of assets) owned by an FI. These assets may include, among others, project finance, long-term (over 36 months) corporate finance, guarantees, operations in capital markets, asset finance/refinancing, small- and medium-enterprise finance, micro-finance, housing finance, leasing, trade finance or equity finance eligible to be financed by FIs using Bank funds.

- **Forced eviction** is defined as the permanent or temporary removal, against the will of individuals, families and/or communities, from homes or land (or both), which they occupy, without the provision of, or access to, appropriate forms of legal or other protection. The exercise of eminent domain, compulsory acquisition or similar powers, is not considered to be forced eviction, providing it complies with the requirements of national law, 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 appeal, and avoidance of the use of unnecessary, disproportionate or excessive force).
- **Gender-based violence** is an umbrella term for any harmful act that is perpetrated against a person's will and that is based on socially ascribed gender-related differences between people. It includes acts that inflict physical, sexual or mental harm or suffering, threats of such acts, coercion, and other deprivations of liberty. These acts can occur in public or in private.
- **Good international practice** 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.
- **Green growth** is growth that is efficient in its use of natural resources, clean in that it minimizes pollution and environmental impacts, and resilient in that it accounts for natural hazards and the role of environmental management and natural capital in preventing physical disasters.
- **Habitat** is defined as a terrestrial, freshwater or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the nonliving environment. Habitats vary in their sensitivity to impacts and in the various values society attributes to them.
- **Hazard assessment** is an instrument for identifying, analyzing and controlling hazards associated with the presence of dangerous materials and conditions at a Project site, such as certain inflammable, explosive, reactive and toxic materials when they are present in quantities above a specified threshold level.
- **Higher Risk activity** is any of the following types of activities financed by the Bank under an FI Project: (a) a Category A activity; and (b) as determined by the Bank, selected Category B activities that may potentially result in: (i) Involuntary Resettlement; (ii) risk of adverse impacts on Indigenous Peoples and/or vulnerable groups; (iii) significant risks to, or impacts on, the environment, community health and safety, biodiversity and cultural resources; (iv) significant retrenchment representing more than 20 percent of direct employees and recurrent contractors; and/or (v) significant occupational health and safety risks.
- **Inclusion** means empowering people to participate in, and benefit from, the development process in a manner consistent with local conditions. Inclusion encompasses policies to promote equality of opportunity and nondiscrimination, by

improving the access of poor, disadvantaged and disabled people to education, health, social protection, housing, environmental quality, infrastructure, affordable energy, water and sanitation, employment, financial services and productive assets. It also embraces actions to remove barriers against vulnerable groups, who are often excluded from the development process, so that their voices 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.
- **Invasive species** is defined as a species: (a) that is not native (or is alien) to the ecosystem under consideration; and (b) whose introduction causes or is likely to cause economic or environmental harm or harm to human health.
- **Involuntary Resettlement** refers to land acquisition, including restrictions on land use and access to assets and natural resources that cause physical displacement (relocation, loss of land or shelter) and/or economic displacement (loss of land or assets, or restrictions on land use, assets or natural resources leading to loss of income sources or means of livelihood). Involuntary Resettlement covers both of these impacts and the processes to mitigate and compensate 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 physical or economic displacement.
- **Labor influx** is a term that refers to the rapid migration to and settlement of workers and followers in the Project area that occur when the Project involves civil works for which the required labor force and associated goods and services cannot be fully supplied locally for a number of reasons, among them worker unavailability and lack of technical skills and capacity. In such cases, the labor force (total or partial) must be brought in from outside the Project area. In many cases, this influx is compounded by an influx of other people who follow the incoming workforce with the aim of selling them goods and services, or in pursuit of job or business opportunities.
- **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, and changes in land use rights. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) Project impacts that result in land being submerged or otherwise rendered

unusable or inaccessible. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and water bodies legally associated with the land.

- **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.
- **Mitigation hierarchy** is a tool commonly applied in environmental and social assessment that provides a stepwise approach to addressing risks and impacts as follows: (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 technically and financially feasible.
- **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.
- **Net gains** are additional conservation outcomes that can be achieved for the biodiversity values for which a natural or critical habitat was designated. Net gains may be achieved through full application of the mitigation hierarchy, which may include the development of a biodiversity offset and/or, in instances where the Client could meet the requirements of ESS 1 without a biodiversity offset, through the implementation of additional programs in situ to enhance habitat, and protect and conserve biodiversity.
- **No net loss** is the point at which Project-related biodiversity losses are balanced by gains resulting from measures taken to avoid and minimize these impacts, to undertake on-site restoration and finally, to offset significant residual impacts, if any, on an appropriate geographic scale.
- **Pollution** refers to both hazardous and nonhazardous 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 that tend to encourage reduction in energy and raw material use, as well as emissions of local pollutants, also generally encourage a reduction of emissions of short- and long-lived climate pollutants.
- **Precautionary approach** means that where there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.
- **Project area of influence** includes the area likely to be affected by the Project, including all its ancillary aspects, such as power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, and

construction camps, as well as unplanned developments induced by the Project (e.g., spontaneous settlement, logging or shifting agriculture along access roads). The area of influence may include, for example: (a) the watershed within which the Project is located; (b) any affected estuary and coastal zone; (c) off-site areas required for resettlement or compensatory tracts; (d) the airshed (e.g., where airborne pollution such as smoke or dust may enter or leave the area of influence); (e) migratory routes of humans, wildlife or fish, particularly where they relate to public health, economic activities or environmental conservation; and (f) areas used for livelihood activities (hunting, fishing, grazing, gathering, agriculture, etc.) or religious or ceremonial purposes of a customary nature.

- **Project workers** include persons engaged directly by the Client (whether full-time, part-time, temporary, seasonal or migrant), to work specifically on the Project; contractors engaged by the Client to work on the Project; and subcontractors hired by these contractors to work on the Project. The term does not apply to any other workers of the Client or other entities. It also does not apply to employees of an FI.
- **Regional environmental and social assessment** is an instrument that: (a) examines environmental and social issues and impacts 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); (b) evaluates and compares the impacts against those of alternative options; (c) assesses legal and institutional aspects relevant to the issues and impacts; and (d) recommends broad measures to strengthen environmental and social management in the region. Regional assessment pays particular attention to potential cumulative impacts of multiple activities.
- **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. In order for compensation to be made 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: (a)

restrictions on access to legally designated parks and protected areas; (b) restrictions on access to other common property resources; or (c) restrictions on land use within utility easements or safety zones.

- **Risk assessment** is an instrument for estimating the probability of harm occurring from the presence of dangerous conditions or materials at a Project site. Risk represents the likelihood and significance of a potential hazard being realized; therefore, a hazard assessment often precedes a risk assessment, or the two are conducted as one exercise. Risk assessment is a flexible method of analysis, a systematic approach to organizing and analyzing scientific information about potentially hazardous activities or about substances that might pose risks under specified conditions.
- **Sectoral environmental and social assessment** is an instrument that: (a) examines environmental and social issues and impacts associated with a particular strategy, policy, plan or program, or with a series of projects for a specific sector (e.g., power, transport or agriculture); (b) evaluates and compares the impacts against those of alternative options; (c) assesses legal and institutional aspects relevant to the issues and impacts; and (d) recommends broad measures to strengthen environmental and social management in the sector. Sectoral assessment pays particular attention to potential cumulative impacts of multiple activities.
- **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.
- **Sexual exploitation and abuse (SEA)** is any actual or attempted abuse of a position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. Sexual abuse is further defined as “the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.” SEA is not limited to a particular gender. In the context of Bank-supported projects, Project beneficiaries and members of Project-affected communities may experience SEA.
- **Sexual harassment (SH)** includes unwelcome sexual advances, requests for sexual favors and other unwanted verbal or physical conduct of a sexual nature. SH occurs between personnel/staff working on the Project, and not between such personnel/staff and Project beneficiaries or communities (compare SEA above). SH is not limited to a particular gender.
- **Strategic environmental and social assessment** is an instrument that describes analytical and participatory approaches that aim to integrate environmental and social considerations into policies, plans and programs and evaluate their inter-linkages with economic considerations. The term “Strategic Environmental Assessment” or “Strategic Social Assessment” may also be used.
- **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.

- **Third party monitoring** refers to: (a) an approach to monitoring whereby the Bank contracts an independent agent to verify that Project implementation by the Client complies with the provisions of the Legal Agreements consistent with the ESMP (or other Bank-approved document); and/or (b) an approach to Project implementation whereby the Client contracts third parties to strengthen monitoring and evaluation systems and obtain additional data on the achievement of progress under the Project. When used for Bank oversight, the Bank maintains its own oversight responsibilities, but may transfer the implementation of the monitoring to an agent. Monitoring by a third party refers to a party external to the Project, who is neither a direct beneficiary of the Project nor part of the Project's management structure.
- **Vulnerable groups** or individuals refers to people who, by virtue of factors beyond their control: (a) may be more likely to be adversely affected by the Project's environmental and social impacts; and (b) may be more limited than others in their ability to claim or take advantage of Project benefits. Such individuals or groups are also more likely to be excluded from or unable to participate fully in the mainstream consultation process and may require specific measures or assistance (or both) to do so.