



# **Environmental and Social Framework**

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## **Acronyms**

AIIB	Asian Infrastructure Investment Bank
EHSB	Environmental, Health and Safety Guidelines
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMPF	Environmental and Social Management Planning Framework
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
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
RP	Resettlement Plan
RPF	Resettlement Planning Framework
SDG	Sustainable Development Goals

# Environmental and Social Framework

## Introduction

1. ***Asian Infrastructure Investment Bank.*** The Asian Infrastructure Investment Bank (Bank) is an international organization that provides a multilateral regional financing and investment platform for infrastructure development and enhanced interconnectivity in Asia. The Bank's goal is to increase the pool of multilateral development support available to regional economies for infrastructure development and improvement. In doing so, the Bank cooperates closely with other multilateral development banks and bilateral development organizations; and its financing complements and supplements their efforts.

## Overview of the Environmental and Social Framework

2. ***Structure of the Environmental and Social Framework.*** The Environmental and Social Framework comprises:

- **Introduction and Vision.** These provide an overview of the Bank, the Environmental and Social Framework's structure and objectives and the aspirations of the Bank concerning: (a) environmental and social sustainability; and (b) its role in meeting the challenge of sustainable development in Asia.
- **Environmental and Social Policy (ESP).** This comprises mandatory environmental and social requirements for each Project.
- **Environmental and Social Standards.** Three associated mandatory environmental and social standards (ESSs) set out more detailed environmental and social requirements relating to the following:
  - ESS 1: Environmental and Social Assessment and Management;
  - ESS 2: Involuntary Resettlement; and
  - ESS 3: Indigenous Peoples.
- **Environmental and Social Exclusion List.** The Bank will not knowingly finance a Project that involves activities or items specified in this list (Exclusion List).
- **Glossary.** This includes definitions of certain terms used in the ESP and ESSs.
- **Directive on Environmental and Social Policy.** Detailed mandatory procedures for implementation of the ESP and ESSs have been issued by the Bank's President in a Directive on Environmental and Social Policy. The initial Directive may be supplemented over time with additional procedures as needed.
- **Guidance and Information Tools.** Non-mandatory guidance and information tools designed to explain or facilitate implementation of the Environmental and Social Framework will also be developed in due course and provided in guidance notes.

3. ***Board Approval.*** The Bank's Board of Directors has approved the ESP and accompanying three ESSs (including the Environmental and Social Exclusion List and Glossary), as set forth in the Annex attached hereto.

4. **Review of the ESF.** Based on the experience gained from the application of the ESP and ESSs to individual Projects during the first three years of the Bank's operation, the Bank will, at the end of this period, conduct a review of the overall Environmental and Social Framework. As warranted, updates would be introduced to the framework, and further improvements to the ESP and ESSs would be recommended to the Board of Directors for approval. Emphasis will be placed on dynamic learning from both design and implementation of Projects in the diverse countries served by the Bank.

### **Objectives of the Environmental and Social Framework**

5. The objectives of this Environmental and Social Framework are to:
- Reflect institutional aims to address environmental and social risks and impacts in Projects (defined below in paragraph 5 of the ESP).
  - 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.
  - Ensure the environmental and social soundness and sustainability of Projects.
  - Support integration of environmental and social aspects of Projects into the decision-making process by all parties.
  - Provide a mechanism for addressing environmental and social risks and impacts in Project identification, preparation and implementation.
  - Enable Clients (defined below in paragraph 5 of the ESP) to identify and manage environmental and social risks and impacts of Projects, including those of climate change.
  - Provide a framework for public consultation and disclosure of environmental and social information in relation to Projects.
  - Improve development effectiveness and impact to increase results on the ground, both short- and long-term.
  - 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.
  - Facilitate cooperation on environmental and social matters with development partners.

## Vision

6. ***Meeting the Challenges.*** In order to meet the challenges of sustainable development in Asia, the Bank seeks to provide:

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

7. ***Integration of Environmental and Social Sustainability.*** The Bank supports infrastructure and interconnectivity to promote economic growth and improve the lives of people in Asia. Consistent with the Sustainable Development Goals (SDGs), 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 the development challenges of Asia, the Bank subscribes to the principles of sustainable development in the identification, preparation and implementation of Projects, as described below in the ESP.

8. ***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 equity of opportunity and non-discrimination, 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,<sup>1</sup> who are often excluded from the development process, and to ensure 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, in a manner consistent with its Articles of Agreement.

9. ***Role in Decision-making.*** For the principles of environmental and social sustainability to be effectively integrated into policies and Projects, the Bank believes that they should become part of routine decision-making processes and that environmental and social risks and impacts should receive full consideration in the identification, preparation, implementation and evaluation of all Projects.

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<sup>1</sup> For a definition of vulnerable groups, see ESP, footnote 2.

10. ***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.

11. ***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 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 Clients in the effective implementation of such plans for their Projects, through active field-based supervision, monitoring and verification, implementation support and institutional strengthening.

12. ***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 this 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 ESSs. This may be on a Project, sectoral or broader basis. In this regard, the Bank coordinates closely with other multilateral development banks, bilateral development organizations and relevant centers of expertise.

13. ***Stakeholder Engagement.*** The Bank believes that transparency and meaningful consultation is essential for the design and implementation of a Project and works closely with its Clients to achieve this objective. Meaningful consultation is a process that begins early and is ongoing throughout the Project. It is inclusive, accessible, timely and 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.

14. ***Importance of Gender Equality.*** The Bank recognizes the importance of gender equality for successful and sustainable economic development and the need for inclusiveness and gender responsiveness in the Projects it supports. 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 impacts and risks. The Bank encourages 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, and otherwise to promote positive impacts on women's economic status, with particular regard to financial resources and property ownership and control.

15. ***Treatment of Labor.*** The Bank recognizes the important role played by workers and their representatives in the development process and their contribution to sustainable economic growth. It believes that the following measures contribute to the quality of the Project: providing workers with living wages, 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, non-discrimination, freedom of association, right to collective bargaining and access to grievance mechanisms, consistent with the national law (including international agreements adopted by the member) governing the Project.

16. ***Measures for Climate Change.*** The Bank supports the three aims of the Paris Agreement of December 2015 to strengthen the global response to the threat of climate change, which are related to mitigation, adaptation and the redirection of financial flows. It supports the global adaptation goal of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change. In the context of sustainable development, the Bank stands ready, through its financings, to assist its Clients in achieving their nationally determined contributions,<sup>2</sup> including through mitigation, adaptation, finance, technology transfer and capacity-building. It may, through its financings, support Clients' formulation of long-term, low greenhouse gas emission 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 implications of climate change on the Project. To this end, the Bank plans to prioritize investments promoting greenhouse gas emission neutral and climate resilient infrastructure, including actions for reducing emissions, climate proofing and promotion of renewable energy.

17. ***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 assists 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. The Bank recognizes the value of natural infrastructure, such as wetlands, and the importance of enhancing or restoring ecosystem services where appropriate. Through its financings, the Bank assists 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.

18. ***Support for Green Economic Growth.*** The Bank recognizes the importance of green economic growth and the long-term benefits that it will provide in Asia. The Bank aims to build upon existing green economic growth initiatives in Asia, 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”

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<sup>2</sup> Nationally determined contributions means those contributions, including as and when referred to as “intended nationally determined contributions,” and as found on the [UNFCCC website](#).

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.

19. ***Use of Incentives for Supporting Good Performance.*** As part of its policy development process and in coordination with other multilateral development banks and bilateral development organizations, the Bank intends to explore the use of incentives for its Clients to support good environmental and social performance, including ways and means to assess such performance. Measures to support the use of incentives will be examined during the initial three years of operations of the Bank. In addition, the Bank will foster a management culture that mainstreams environmental and social considerations in Project preparation and supervision.

20. ***Development and Dissemination of Knowledge.*** The Bank will develop, disseminate and apply knowledge gained from its application of the ESP and ESSs at the operational level with member governments, the private sector, the public and other development partners. This process will benefit 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 improve the ESP and ESSs so as to increase the development effectiveness of Projects.

21. ***Cooperation with Development Partners.*** The Bank aims to promote harmonization of policies with multilateral development banks and bilateral development organizations with which it co-finances Projects to reduce the burden of multiple requirements on Clients. When co-financing 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 regarding the Project. Cooperation may include Projects at the regional and national level, including those for the management of trans-boundary environmental and natural resource management issues.

22. ***A New Development Partner.*** The Bank recognizes that it is a new development partner and plans to work closely with other multilateral development banks and bilateral development organizations in supporting the strengthening of environmental and social sustainability at the policy and operational level with public- and private-sector Clients. It also intends to work together with other development partners through co-financing Projects, undertaking studies and conducting training for staff and Clients.

## Annex:

# Environmental and Social Policy and Environmental and Social Standards

## Environmental and Social Policy

### Purpose

1. ***Overarching Policy.*** The Bank recognizes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mandate to support infrastructure development and enhance interconnectivity in Asia. The objective of this overarching policy is to facilitate achievement of these development outcomes, through a system that integrates sound environmental and social management into Projects.

2. ***Environmental and Social Policy Including Environmental and Social Standards.*** This overarching policy comprises:

- **Environmental and Social Policy.** An environmental and social policy (ESP), which sets forth mandatory environmental and social requirements for each Project.
- **Environmental and Social Standards.** The following three associated environmental and social standards (ESSs), which set out more detailed mandatory environmental and social requirements relating to the following:
  - ESS 1: Environmental and Social Assessment and Management (ESS 1);
  - ESS 2: Involuntary Resettlement (ESS 2); and
  - ESS 3: Indigenous Peoples (ESS 3).
- **Environmental and Social Exclusion List.** An Appendix to the ESP that provides an Environmental and Social Exclusion List.
- **Glossary.** A glossary with definitions of certain terms used in the ESP and ESSs.

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

- Support decision-making by the Bank.
- 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 in Projects.
- Provide for environmental and social screening and categorization of Projects.
- Analyze potential environmental and social risks and impacts of Projects.

- Identify actions to avoid, minimize, mitigate, offset or compensate for environmental and social impacts of Projects.
- Support integration of environmental and social management measures into Projects.
- Specify environmental and social management provisions to be included in agreements governing Projects.
- Provide a mechanism for public consultation and disclosure of information on environmental and social risks and impacts of Projects.
- Provide for monitoring and supervision of environmental and social management measures under Projects.
- Facilitate development and dissemination of lessons learned from Projects to improve environmental and social management practices.

4. ***Support for Clients.*** The ESP (including the associated ESSs) sets out the requirements for Clients relating to identification and assessment of environmental and social risks and impacts associated with Projects supported by the Bank. The Bank believes that the application of the ESP and ESSs, by focusing on the identification and management of environmental and social risks and impacts, will support Clients in achieving good international practice relating to environmental and social sustainability; assist Clients in fulfilling their national and international obligations relating to environmental and social risks and impacts; enhance non-discrimination, transparency, participation, accountability and governance; and enhance sustainable development outcomes of Projects through ongoing stakeholder engagement.

## **Definitions**

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

- **Client** means the recipient of the Bank financing for a Project and any other entity responsible for implementation of the Project.
- **Project** means the specific set of activities for which the Bank 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.

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

## **Scope of Application**

7. ***All Projects.*** The ESP applies to all Projects. The Bank requires each Client to manage the environmental and social risks and impacts associated with its Project in a manner designed to meet the ESP and the applicable ESSs in accordance with the environmental and social management plan (ESMP), and environmental and social management planning framework (ESMPF), as applicable, required for the Project under this ESP and ESSs.

8. ***Funds Administered by the Bank.*** If a Project is financed using funds provided by other financiers and administered by the Bank,<sup>1</sup> 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 and ESSs.

9. ***Additional Country Requirements.*** If the Bank determines that the relevant environmental and social requirements of the country in which the Project is located are more stringent than the requirements of the ESP or ESSs, the country's own requirements will apply, provided that they are not in violation of the Bank's Articles of Agreement.

10. ***Development Partner Policies.*** The Bank may agree, on a case-by-case basis, to the application of the environmental and social policies and procedures of multilateral development banks and bilateral development organizations who are co-financing the Project, provided that the Bank is satisfied that they are consistent with the Bank's Articles of Agreement and materially consistent with the ESP and ESSs, and that appropriate monitoring procedures are in place. In such cases, the Bank may rely on these co-financiers' determination as to whether compliance with their policies and procedures has been achieved under this approach.

## **Requirements**

### **A. Screening and Categorization**

11. ***Purpose of Screening and Categorization.*** The Bank screens and categorizes each proposed Project to determine the nature and level of the required environmental and social review, type of information disclosure and stakeholder engagement for the Project. The categorization takes into consideration the nature, location, sensitivity and scale of the Project, and is proportional to the significance of its potential environmental and social risks and impacts. As part of this process, the Bank also screens the Project to determine which of the ESSs applies. 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.

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

13. ***Categories.*** The Bank assigns each proposed Project to one of the following four categories:

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<sup>1</sup> This would be the case for trust funds that may be established by the Bank in accordance with its Articles of Agreement. For co-financing, see paragraph 10 of this ESP.

- **Category A.** 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. 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 ESMP or ESMPF, which is included in the ESIA report for the Project. The ESIA for a Category A Project examines the Project’s potential environmental and social impacts, both positive and adverse, compares them with those of feasible alternatives (including the “without Project” situation), and recommends any measures needed to avoid, minimize, mitigate, or compensate for adverse impacts and improve environmental and social performance of the Project.
- **Category B.** A Project is categorized B when: it has a limited number of potentially adverse environmental and social impacts; the impacts are not unprecedented; few if any of them are irreversible or cumulative; they are limited to the Project area; and can be successfully managed using good practice in an operational setting. The Bank requires the Client to conduct an initial review of the environmental and social implications 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 environmental and social assessment or another similar instrument is appropriate for the Project. 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 negative and positive environmental and social impacts and recommends any measures needed to avoid, minimize, mitigate, or compensate for adverse impacts and improve environmental and social performance of the Project.
- **Category C.** A Project is categorized C when 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 conduct a review of the environmental and social implications of the Project.
- **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, appraisal, approval and monitoring of Bank-financed subprojects. The Bank requires the FI Client, through the implementation of appropriate environmental and social policies and procedures, to screen and categorize subprojects as Category A, B or C; review; conduct due diligence on; and monitor the environmental and social risks and impacts associated with the Bank-financed subprojects, all in a manner consistent with this ESP. A Project categorized as FI is also subject to: (a) the Environmental and Social Exclusion List and applicable host country national laws for all Bank-financed subprojects; and (b) the applicable ESSs for the Bank-financed subprojects that are classified as Category A subprojects (and if the Bank so determines, some or all of the Bank-financed subprojects that are classified as Category B subprojects).

14. ***Strategic, Sectoral and Regional 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.

15. ***Combined Review.*** 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 the vulnerability of various types of potentially affected people.<sup>2</sup>

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

16. ***An Element of Appraisal.*** The Bank conducts environmental and social due diligence, as an integral element of its appraisal of the Project, and 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 element of the appraisal supports decision-making by helping the Bank decide whether to finance the Project and, if so, the manner in which it requires the Client to address environmental and social risks and impacts in the planning and implementation of the Project. The Bank's due diligence may involve both field-based and desk review, which may be supplemented by the use of independent consultants.

17. ***Review Process.*** As part of its due diligence, the Bank reviews the Client's environmental and social assessment and documentation in order to determine the extent to which: (a) all key potential environmental and social risks and impacts of the Project have been identified; (b) effective measures to avoid, minimize, mitigate, offset or compensate for the adverse impacts are incorporated into the Project's design and ESMP or ESMPF; (c) the Client understands the requirements of the ESP and ESSs and has the commitment and capacity, or has made arrangements to strengthen its capacity, necessary to manage the Project's environmental and social risks and impacts adequately; (d) the role of third parties is appropriately defined in the ESMP; and (e) consultations with affected people are conducted in accordance with requirements of the ESP and ESSs. 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.

18. ***Application of ESP and ESSs.*** Also as part of its due diligence, the Bank: (a) assesses whether the Project can be implemented in accordance with the ESP and ESSs; (b) assesses the Project's potential reputational risks to the Bank; (c) considers the costs and responsibilities for mitigation and monitoring measures; and (d) reviews the timing of mitigation and monitoring activities in the schedule for implementation of the Project. The Bank may retain independent consultants to assist in its due diligence.

19. ***Review of Information.*** The Bank recognizes that Projects may have different levels of information regarding the environmental and social risks and impacts available at the time the Bank carries out its due diligence. In such circumstances, as part of its due diligence, the

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<sup>2</sup> For the purpose of the ESP and ESSs, vulnerable groups or individuals refer to people who, by virtue of factors beyond their control, may be more likely to be adversely affected by the Project's environmental or social impacts and may be more limited than others in their ability to claim or take advantage of Project benefits.

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 ESSs. 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 ESSs. The Bank reflects this assessment in the Project documents at the time the proposed financing is submitted for approval.

20. **Supplemental Measures.** The Bank's due diligence responsibilities include, as appropriate: (a) reviewing the information provided by the Client relating to the environmental and social risks and impacts of the Project,<sup>3</sup> and requesting additional and relevant information where there are gaps that prevent the Bank from completing its due diligence; and (b) providing guidance to assist the Client in developing appropriate measures to address environmental and social risks and impacts in accordance with the ESP and ESSs. 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 ESSs, the Bank requires the Client to undertake some or all of the following actions: (a) carry out supplemental environmental and social assessments or studies; (b) strengthen existing assessments or studies; or (c) improve the required environmental and social documentation. This process may also require the Client to undertake supplemental consultations.

21. **Projects under Construction or with Permits.** If the Project is under construction, or permits for the Project have been obtained, including approval of the national environmental and social impact assessment or other relevant documentation, 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 ESP and ESSs, to identify whether any additional studies or mitigation measures are required to meet the requirements of the ESP or the ESSs.

22. **Project Changes.** Changes may occur in the nature and scope of the Project following the Bank's approval and signing of the legal agreements governing the Project's financing. Such changes may have material environmental or social risks and impacts. 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 and ESSs, it requires the Client to incorporate these measures in the Project. The Bank may also require the Project to be re-categorized.

23. **Adaptive Management.** 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 (or both). The process specifies how such changes or circumstances are to be managed and reported. 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. 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 carry out an additional assessment of such changes and stakeholder engagement in accordance with the ESP and ESSs, provide to the Bank for approval mitigation measures, as appropriate, in

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<sup>3</sup> For example, pre-feasibility studies, scoping studies, national environmental and social assessments, licenses and permits.

accordance with the findings of such assessments and consultation, and then implement the approved mitigation measures. The Client is required to disclose the Project changes and mitigation measures in the manner required of it under paragraph 57 of this ESP.<sup>4</sup>

24. ***Due Diligence for FI Projects.*** 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 the requirements of the ESP and ESSs with respect to the Bank-financed subprojects. Specifically, the Bank assesses: (a) the FI's existing management system and capacity, 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 (c) measures necessary to strengthen the FI's existing environmental and social policies and procedures and its capacity to implement them. The Bank undertakes selective supervision and monitoring of high-risk FI subprojects. The Client may use a suitably qualified and experienced third party approved by the Bank to monitor subprojects.

25. ***Independent Experts and Advisory Panels.*** 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. 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. The Bank reviews and, following consultation with the Client, approves the appointment of each expert and all members of each independent advisory panel before they begin their tasks.

### **C. Environmental and Social Assessment**

26. ***Environmental and Social Assessment.*** Generally, the Bank requires the Client to adopt an integrated approach to the process of 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 countries the 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 ensure that it provides for assessment of both environmental and social risks and impacts, as well as provisions for mitigation and monitoring.

27. ***Environmental and Social Standards.*** When the Bank has determined, in consultation with the Client, that the Project has potentially adverse environmental 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.
- If the Project would result in Involuntary Resettlement,<sup>5</sup> to address this in the social section of the assessment report, complemented by more in-depth coverage, as

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<sup>4</sup> See also Operational Policy on Financing for the approval process for Project changes.

<sup>5</sup> For a definition of Involuntary Resettlement, see ESS 2.

required under ESS 2. The Client covers Involuntary Resettlement in a resettlement plan (resettlement plan) or resettlement planning framework (RPF), which is provided to the Bank as a freestanding document, an annex to the assessment report, or incorporated into the report as a recognizable element.

- If the Project would affect Indigenous Peoples,<sup>6</sup> 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 (Indigenous Peoples plan) or Indigenous Peoples planning framework (IPPF), which is provided to the Bank as a freestanding document, an annex to the assessment report, or incorporated into the report as a recognizable element.

28. ***Elements of the Environmental and Social Assessment.*** 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 of the Project: (a) description of the Project; (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” situation; (e) baseline environmental and social data; (f) evaluation of environmental and social risks and impacts; (g) public consultation and information disclosure; and (h) development of mitigation, monitoring and management measures and actions in the form of an ESMP or ESMPF. The assessment considers Project and design alternatives, to avoid or minimize physical and/or economic displacement and impacts on Indigenous Peoples.

29. ***Scope of Analysis.*** The scope and depth of analysis is proportional to the nature and magnitude of the Project’s potential environmental and social risks and impacts. The environmental and social assessment applies a mitigation hierarchy to: (a) anticipate and avoid risks and impacts; (b) where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels; (c) once risks and impacts have been minimized or reduced, mitigate them; and (d) where residual risks or impacts remain, compensate for or offset them, where technically and financially feasible. 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), in accordance with paragraph 57 below.

30. ***Involuntary Resettlement.*** 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 Client is required to ensure that resettlement activities are conceived and executed as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in Project benefits.

31. If the Project involves Involuntary Resettlement, the Bank requires the Client to prepare a resettlement plan or RPF (as applicable) 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 affected people. The resettlement plan or RPF complements the broader coverage of social risks and impacts in the environmental and social assessment and provides specialized guidance to address the

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<sup>6</sup> For a definition of Indigenous Peoples, see ESS 3.

specific issues associated with Involuntary Resettlement, including land acquisition, changes in land use rights, displacement and need for livelihood restoration.

32. 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 countries of operation. Given this situation, the Bank requires the Client to ensure that displaced persons without title to land or any recognizable legal rights to land, are eligible for, and receive, resettlement assistance and compensation for loss of non-land assets, in accordance with cut-off dates established in the resettlement plan, and that they are included in the resettlement consultation process.

33. **Indigenous Peoples.** 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. If the Project would have impacts on Indigenous Peoples, the Bank requires the Client to prepare an Indigenous Peoples plan or IPPF. The 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 Indigenous Peoples plan 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.

34. **Associated Facilities.** Associated facilities (Associated Facilities) are activities that are not included in the description of the Project set out in the agreement 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 constructed or expanded if the Project did not exist.

35. **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, as follows:

- To the extent the Client controls or has influence over the Associated Facilities, the Bank requires it to take the following actions: (a) the Client is required to comply with the requirements of the ESP and ESSs with respect to such facilities, to the extent of its control or influence; and (b) if the Associated Facilities are financed by another multilateral development bank or bilateral development organization, 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.
- If the Client does not control or have influence over the Associated Activities, it identifies in the environmental and social assessment the environmental and social risks and impacts the Associated Facilities may present to the Project.

- 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.

36. ***Support for Quantification of Greenhouse Gas Emissions.*** In order to support reporting on greenhouse gas 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.

#### **D. Assessment Documentation and Instruments**

37. ***Use of Appropriate Assessment Documentation.*** The Bank ensures that the Client prepares appropriate environmental and social assessment documents. For Category A Projects, the ESIA report or other environmental and social assessment report includes an ESMP or ESMPF (or both). For Category B Projects, the Bank, in consultation with the Client, determines the appropriate environmental and social assessment documentation required 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, in consultation with the Client, that the only required environmental and social assessment document is an ESMP or ESMPF (or both, as applicable). 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.

38. ***A Variety of Assessment Instruments.*** The Bank, in consultation with the Client, determines which among a wide variety of assessment 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 include, but are not limited to, the following: (a) strategic environmental and social impact 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. These instruments are complemented by an ESMP or ESMPF (or both). In the case of some Projects, the Bank may determine that it is appropriate for the Client to use physical, spatial and environmental planning as tools for integration of environmental and social measures into the Project in lieu of other required instruments. Environmental audits, hazard and risk assessments, and emergency response plans, among others, may also be used, as appropriate.

#### **E. Environmental and Social Management Plan**

39. ***ESMP.*** 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 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.

40. ***Integration of the ESMP into the Project.*** To ensure 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.

41. ***Preparation of the ESMP.*** 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 for ensuring that those impacts are addressed in an effective and timely manner; (c) describe the means for meeting those requirements; and (d) disclose the draft ESMP in the manner required of it under paragraph 57 of this ESP and engage in consultation on the ESMP in the manner required of it under Section J below. If the Project involves rehabilitation, upgrading, expansion or privatization of existing facilities, remediation of existing environmental and social problems 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.

42. ***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; (e) capacity development and training measures; (f) implementation schedule; (g) cost estimates; and (h) performance indicators. These may be presented as one or more separate plans, depending on Client requirements.

43. ***Implementation Schedule and Cost Estimates.*** For mitigation, monitoring and capacity development, the Bank requires the Client to provide in the ESMP: (a) 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 (b) the investment and recurrent cost estimates for 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, resettlement and measures for Indigenous Peoples are eligible for the Bank financing if these activities are included in the Project description.

44. ***Monitoring Outcomes of the ESMP.*** 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. 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.

## **F. Environmental and Social Management Planning Framework**

45. ***Use of ESMPF.*** The Bank requires the Client to use an ESMPF 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;<sup>7</sup> or (b) if the Bank authorizes the Client to use a phased approach in accordance with Section G below. The ESMPF includes, when applicable, an RPF and an IPPF. The purpose of the ESMPF is to ensure that the activities will be assessed and implemented in conformity with the ESP and ESSs. 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)

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<sup>7</sup> 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.

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. The Bank requires the Client to disclose the draft ESMPF in the manner required of it under paragraph 57 of this ESP and engage in consultation on the ESMPF in the manner required of it under Section J below.

46. **ESMPF.** The Client agrees with the Bank on the ESMPF, including the RPF and IPPF if required, prior to approval of the Bank's financing. The Bank requires the Client to prepare the environmental and social assessment report and ESMP for each of the activities during preparation of the activities in conformity with the ESMPF. Costs of implementation of the ESMPF are eligible for the Bank financing if these activities are included in the Project description.

47. **Coverage of ESMPF and Supporting Frameworks.** The Bank requires the Client to set forth the following in any ESMPF, RPF and IPPF: (a) description of the applicable policies and procedures to be followed; (b) explanation of the anticipated risks and impacts; (c) screening and assessment activities; (d) provisions for disclosure of and consultation on the ESMPF, and the RPF or IPPF (as applicable); (e) implementation and monitoring requirements; and (f) roles and responsibilities. If the Bank authorizes the Client to use a phased approach in accordance with Section G 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, their phasing and their timing.

48. **Assessment of Capacity.** To determine whether the application of an ESMPF, 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 and the applicable ESSs. If gaps exist between the ESSs and the laws of the country in which the Project is located, 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 requirements to ensure that the Client complies with the provisions of the applicable ESSs.

49. **Decision and Conditions for Use.** In determining 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 to implement relevant national laws, the ESP and applicable ESSs. Except in situations of urgent need of assistance described below in paragraph 51, the Client may not carry out any Project activity covered by the phased approach until the required environmental and social impact assessment, including information disclosure and consultation, has been conducted and related management measures for such activity, including resettlement and Indigenous Peoples plans, as applicable, have been approved by the Bank and implemented as required. This is reflected in the ESMPF and the legal agreement for the Project.

## **G. Special Circumstances**

50. **Use of a Phased Approach.** 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 and the Client's environmental and social assessment, may follow a phased approach that takes place following the Bank's approval of

the Project. 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 to implement relevant national laws, the ESP and applicable ESSs. Where a Project proposes such a phased approach, a description of the approach (including actions and their timing) is provided in an ESMPF. Except in situations of urgent need of assistance described below in paragraph 51, the Client may not carry out any Project activity covered by the phased approach until the required environmental and social impact assessment, including information disclosure and consultation, has been conducted and related management measures for such activity, including resettlement and Indigenous Peoples plans, as applicable, have been approved by the Bank and implemented as required. This is reflected in the ESMPF and the legal agreement for the Project.

51. ***Projects in Situations of Urgent Need of Assistance.*** 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. In such a case, and if the Client so requests, the Bank may approve a deferral of certain of the 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 agreement for the Project.

## **H. Use of Country and Corporate Systems**

52. ***Client 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 by the Bank of the Client's existing environmental and social management system relevant to the Project, including its scope and effectiveness, and a determination by the Bank that the relevant parts of this system are 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
- Review by the Bank of the performance of the Client's environmental and social management system proposed for use in the Project, and a determination by the Bank of 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.

53. The review is conducted in consultation with the Client and Project stakeholders, and the Bank discloses its findings in accordance with paragraph 58 of this ESP. 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 of such studies.

54. ***Scope of Systems.*** The Client's environmental and social management system includes those aspects of the policy, legal and institutional framework of the country in which the Project is located, which are relevant to the environmental and social risks and impacts of the Project. This includes national, subnational, sectoral or corporate implementing institutions; applicable laws, regulations, rules and procedures; and implementation capacity;

as well as the international agreements to which the member is a party. 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. The Bank may, on the basis of its review, determine that one or more specific parts of the Project qualifies 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. The Bank reviews and approves the environmental and social documentation for the Project and maintains its supervisory role in Project implementation. Use of a Client's systems does not preclude access of affected stakeholders to the Bank's oversight mechanism or Project-level grievance mechanisms.

55. ***Specific Measures.*** 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 to ensure that the system is materially consistent with the objectives of the ESP and relevant ESSs, and that the Project can achieve its development objectives. 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). To the extent actions to address gaps are necessary to ensure that the system is materially consistent with the objectives of the ESP and relevant ESSs, the Bank requires the Client to detail these actions, together with the time frames for their completion, the reporting requirements of the Client and the monitoring approach of the Bank, in the ESMP or ESMPF (as applicable).

56. ***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 no longer 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 its financing agreement for the Project.

## **I. Information Disclosure**

57. ***Information Disclosure by the Client.*** The Bank requires the Client to ensure that relevant information about environmental and social risks and impacts of the Project is made available in the Project area in a timely and accessible manner, and in a form and language(s) understandable to the Project-affected people, other stakeholders and the general public, so they can provide meaningful inputs into the design and implementation of the Project. This documentation includes, as applicable, the following:

- Draft environmental and social assessment reports, ESMPs, ESMPFs, resettlement plans, RPFs, Indigenous Peoples plans and IPPFs, or other approved forms of documentation;
- Final or updated environmental and social assessment reports, ESMPs, ESMPFs, resettlement plans, RPFs, Indigenous Peoples plans and IPPFs, or other approved forms of documentation; and

- ESMPs, resettlement plans and/or Indigenous Peoples plans and monitoring reports required to be prepared by Clients during Project implementation under ESMPFs, RPFs, IPPFs, or other approved forms of documentation, and monitoring reports required to be prepared by Clients under such plans.

The Bank requires the Client to disclose: (a) draft environmental and social assessment reports, ESMPs, ESMPFs, resettlement plans, RPFs, Indigenous Peoples plans and IPPFs, or other approved forms of documentation; and (b) other documents described above, as soon as they become available. The Bank also requires the Client to disclose any material changes to the disclosed environmental and social information for the Project as soon as they become available.

58. ***Information Disclosure by the Bank.*** To further enhance access to the environmental and social information related to Projects, in addition to disclosure of such information by the Client as provided in paragraph 57 above, the Bank also discloses the Client's documentation referred to in paragraph 57 above. It discloses: (a) draft environmental and social assessment reports, ESMPs, ESMPFs, resettlement plans, RPFs, Indigenous Peoples plans and IPPFs, or other approved forms of documentation as early as possible during the Bank's assessment of the Project; and (b) other documentation referred to in paragraph 57 in a timely manner. In addition, the Bank posts its reviews of the use of country and corporate systems. The Bank may defer the disclosure of the above information 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 shall be exercised by the Bank's management, and the deferrals so approved by management shall be reported to the Board of Directors.

## **J. Consultation**

59. ***Consultation.*** 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 consultation<sup>8</sup> with stakeholders during the Project's preparation and implementation phases, in a manner commensurate with the risks to, and impacts on, those affected by the Project. Consultation is required for each Category A Project, and for each Category B Project, proportional to its risks and impacts. Consultation for a Category A Project is normally more elaborate than consultation for a Category B Project. 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 ensure that the Client addresses such concerns in the Project's design and ESMP or ESMPF (as applicable). The Bank ensures that the Client includes a record of the consultations and list of participants in the environmental and social assessment documentation.

60. ***When Free, Prior and Informed Consultation (FPICon) Is Required.*** Since Indigenous Peoples may be particularly vulnerable to the loss of, alienation from, or

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<sup>8</sup> For a definition of meaningful consultation, see ESS 1, paragraph 15.

exploitation of their land and access to natural and cultural resources, the Bank requires the Client to engage in FPICon with the affected Indigenous Peoples 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 heritage. 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.

61. **Definition of FPICon.** 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 these affected Indigenous Peoples; (c) the Client documents: (i) the mutually accepted process of consultation between the Client and these Indigenous Peoples; and (ii) evidence of broad community support of these Indigenous Peoples on the outcome of the negotiations; 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. 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 ensure that the Project, as redesigned, will not have adverse impacts on such Indigenous Peoples. If the laws of the country in which the Project is located mandate free, prior and informed consent (FPIC), the Bank may, in accordance with paragraph 9 of this ESP, and provided that in its view, such application is consistent with the requirements of FPICon as set out above in paragraph 60 and this paragraph 61, determine that the Client is required to apply FPIC as defined in those laws.

## **K. Monitoring and Reporting**

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

- **Client – Monitoring and Reporting.** The Bank requires the Client to implement the Project in compliance with the ESMP or ESMPF (or both), and any resettlement plan or RPF and any Indigenous Peoples plan or IPPF, and to furnish the Bank with periodic monitoring reports on the Client's performance under the Project, including FI subprojects, relating to environmental and social risks and impacts. This may include information on health and safety issues as well as implementation phase consultations. Specifically, the Bank requires the Client to take the following actions under the Project:
  - Establish and maintain appropriate procedures to monitor progress in the implementation of the environmental and social measures agreed with the Bank;
  - Verify the compliance with these specific measures and their progress toward intended outcomes;

- Document and disclose in accordance with paragraph 57 above, monitoring results and identify necessary corrective actions in the periodic monitoring reports; the frequency will be proportional to the issues, but not less than annually;
  - Follow up on these actions to ensure progress toward the intended outcomes;
  - Retain suitably qualified and experienced experts to verify monitoring information on a routine basis if the Project has significant risks and impacts;
  - Use suitably qualified and experienced specialist individual experts or independent advisory panels, not affiliated with the Project, to monitor implementation if the Project is very complex or sensitive; and
  - Furnish the Bank with periodic monitoring reports on environmental and social measures agreed with the Bank.
- **The Bank – Monitoring and Reporting.** The Bank reviews Project performance against the Client’s obligations set forth in the legal agreement governing the Project. Monitoring and supervision of environmental and social aspects of the Project are integrated into the Bank’s supervision plan for the Project. The Bank monitors the Project on an ongoing basis until Project completion. In supervising and monitoring implementation of the environmental and social aspects of the Project, the Bank:
    - Conducts periodic site visits if the Project has adverse environmental or social risks and impacts;
    - Conducts comprehensive field-based reviews if the Project has significant adverse environmental and social risks and impacts;
    - 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;
    - Consults with the Client on corrective measures to rectify any failures to comply with its environmental and social obligations, as documented in the legal agreement governing the Project; and
    - Prepares a completion report<sup>9</sup> 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, resettlement plan, RPF, Indigenous Peoples plan or IPPF, or other approved documentation (as applicable), and the results of monitoring.

## L. Grievances

63. **Project-level Grievance Redress.** The Bank requires the Client to establish, in accordance with the ESP and applicable ESSs, a suitable grievance mechanism to receive and facilitate resolution of the concerns or complaints of people who believe they have been adversely affected by the Project’s environmental or social impacts, and to inform Project-

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<sup>9</sup> See also *Operational Policy on Financing*.

affected people of its availability. The grievance mechanism is scaled to the risks and impacts of the Project. The grievance mechanism may utilize existing formal or informal grievance 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. The mechanism is designed to address affected people's concerns and complaints promptly, using an understandable and transparent process that is gender-sensitive, culturally appropriate and readily accessible to all affected people. The grievance mechanism includes provisions to protect complainants from retaliation and to remain anonymous, if requested. The mechanism 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. If the Project is a private-sector Project,<sup>10</sup> the Bank also requires the Client to establish a grievance mechanism for workers to address workplace concerns.

64. ***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 also submit complaints to the Bank's Project-affected People's Mechanism in accordance with the Policy on the Project-affected People's Mechanism.

## **Roles and Responsibilities**

65. ***The Bank's Roles and Responsibilities.***<sup>11</sup> 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 as provided for in this ESP; (c) reviews the Client's environmental and social 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 in compliance with this ESP and applicable ESSs; (d) determines the feasibility of the Bank financing for the Project; and (e) monitors and supervises the Client's compliance with its environmental and social obligations until completion of the Project, in accordance with the legal agreements governing the Project. The Bank discloses the environmental and social documentation for the Project, referred to in paragraph 58, as applicable, on its website, in a timely manner.

66. If the Client fails to comply with its environmental and social obligations in accordance with the legal agreements governing the Project, the Bank consults with the Client on corrective measures to bring the Client back into compliance. If the Client fails to reestablish compliance within a time frame deemed appropriate by the Bank, then the Bank may exercise its available contractual remedies under its legal agreements governing the Project.<sup>12</sup>

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<sup>10</sup> A Project is a private-sector Project if: (a) it is designed, constructed, operated and owned by a private entity; (b) the private entity is fully responsible for identifying, assessing and managing the environmental and social risks and impacts associated with the activity; and (c) the private entity has a generally recognized capacity to identify, assess and manage the environmental and social risks and impacts associated with the Project. A private entity is any natural or legal person, whether privately or publicly owned: (a) which is carrying out or is established for a business purpose, and is operating on a commercial basis; (b) which is financially and managerially autonomous; and (c) whose day-to-day management is not controlled by the government.

<sup>11</sup> See also *Operational Policy on Financing*.

<sup>12</sup> See also *Operational Policy on Financing*.

67. ***Roles and Responsibilities of the Client.*** The Client: (a) assesses the Project and its environmental and social risks and impacts; (b) prepares the Project's environmental and social documentation, in accordance with the ESP and ESSs; and (c) engages with people affected by the Project and other stakeholders, through information disclosure, and meaningful consultation in accordance with the ESP and ESSs. The Client furnishes 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, to the Bank for review.

68. The Client is responsible for complying with its environmental and social obligations under the Project in accordance with the legal agreements with the Bank governing the Project. To ensure that contractors appropriately implement the agreed measures, the Client includes the relevant environmental and social requirements in the tendering documents and contracts for goods and services required for the Project.<sup>13</sup>

## **Decision-making and Legal Provisions**

69. ***Timing of Documentation.*** 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 assessment of the Project: the draft environmental and social assessment report, including the record of consultations; the draft ESMP or ESMPF (if applicable); and the drafts of any required resettlement plan, Indigenous Peoples plan, RPF and IPPF (if applicable).

70. ***Information for Bank Decision-making.*** The documentation prepared by the Bank for approval of the Project's financing includes a description of the Bank's environmental and social due diligence for the Project, the Project's environmental and social risks and impacts, mitigation and monitoring measures, a summary of stakeholder engagement, and the way in which these risks and impacts are being or will be addressed by the Client (including, when the Bank agrees to a phased approach under Section G above, a description of that approach). The Bank describes how it has taken the comments and concerns of stakeholders into account as part of assessing the overall environmental and social benefits and risks of the Project.

71. ***Inclusion in Agreement for the Project.*** The agreements with the Bank governing the Project contain, as applicable:<sup>14</sup> (a) specific provisions reflecting all actions required on the part of the Client during implementation of the Project (and their timing) to ensure compliance with the ESP and the applicable requirements of the ESSs, including implementing the Project in accordance with the applicable environmental and social documents; (b) provisions regarding any phased approach adopted pursuant to Section G; (c) provisions on environmental and social monitoring and reporting; and (d) contractual remedies available to the Bank in the event the above actions are not taken.

72. ***Exclusions.*** The Bank will not finance Projects that it determines do not comply with the ESP and ESSs. The Bank will not knowingly finance a Project that: (a) either involves

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<sup>13</sup> See also *Procurement Policy*.

<sup>14</sup> See also *Operational Policy on Financing*.

or results in forced evictions;<sup>15</sup> or (b) involves activities or items specified in the list set forth in the attached Environmental and Social Exclusion List.

## **Related Documents**

73. The following documents are also relevant to the ESP and ESSs:

- Directive on Environmental and Social Policy.
- Policy on the Project-affected People’s Mechanism.
- Operational Policy on Financing (and related Directives).
- Operational Policy on International Relations.
- Procurement Policy (and related Directives).
- Policy on Prohibited Practices.
- Policy on Public Information.
- General Conditions applicable to Sovereign-backed Loans.

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<sup>15</sup> 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: Involuntary Resettlement). 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: Involuntary Resettlement, 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**

1. **Objectives.** To ensure 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.** 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 for both quality environmental and social assessment and management of risks and impacts through effective mitigation and monitoring measures during the course of Project implementation.

#### **Requirements**

3. 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 C of the ESP, using appropriate studies proportional to the significance of potential risks and impacts. The Client ensures the preparation of an environmental and social assessment report, which contains an executive summary, a main report, and annexes as appropriate, including one on consultations. 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. This process may also require the Client to undertake supplemental consultations.
4. The Client is required to conduct the environmental and social assessment for the Project in accordance with Section C of the ESP, 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 D through L of the ESP.
5. Section A of ESS 1 sets out general requirements for assessing and managing environmental and social risks under the Project; Sections B, C and D of ESS 1 set out more detailed requirements for, respectively: environmental aspects, social aspects, and working conditions and community health and safety aspects of such assessment and management.

#### **A. *Assessment and Management Process***

6. **Environmental and Social Assessment.**
  - (a) Conduct an environmental and social assessment for the proposed Project to identify direct, indirect, cumulative and induced risks to and impacts on physical, biological, socioeconomic and cultural resources in the Project's area of influence; these include impacts on air and water quality, including environmental health; natural resources,

including land, water and ecosystems; livelihoods; vulnerable groups;<sup>1</sup> gender; worker and community health and safety; and cultural resources;

- (b) Use strategic, sectoral or regional environmental and social assessments and cumulative impact assessments, where appropriate;
- (c) Assess potential trans-boundary and global impacts, including climate change, as they relate to the Project;
- (d) Ensure that the scope and depth of the assessment is commensurate with, and proportional to, the nature and magnitude of the Project's potential risks and impacts and the categorization assigned by the Bank;
- (e) Apply a mitigation hierarchy in the environmental and social assessment, by: (i) anticipating and avoiding risks and impacts; (ii) where avoidance is not possible, minimizing or reducing risks and impacts to acceptable levels; (iii) once risks and impacts have been minimized or reduced, mitigating; and (iv) where residual risks or impacts remain, compensating for or offsetting them, where technically and financially feasible; and
- (f) 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.

7. **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: (i) investment alternatives to address the development objective; and (ii) 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 the institutional, training and monitoring requirements for alternatives. Examine Project alternatives to avoid or minimize physical and economic displacement associated with Involuntary Resettlement and impacts on Indigenous Peoples. For existing Projects, the scope of alternatives may be limited.

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

9. **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 approved by the Bank. Include in the ESMP the proposed: (a) mitigation measures; (b) environmental and social monitoring and reporting requirements; (c) related institutional or organizational arrangements; (d) provisions for disclosure and consultation; (e) capacity development and training measures; (f)

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<sup>1</sup> See below for definition of vulnerable groups.

implementation schedule; (g) cost estimates; and (h) performance indicators. 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.

10. **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 provisions of ESS 1, paragraph 14 on *Information Disclosure* below.

11. **ESMPF.** 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) if 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 G in the ESP, prepare an ESMPF. The purpose of the ESMPF is to ensure that the activities covered will be assessed and implemented in conformity with the ESP and applicable ESSs.

12. Set out in the ESMPF:

- (a) A description of the applicable policies and procedures proposed to be followed to assess and address: (i) environmental and social risks and impacts of the activities; (ii) any Involuntary Resettlement<sup>2</sup> that is likely to result from such activities; and (iii) any impacts on Indigenous Peoples<sup>3</sup> 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 and consultation;
- (e) Implementation and monitoring requirements; and
- (f) Roles and responsibilities.

Include in the ESMPF, when applicable, an 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. Ensure that as activities are identified and appraised, their implementation is not initiated: (a) unless and until any required ESMP, RPF or Indigenous Peoples plan has been prepared and approved by the

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<sup>2</sup> For a definition of Involuntary Resettlement, see ESS 2.

<sup>3</sup> For a definition of Indigenous Peoples, see ESS 3.

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 paragraph 51 of the ESP, and then implement only those actions that have been so approved.

13. **FI Projects.** If the Project is categorized as Category FI, implement appropriate environmental and social policies and procedures approved by the Bank to screen and categorize the Bank-financed subprojects as Category A, B or C, review, conduct due diligence on, and monitor the environmental and social risks and impacts of these subprojects, all in a manner consistent with the ESP. This includes: (a) screening these subprojects against the Environmental and Social Exclusion List; (b) reviewing and categorizing these subprojects according to their potential environmental and social risks and impacts; (c) requiring these subprojects to be assessed, prepared and operated in accordance with national laws governing such subprojects, and consistent with the ESP and the ESSs applicable to Category A (and, to the extent the Bank so determines, Category B) subprojects; and (d) monitoring the environmental and social performance of subprojects. Where there are issues in implementation of the environmental and social measures under these subprojects, take steps approved by the Bank to address these issues.

14. **Information Disclosure.** Make environmental and social information on the Project available, in an accessible manner, and in a form and language(s) understandable to affected people and other stakeholders, during preparation and implementation of the Project so as to provide an opportunity to broadly identify and address environmental and social risks and impacts, those involving Involuntary Resettlement and Indigenous Peoples, and including community health and safety issues. In particular, disclose the draft environmental and social assessment documents (including the ESMP, and, as applicable, any ESMPPF, or other approved forms of documentation) in a timely manner in accordance with paragraph 57 of the ESP, in an accessible place, and in a form and language(s) understandable to affected people and other stakeholders; this includes documentation required under ESS 2 and ESS 3, as applicable. Disclose in the same manner the final assessment documents, as they become available, and any updates to affected people and other stakeholders. Regularly disclose updated environmental and social information, in the same manner, along with information on any material changes in the Project.

15. **Meaningful Consultation.** Carry out meaningful consultation with Project-affected people and facilitate their informed participation in the consultations. Meaningful consultation is a process that: (a) begins early in the preparation stage of the Project and is carried out on an ongoing basis throughout the implementation and life cycle of the Project; (b) ensures that all parties have a voice in consultation, including national and subnational government, the private sector, nongovernmental organizations and people affected by the Project, including, as applicable, Indigenous Peoples; (c) provides additional support as needed to ensure participation of women, elderly, young, disabled, minorities and other vulnerable groups; (d) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to the people affected by the Project and other stakeholders; (e) is undertaken in an atmosphere free of intimidation or coercion; (e) is gender inclusive, accessible, responsive and tailored to the needs of vulnerable groups; and (f) enables the consideration of relevant views of people affected by the Project and other stakeholders in decision-making. Continue consultation with stakeholders throughout Project implementation as necessary on issues related to environmental and social performance and implementation of the Project-level grievance mechanism.

16. **Grievance Mechanism.** Establish a suitable grievance redress mechanism 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. Be aware of and respond to stakeholders' concerns related to the Project in a timely manner. Scale the grievance mechanism to the risks and impacts of the Project. The grievance mechanism may utilize existing formal or informal grievance 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. Design the mechanism to address Project-affected people's concerns and complaints promptly, using an understandable and transparent process that is gender-sensitive, culturally appropriate and readily accessible to all Project-affected people. Include provisions to protect complainants from retaliation and to remain anonymous, if requested. Make reports on grievance redress and outcomes available, in the manner set out in ESS 1, paragraph 14 on *Information Disclosure* above. For private sector Projects,<sup>4</sup> establish a grievance mechanism for workers to address workplace concerns (see below).

17. **Implementation and Monitoring.** Implement the ESMP and ESMPF (as applicable) and monitor their effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports in accordance with ESS 1, paragraph 14 on *Information Disclosure* above.

18. **Exclusion List.** Ensure that the Project does not involve any activity or item listed in the Environmental and Social Exclusion List.

## **B. *Environmental Coverage***

19. **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.

20. **Biodiversity Consideration.** Consider direct and indirect Project-related impacts on biodiversity, for example, habitat loss, 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 stakeholders.

21. **Biodiversity Impacts.** Avoid adverse Project impacts on biodiversity. When avoidance of adverse impacts is not possible, implement measures to minimize adverse impacts and restore biodiversity, including, as a last resort, biodiversity offsets. Ensure that suitably qualified and experienced biodiversity expertise is used to conduct the environmental and social assessment, to assist in the development of a mitigation hierarchy and to verify the implementation of mitigation measures. Address biodiversity as an element

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<sup>4</sup> A Project is a private-sector Project if: (a) it is designed, constructed, operated and owned by a private entity; (b) the private entity is fully responsible for identifying, assessing and managing the environmental and social risks and impacts associated with the activity; and (c) the private entity has a generally recognized capacity to identify, assess and manage the environmental and social risks and impacts associated with the Project. A private entity is any natural or legal person, whether privately or publicly owned: (a) which is carrying out or is established for a business purpose, and is operating on a commercial basis; (b) which is financially and managerially autonomous; and (c) whose day-to-day management is not controlled by the government.

of the ESMP or ESMPF (or both, as applicable). In the case of complex situations prepare, as appropriate, a biodiversity management plan, which may be included in the ESMP or ESMPF or be self-standing.

22. **Critical Habitats.** Project activities in areas of critical habitats are prohibited, unless:
- (a) There are no predicted measurable adverse impacts on the critical habitat that could impair its ability to function;
  - (b) There is no predicted reduction in the population of any recognized endangered or critically endangered species; and
  - (c) Any impacts are mitigated.

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

23. **Natural Habitats.** If the Project has to be implemented in an area of natural habitats, ensure there will be no significant conversion or degradation; and if feasible alternatives are not available, ensure 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. Ensure that these criteria are applied when proposed actions under the Project could potentially cause deforestation or conversion of natural forests.

24. **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 possible, to mitigate those adverse impacts that would compromise the integrity, conservation objectives or biodiversity importance of the area. Ensure that the Project also complies with any applicable national laws and regulations relating to protected areas.

25. **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. 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 resettlement plan, as provided for in ESS 2. Consider co-locating infrastructure investments such as pipelines, transmission lines and roads, when possible, to minimize land requirements. 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.

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

27. **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’s Environmental, Health and Safety Guidelines (EHSGs).<sup>5</sup> Adopt clean production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gas emissions. Minimize and manage waste generation 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.

28. **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.

29. **Climate Change.** Design and implement the Project so as to minimize emissions in accordance with the aims of the Paris Agreement of December 2015. Develop mitigation or adaptation measures to reduce risk of climate change, as relevant. Assess the impacts of the Project on climate change, including emissions, as well as the implications of climate change for the Project. Identify opportunities for low-carbon use, where applicable, and for reducing emissions, enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, incorporating climate-proofing into the Project, and promoting the use of renewable energy, where these are technically and financially feasible.

30. **Greenhouse Gases.** Assess alternatives under the Project, and implement technically and financially feasible and cost-effective options that support meeting nationally determined contributions.<sup>6,7</sup>

### C. *Social Coverage*

31. **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 at the community and household level, recognizing they are closely linked with physical and biological conditions.

32. **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

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<sup>5</sup> <http://www.ifc.org/ehsguidelines>

<sup>6</sup> Nationally determined contributions means those contributions, including as and when referred to as “intended nationally determined contributions,” and as found on the [UNFCCC website](#).

<sup>7</sup> In order to support reporting on greenhouse gas 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.

assessment and complement it with the preparation of a resettlement plan 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 Indigenous Peoples plan as required by ESS 3.

33. **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 towards vulnerable groups. As necessary, incorporate measures to ensure that any discrimination is mitigated to the extent possible. The objective of non-discrimination 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.

34. **Gender.** Identify any potentially adverse gender-specific risks and impacts of the Project, and develop mitigation measures to reduce these. Where relevant, use gender disaggregated 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.

35. **Land and Natural Resource Access.** Assess economic and social risks and impacts relating to the involuntary taking of land or restriction on access to natural resources under the Project;<sup>8</sup> 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 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.

36. **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 affected persons to at least pre-Project level or better.

37. **Cultural Resources.** Conserve cultural resources and avoid destroying or damaging them under the Project by using field-based surveys that employ suitably qualified and experienced experts for the assessment. Address cultural resources as an element of the ESMP or ESMPF (or both, as applicable). In the case of complex situations, prepare, as appropriate, a cultural resources management plan, which may be included in the ESMP or ESMPF or be self-standing. Provide for the use of "chance find" procedures that include a pre-approved management and conservation approach for cultural resources that may be

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<sup>8</sup> See also ESS 2 for additional requirements relating to Involuntary Resettlement.

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 heritage. 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. 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.

#### **D. *Working Conditions and Community Health and Safety***

38. **Safe Working Conditions and Community Health and Safety.** Assess labor and working conditions of Project workers,<sup>9</sup> as well as health and safety risks to local communities in the area of the Project. Implement measures designed to ensure Project workers have safe and healthy working conditions, and put in place measures to prevent accidents, injuries, and disease caused by the Project. Apply the relevant occupational health and safety provisions of internationally recognized standards, such as the EHSGs and, as appropriate, industry-specific EHSGs, to the Project. Document and report on accidents, diseases and incidents. Put in place preventive and emergency preparedness and response measures to avoid, or where avoidance is not possible, to minimize adverse risks and impacts of the Project on the health and safety of local communities.

39. **Child Labor and Forced Labor.** In order to protect children from jeopardy to their health, safety or morals, ensure that children under the age of 18 are not employed for work under the Project. 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, 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.<sup>10</sup> Ensure that, in connection with the Project, there is no 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).<sup>11</sup>

40. **Labor Management Relationships in Private Sector Projects.**<sup>12</sup> For private sector Projects, ensure that a labor management system for Project workers, which includes the

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<sup>9</sup> 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.

<sup>10</sup> See also definition of harmful and exploitative child labor under the Environmental and Social Exclusion List.

<sup>11</sup> See also definition of forced labor under the Environmental and Social Exclusion List.

<sup>12</sup> This provision does not apply to a Project which is not a private sector Project or to Project workers who may be employed in their capacity as government civil servants in a public or private sector Project. For purposes of this provision: (a) a Project is a private sector Project if: (i) it is designed, constructed,

following, is in place for the Project, consistent with relevant national law: (a) clear and understandable written terms of employment made available to Project workers in an accessible manner; (b) timely payment for Project work; (c) adequate periods of rest; (d) timely notice of termination of the working relationship; (e) employment on the basis of the principle of equal opportunity, fair treatment and non-discrimination; (f) compliance with national law relating to workers' organizations and collective bargaining; (g) an accessible, understandable and transparent grievance mechanism for raising Project workplace concerns that: (i) 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; (ii) 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 retribution; and (iii) allows for confidential complaints to be raised and addressed; and (h) a suitable system designed to inform Project workers of the grievance mechanism at the time of hiring, and make it easily accessible to them.

41. **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. Where technically and financially feasible, apply the principles of universal access<sup>13</sup> to the design and construction of such new buildings and structures.

42. **Traffic and Road Safety.** Identify, evaluate and monitor traffic<sup>14</sup> 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 to members of the public associated with the operation of such equipment. 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 ensure regular maintenance of all Project vehicles (owned or leased).

43. **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

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operated and owned by a private entity; (ii) the private entity is fully responsible for identifying, assessing and managing the environmental and social risks and impacts associated with the activity; and (iii) the private entity has a generally recognized capacity to identify, assess and manage the environmental and social risks and impacts associated with the Project; and (b) a private entity is any natural or legal person, whether privately or publicly owned: (i) which is carrying out or is established for a business purpose, and is operating on a commercial basis; (ii) which is financially and managerially autonomous; and (iii) whose day-to-day management is not controlled by the government.

<sup>13</sup> Universal access means unimpeded access for people of all ages and abilities in different situations and under various circumstances.

<sup>14</sup> Traffic includes all motorized transportation relevant to the Project.

monitoring of Project security workers. Implement measures designed to ensure that Project security workers limit their security actions exclusively to preventive and defensive purposes, in proportion to the nature and extent of the threat. The Client discloses security arrangements for the Client's facilities to the public, subject to overriding security concerns.

44. Make reasonable inquiries to ensure that Project security workers are not implicated in past abuses; train them adequately (or ensure that they are properly trained) in carrying out of security actions, and appropriate conduct toward Project workers and affected communities; and require them to act within the applicable law. Review all allegations of unlawful or abusive acts of Project security workers, take appropriate action to prevent recurrence and, where necessary, report unlawful acts to the relevant authorities.

## Environmental and Social Standard 2: Involuntary Resettlement

1. **Objectives.** To avoid Involuntary Resettlement wherever possible; to minimize Involuntary Resettlement by exploring Project alternatives; 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; to improve the overall socioeconomic status of the displaced poor and other vulnerable groups; and 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.
2. **Scope and Application.** ESS 2 applies if the Project's screening process reveals that the Project would involve Involuntary Resettlement (including Involuntary Resettlement of the recent past or foreseeable future that is directly linked to the Project). Involuntary Resettlement covers physical displacement (relocation, loss of residential land or loss of shelter) and economic displacement (loss of land or access to land and natural resources; loss of assets or access to assets, income sources or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers such displacement whether these losses and involuntary restrictions are full or partial, permanent or temporary.
3. 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 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.

### Requirements

4. The Client is required to undertake the following actions in relation to the Project:
  - (a) *Planning.* Determine the required scope of Involuntary Resettlement planning, through a survey of land and assets, a full census of persons to be displaced, and an evaluation of socioeconomic conditions specifically related to Involuntary Resettlement risks and impacts. This establishes baseline information on assets, productive resources and status of livelihoods. Include consideration of customary rights, 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.S
  - (b) *Resettlement Plan.* Prepare a resettlement plan elaborating on displaced persons' entitlements, income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget and time-bound implementation schedule. Involve affected persons in consultation on the resettlement plan and disclose the draft resettlement documentation in accordance with (n) *Information Disclosure*, below. The resettlement plan 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 Involuntary

Resettlement, including land acquisition; changes in land use rights, including customary rights; physical and economic displacement; and potential design adjustments that may reduce resettlement requirements. In some cases, with the Bank's prior approval, resettlement actions may be part of an overall community development plan, where the Client takes special efforts to ensure people who are displaced receive appropriate benefits through such a plan. When displacement is only economic, prepare a livelihood restoration plan. Provide measures to be taken in case of disputes over compensation.

- (c) *Abbreviated 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 resettlement plan, 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.
- (d) *Resettlement Planning Framework.* If (i) 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 (ii) 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 paragraph 50 of the ESP: prepare an RPF. Prepare the resettlement plan or abbreviated resettlement plan, as described in (b) and (c) above, as early as possible during development of the activities, in conformity with the RPF approved by the Bank.
- (e) *Proportionality.* Ensure that the resettlement plan or RPF is proportional to the extent and degree of the impacts. The degree of impacts is determined by: (i) the scope of physical and economic displacement; and (ii) the vulnerability of the persons to be displaced by the Project.
- (f) *Consultations.* Carry out meaningful consultations 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, entitlements and resettlement options, and further participation process. Ensure their involvement in planning, implementation, monitoring and evaluation of the resettlement plan. Pay particular attention to the needs of 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 ensure their participation in consultations.
- (g) *Grievance Mechanism.* Establish a suitable grievance redress mechanism to receive and facilitate resolution of the concerns of persons displaced by the Project and inform them of its availability. Scale the grievance mechanism to the risks and impacts of the Involuntary Resettlement. The grievance mechanism may utilize existing formal or informal grievance mechanisms, 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. Design the mechanism to address displaced persons' concerns and complaints promptly, using an understandable and transparent process that is gender-sensitive, culturally appropriate and readily accessible to all affected people. Include provisions to protect

complainants from retaliation and to remain anonymous, if requested. Disclose reports on grievance redress and outcomes in accordance with (n) *Information Disclosure*, below.

- (h) *Social Support*. Support the social and cultural institutions of persons displaced by the Project and their host population to address resettlement. Where Involuntary Resettlement risks and impacts 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.
- (i) *Livelihood Restoration*. Improve, or at least restore, the livelihoods of all persons displaced by the Project through: (i) where possible, land-based<sup>1</sup> 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; (ii) prompt replacement of assets with assets of equal or higher value; (iii) prompt compensation at full replacement cost for assets that cannot be restored; and (iv) capacity building programs to support improved use of livelihood resources and enhance access to alternative sources of livelihood. 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.
- (j) *Resettlement Assistance*. Provide persons displaced by the Project with needed assistance, including the following: (i) if there is relocation, security of tenure (with tenure rights that are as strong as the rights the displaced persons had to the land or assets from which they have been displaced) of relocation land (and assets, as applicable), proper 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; (ii) transitional support and development assistance, such as land development, credit facilities, training or employment opportunities; and (iii) civic infrastructure and community services, as required.
- (k) *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.
- (l) *Persons without Title or Legal Rights*. Ensure that persons displaced by the Project who are without title to land or any recognizable legal rights to land, are eligible for, and receive, resettlement assistance and compensation for loss of non-land assets, in accordance with cut-off dates established in the resettlement plan. Include them in

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<sup>1</sup> The term “land-based” includes livelihood activities such as rotational cropping and grazing of livestock as well as the harvesting of natural resources.

the resettlement consultation process. Do not include compensation to these people for the illegally settled land. Conduct land survey and census as early as possible in 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.

- (m) *Negotiated Settlement.* Develop procedures in a transparent, consistent and equitable manner if land acquisition or changes in land use rights are acquired through negotiated settlement under the Project, to ensure that those people who enter into negotiated settlements maintain the same or better income and livelihood status.
- (n) *Information Disclosure.* Disclose the draft resettlement plan, including documentation of the consultation process, in the Project area, in a timely manner in accordance with paragraph 57 of the ESP, in an accessible place, and in a form and language(s) understandable to persons displaced by the Project and other stakeholders. Disclose the final resettlement plan, and any updates to affected persons and other stakeholders in the same manner. Disclose any RPF in the same manner. Regularly disclose updated environmental and social information, along with information on any relevant material changes in the Project.
- (o) *Implementation.* Design and execute Involuntary Resettlement as part of the Project. Include the full costs of 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.
- (p) *Compensation and Entitlements.* Pay compensation and provide other resettlement entitlements before any physical or economic displacement under the Project.
- (q) *Supervision.* Closely supervise implementation of the resettlement plan throughout Project implementation.
- (r) *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 resettlement plan have been achieved, by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports in accordance with (n) *Information Disclosure*, above. Consider the use of suitably qualified and experienced third parties to support monitoring programs.

## Environmental and Social Standard 3: Indigenous Peoples<sup>1</sup>

1. **Objectives.** 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, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (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 or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social or political institutions that are separate from those of the dominant society and culture; and (d) a distinct language, often different from the official language of the country or region. In considering these characteristics, national legislation, customary law and any international conventions to which the country 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 an Indigenous People, under ESS 3.

### Requirements

3. 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, as follows:

(a) *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. 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. 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 possible, to minimize or mitigate such adverse impacts.

(b) *Indigenous Peoples Plan.* Prepare an Indigenous Peoples plan that is based on the social impact assessment prepared with the assistance of suitably qualified and experienced experts and that draws on indigenous knowledge and participation by

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<sup>1</sup> There is no universally accepted definition of Indigenous Peoples. Indigenous Peoples may be referred to in different countries by such terms as "indigenous ethnic minorities," "aboriginals," "hill tribes," "minority nationalities," "scheduled tribes," "first nations," or "tribal groups." As the applicability of such terminology varies widely from country to country, the Client may agree with the Bank on an alternative terminology for the Indigenous Peoples as appropriate to the circumstances of the Client.

the affected Indigenous Peoples communities. Include in the Indigenous Peoples plan: (i) a framework for continued consultation with these affected Indigenous Peoples during Project implementation; (ii) measures to ensure that these Indigenous Peoples receive culturally appropriate benefits; (iii) measures to avoid, minimize, mitigate, offset or compensate for any adverse Project impacts; and (iv) culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures. In some cases, the Indigenous Peoples plan may, if approved by the Bank, be part of an overall community development plan, where the Client takes special efforts to ensure that Indigenous Peoples receive appropriate benefits through such a plan.

- (c) *Indigenous Peoples Planning Framework.* Prepare an IPPF if a Project is likely to involve Indigenous Peoples and (i) 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 (ii) 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 paragraph 50 of the ESP. Prepare an Indigenous Peoples plan, as described in (b) above, during development of the activities in conformity with the IPPF approved by the Bank.
- (d) *Avoidance of Impacts.* Avoid any restricted access to, and physical displacement from, protected areas and natural resources under the Project. Where avoidance is not possible, ensure 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 are equitably shared.
- (e) *Proportionality.* Ensure that the level of detail and comprehensiveness of the Indigenous Peoples plan or IPPF is proportional to the degree of the Project's impacts. The degree of the impacts is determined by evaluating: (i) the magnitude of the impacts on the Indigenous Peoples, including: (1) customary rights of use and access to land and natural resources; (2) socioeconomic status; (3) cultural and communal integrity and heritage; (4) health, education, livelihood systems and social security status; and (5) indigenous knowledge; and (ii) the vulnerability of the affected Indigenous Peoples. Ensure the Indigenous Peoples plan and IPPF (if applicable) complement 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.
- (f) *Commercial Development of Natural Resources.* 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, ensure that the affected Indigenous Peoples' communities are informed of: (i) their rights to such resources under statutory and customary law; (ii) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (iii) the potential effects of such development on the Indigenous Peoples' livelihoods, environment, and use of such resources. Include in the Indigenous Peoples plan 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.

- (g) *Commercial Development of Cultural Resources.* If the Project involves the commercial development of Indigenous Peoples' cultural resources and knowledge, ensure that the affected Indigenous Peoples' communities are informed of: (i) their rights to such resources under statutory and customary law; (ii) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (iii) the potential effects of such development on Indigenous Peoples' livelihoods, environment, and use of such resources. Reflect the nature and content of agreements in the Indigenous Peoples plan and include arrangements to ensure that Indigenous Peoples receive an equitable share of the benefits to be derived from such commercial development in a culturally appropriate way.
- (h) *Consultations.* Carry out a process of 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: (i) in designing, implementing and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, offset or compensate for such impacts; and (ii) 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 capacity development in the Project.
- (i) *Special Considerations in Consultations.* In addition, ensure that this process: (i) involves Indigenous Peoples' representative bodies and organizations (e.g., councils of elders, village councils or chieftains) and, where appropriate, other community members; (ii) provides sufficient time for Indigenous Peoples' decision-making processes; and (iii) allows for Indigenous Peoples' effective involvement in the design of Project activities or mitigation measures that may affect them either positively or adversely.
- (j) *Grievance Mechanism.* Establish a culturally appropriate and gender inclusive grievance mechanism to receive and facilitate resolution of affected Indigenous Peoples' concerns and grievances regarding the Project's environmental and social performance, and inform them of its availability. Scale the grievance mechanism to the risks to, and impacts of, the Project on Indigenous Peoples. Design the mechanism to address Indigenous Peoples' concerns and complaints promptly, using an understandable and transparent process that is gender-sensitive, culturally appropriate and readily accessible to all affected Indigenous Peoples. The grievance mechanism may utilize existing formal or informal grievance mechanisms, 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. Include provisions to protect complainants from retaliation and to remain anonymous, if requested. Make reports on grievance redress and outcomes available, in accordance with (m) *Information Disclosure*, below.
- (k) *When Free, Prior and Informed Consultation (FPICon) 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 FPICon and obtain the broad support of the affected Indigenous Peoples if activities under the Project would: (i) have impacts on land and natural resources subject to traditional ownership or under customary occupation or use; (ii) cause relocation of Indigenous Peoples from land and limitations on access to natural resources subject

to traditional ownership or under customary occupation or use; or (iii) have significant impacts on Indigenous Peoples' cultural heritage. 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.

- (l) *Definition of FPICon.* There is no universally accepted definition of FPICon; for the purpose of ESS 3, FPICon is established as follows: (i) the scope of FPICon applies to Project design, implementation arrangements and expected outcomes related to risks to, and impacts on, the affected Indigenous Peoples; (ii) FPICon builds on the process of meaningful consultation and requires good faith negotiation between the Client and these affected Indigenous Peoples; (iii) the Client documents: (1) the mutually accepted process of consultation between the Client and these Indigenous Peoples; and (2) evidence of broad community support of these Indigenous Peoples on the outcome of the negotiations; and (iv) 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. When the Bank is unable to ascertain that such broad community support has been obtained from the affected Indigenous Peoples, exclude from the Project those activities that would affect those Indigenous Peoples. In such cases, ensure that the Project, as redesigned, will not have adverse impacts on such Indigenous Peoples. If the Bank has determined, pursuant to paragraph 61 of the ESP, that the laws of the country in which the Project is located mandate free, prior and informed consent (FPIC), and that the Client is required to apply FPIC, apply FPIC as defined in those laws, in the manner required by the Bank.
- (m) *Information Disclosure.* Disclose the draft Indigenous Peoples plan, including documentation of the consultation process and the results of the social impact assessment in a timely manner in accordance with paragraph 57 of the ESP, in the Project area, in an accessible place and in a form and language(s) understandable to affected Indigenous Peoples communities and other stakeholders. Disclose the final Indigenous Peoples plan and its updates to the affected Indigenous Peoples communities and other stakeholders in the same manner. Disclose any IPPF in the same manner. Regularly disclose updated environmental and social information relating to Indigenous Peoples, along with information on any relevant material changes in the Project.
- (n) *Action Plan.* If the Project involves (i) 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 (ii) the acquisition of such lands, prepare and include in the Indigenous Peoples plan an action plan for the legal recognition of such ownership, occupation, or use.
- (o) *Monitoring.* Monitor implementation of the Indigenous Peoples plan using suitably qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; 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 (m) *Information Disclosure*, above. Consider use of suitably qualified and experienced third parties to support monitoring programs.

## Environmental and Social Exclusion List

1. The Bank will not knowingly finance Projects involving the following:
  - (i) Forced labor<sup>i</sup> or harmful or exploitative forms of child labor;<sup>ii</sup>
  - (ii) The production of, or trade in, any product or activity deemed illegal under national laws or regulations of the country in which the Project is located, or international conventions and agreements, or subject to international phase out or bans, such as:
    - Production of, or trade in, products containing polychlorinated biphenyl (PCBs).<sup>iii</sup>
    - Production of, or trade in, pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase outs or bans (Rotterdam Convention, Stockholm Convention).<sup>iv</sup>
    - Production of, or trade in, ozone depleting substances subject to international phase out (Montreal Protocol).<sup>v</sup>

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<sup>i</sup> 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).

<sup>ii</sup> 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.

<sup>iii</sup> 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.

<sup>iv</sup> 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 <http://www.who.int>. A list of pesticides, herbicides and other hazardous substances subject to phase outs or bans is available at <http://www.pic.int>

<sup>v</sup> Ozone Depleting Substances (ODS): 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, <http://www.unep.org/ozone/montreal.shtml>.

- (iii) 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).<sup>vi</sup>
- (iv) Trans-boundary movements of waste prohibited under international law (Basel Convention).<sup>vii</sup>
- (v) Production of, or trade in, weapons and munitions, including paramilitary materials.
- (vi) Production of, or trade in, alcoholic beverages, excluding beer and wine.<sup>viii</sup>
- (vii) Production of, or trade in, tobacco.<sup>ix</sup>
- (viii) Gambling, casinos and equivalent enterprises.<sup>x</sup>
- (ix) Production of, trade in, or use of unbonded asbestos fibers.<sup>xi</sup>
- (x) Activities prohibited by legislation of the country in which 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.<sup>xii</sup>
- (xi) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests.
- (xii) Production or trade in wood or other forestry products other than from sustainably managed forests.
- (xiii) 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.

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<sup>vi</sup> 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, <http://www.cites.org>.

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

<sup>viii</sup> 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.

<sup>ix</sup> 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.

<sup>x</sup> 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.

<sup>xi</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent.

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

(xiv) Shipment of oil or other hazardous substances in tankers that do not comply with IMO requirements (IMO, MARPOL, SOLAS and Paris MOU).<sup>xiii</sup>

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<sup>xiii</sup> Non-compliance 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/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-%28MARPOL%29.aspx>.

## Glossary

- **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 will be followed if previously unknown cultural resources are encountered during Project activities. Such procedure generally includes a requirement to notify relevant authorities of found objects or sites by cultural resources experts; 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 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 the measure considered over the life of the measure.
- **Critical habitat** is defined as areas with high importance for biodiversity, including: (a) highly threatened or unique ecosystems; (b) habitat important to Critically Endangered or Endangered species, as listed on the International Union for the Conservation of Nature (IUCN) Red List of threatened species or under national law; (c) habitat important to endemic or restricted-ranges species; (d) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; or (e) ecological functions or characteristics that are needed to maintain the viability of the biodiversity features 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.
- **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 impact assessment (ESIA)*** is an instrument to identify and assess the potential environmental and social impacts of a proposed Project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures. Projects and subprojects 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 measures to be taken during the implementation and operation of a Project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures.
- ***Environmental and social management planning framework (ESMPF)*** is an instrument that examines the issues and impacts associated with the circumstances described in Section F. The ESMPF sets out the principles, rules, guidelines and procedures to assess the environmental and social impacts. It contains measures and plans to reduce, mitigate and/or offset adverse impacts and enhance positive impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing Project impacts.
- ***Environmental audit*** is an instrument to determine the nature and extent of all environmental areas of concern at 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, Health, and Safety Guidelines (EHSGs)*** are technical reference documents with general and industry-specific statements of Good International Industry Practice. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult the *World Bank Group Environmental, Health, and Safety Guidelines*.
- ***Financial feasibility*** is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the Project's investment, operating, and maintenance costs, and on whether this incremental cost could make the Project nonviable for the Client.
- ***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).
- ***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 non-living 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 at a site in quantities above a specified threshold level.
- **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 equity of opportunity and non-discrimination, 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, who are often excluded from the development process, and to ensure 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.
- **Involuntary Resettlement** covers physical displacement (relocation, loss of residential land or loss of shelter) and economic displacement (loss of land or access to land loss of assets or access to assets, or loss of income sources or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers such displacement whether such losses and involuntary restrictions are full or partial, permanent or temporary.

- ***Invasive species*** is defined as a species that is (a) non-native (or 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.
- ***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; and (b) repossession of public land that is used or occupied by individuals or households. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements.
- ***Livelihood*** refers to the full range of means that individuals, families and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade and bartering.
- ***Mitigation hierarchy*** is 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.
- ***Pollution prevention*** includes measures designed to avoid or minimize emissions of pollutants, including short- and long-lived climate pollutants, given that measures which tend to encourage reduction in energy and raw material use, as well as emissions of local pollutants, also generally result in encouraging a reduction of emissions of short- and long-lived climate pollutants.
- ***Pollution*** refers to both hazardous and non-hazardous chemical pollutants in the solid, liquid or gaseous phases, and includes other components such as thermal discharge to water, emissions of short- and long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.
- ***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.
- ***Regional environmental and social assessment*** is an instrument that 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); evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the issues and impacts; and 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. To ensure compensation at replacement cost, planned compensation rates may require updating in Project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.
- ***Restrictions on land use*** refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the implementation of the Project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, restrictions on land use within utility easements or safety zones.
- ***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 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); evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the issues and impacts; and 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.
- ***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 “SEA” 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.
- ***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 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.