

# Environmental and Social Policy Framework

Draft



December 2019

# Content

POLICY STATEMENT .....	4
I. IDB's Commitment to Environmental and Social Sustainability .....	5
II. Objectives and Scope .....	9
III. Roles and Responsibilities .....	10
IV. Provisions for Specific Instruments .....	16
V. Use of borrower .....	19
VI. Arrangements for Project Co-Financing .....	19
VII. Grievance Mechanism and Accountability .....	20
VIII. Project-Related Documentation and Arrangements .....	20
IX. Policy Review .....	21
ANNEX I – ESPF Glossary .....	22
ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARDS .....	29
Environmental and Social Performance Standard 1 .....	30
Environmental and Social Performance Standard 2 .....	42
Environmental and Social Performance Standard 3 .....	49
Environmental and Social Performance Standard 4 .....	54
Environmental and Social Performance Standard 5 .....	59
Environmental and Social Performance Standard 6 .....	68
Environmental and Social Performance Standard 7 .....	76
Environmental and Social Performance Standard 8 .....	83
Environmental and Social Performance Standard 9 .....	87
Environmental and Social Performance Standard 10 .....	93

## Abbreviations and Acronyms

CSO	Civil Society Organization
DMP	Disaster Risk Management Plan
DRA	Disaster Risk Assessment
EHSGs	Environment, Health, and Safety Guidelines
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMR	Environment and Social Management Report
ESMS	Environmental and Social Management System
ESPF	Environmental and Social Policy Framework
ESPS	Environmental and Social Performance Standard
ESRP	Environmental and Social Review Procedure
ESRR	Environmental and Social Risk Rating
ESRS	Environmental and Social Review Summary Report
FIs	Financial Intermediaries
FPIC	Free, Prior and Informed Consent
GHG	Greenhouse Gas
GIIP	Good International Industry Practice
ICIM	Independent Consultation and Investigation Mechanism
IDB	Inter-American Development Bank
IPP	Indigenous Peoples Plans
LAC	Latin America and the Caribbean
LBR	Loans Based on Results
RESIA	Regional Environmental and Social Assessments
SEP	Stakeholder Engagement Plan
SESA	Strategic Environmental and Social Assessments
UIS	Update to the Institutional Strategy

# POLICY STATEMENT

## I. IDB's Commitment to Environmental and Social Sustainability

- 1.1 The Inter-American Development Bank's vision to transform Latin American and the Caribbean (LAC) into a more inclusive and prosperous society is based on the intrinsic relationship between economic growth, and environmental and social sustainability. The IDB believes that the costs of economic development should not fall disproportionately on those who are poor or vulnerable,<sup>1</sup> the health of the environment should not be compromised by economic development activities, and natural resources should be managed sustainably.
- 1.2 The Update to the IDB Institutional Strategy (UIS)<sup>2</sup> recognizes these linkages between sustainable economic and social development, and renews the IDB Group commitment to accelerate progress on gender equality, diversity, and inclusion; address the challenges of climate change and promote environmental and social sustainability; and institutional capacity and the rule of law in order to enhance the IDB's ability to mainstream these critical issues in meeting the region's development. The IDB is committed to give special attention to integrate consideration of potential environmental and social challenges and

opportunities in all areas of work, including in IDB's country strategies, sector strategies, and its operational program.

- 1.3 To ultimately contribute to transform LAC into a more inclusive and prosperous society in a sustainable way, the IDB is committed to pursue the improvement of *all* lives by:

**a. Respecting Human Rights.** The IDB is committed to respect internationally recognized human rights standards.<sup>3</sup> To that end, in accordance with the Environmental and Social Performance Standard (ESPS) 1 of this Policy Framework, the IDB requires its Borrowers<sup>4</sup> to have due respect for human rights, avoid infringement on the human rights of others, and address adverse human rights risks and impacts in IDB-supported projects.

**b. Fostering gender equality.** The IDB views equality as an intrinsic value that individuals and collectives enjoy the same conditions and opportunities to exercise their rights and reach their social, economic, political, and cultural potential. Equality includes promoting access to equal opportunities and full participation in society for peoples that face barriers due to their

---

<sup>1</sup> By virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, economic disadvantage, or social condition. Other vulnerable individuals and/or groups may include people or groups in vulnerable situations including the poor, the landless, the elderly, single-headed households, refugees, internally displaced people, natural resource dependent communities or other displaced persons who may not be protected through national legislation and /or international law.

<sup>2</sup> Update to the IDB Institutional Strategy: Development Solutions that Reignite Growth and Improve Lives. AB-3190-2

<sup>3</sup> As provided for in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

<sup>4</sup> For the purpose of the ESPF, Borrower means all government agencies responsible for aspects pertaining to an IDB financed project (investment loans, investment grants, and investment guarantees), regardless of the funding source, including preparation, implementation, monitoring, and supervision activities.

identity. The IDB is committed to promoting gender equality and gender empowerment,<sup>5</sup> recognizing that gender equality contributes to poverty reduction and results in higher levels of human capital. The Bank pays particularly close attention to how gender inequalities interact with other inequalities such as socioeconomic, ethnic, racial, disability and other factors, and how this intersectionality may exacerbate barriers to accessing project benefits and create other vulnerabilities. The IDB requires its Borrowers to address gender-related risks in IDB-supported projects, including gender-based exclusion, gender-based violence, including sexual exploitation, human trafficking and sexually transmitted diseases; to ensure the inclusion of all genders in the consultation processes; and to comply with applicable international agreements<sup>6</sup> and national legislation relating to gender empowerment and equality throughout all phases of the project-cycle, in accordance with the ESPS 1 and 9.

**c. Promoting non-discrimination and inclusion of vulnerable groups.** Inequality in LAC is also determined by characteristics such as disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, economic disadvantage, or social condition. The IDB is committed to equal access to opportunities for diverse peoples and groups that may be more adversely affected by

project impacts than others, and may be limited in their ability to claim, gain or profit from project benefits. The IDB seeks to include the voices of people that may be excluded from the development process. The IDB requires its Borrowers to identify diverse peoples or groups potentially affected by IDB-supported projects and develop and implement differentiated mitigation measures to address the circumstances of such individuals or groups, in accordance with ESPS 1, 2, 4, 5, and 9.

**d. Respecting Indigenous, Afro-descendent, and other Traditional Peoples Rights.** The IDB is committed to respecting Indigenous Peoples,<sup>7</sup> Afro-descendent and other traditional peoples' collective rights,<sup>8</sup> customary law, and customary land tenure rights, in accordance with their own worldview<sup>9</sup> and governance structures. The IDB is committed to respect for development with identity, as the right of indigenous, Afro-descendent and traditional peoples to identify collectively, and use their cultural heritage, social capital, natural assets, and traditional territories as resources for promoting economic and social development. The IDB requires its Borrowers to foster respect for indigenous, Afro-descendent and traditional peoples' rights, in accordance with ESPS 1, 4, 5, 7 and 8, and to comply with national legislation, including laws implementing obligations under international law.<sup>10</sup>

---

<sup>5</sup> Gender empowerment is understood to mean expanding the rights, resources, and capacity of genders to make decisions and act independently in social, economic, and political spheres. The term includes the empowerment of women, while considering aspects of human rights and development for all genders, through the elimination of social, economic, and political barriers for marginalized genders.

<sup>6</sup> Convention on the Elimination of All Forms of Discrimination against Women.

<sup>7</sup> As defined in international norms such as the United Nations Declaration on the Rights of Indigenous Peoples.

<sup>8</sup> Including urban indigenous peoples

<sup>9</sup> Including their right to choose their own development pathway including the right not to develop.

<sup>10</sup> Such as the ILO Convention 169, and the OAS Declaration on the Rights of Indigenous Peoples.

**e. Enhancing Stakeholder Engagement.** The IDB is committed to an open, transparent, and inclusive engagement process with all stakeholders,<sup>11</sup> including project-affected people, to improve the environmental and social sustainability of the projects it supports. The IDB requires its Borrowers to identify stakeholders potentially affected by and/or interested in IDB-supported projects, to engage with them in meaningful consultations and to develop and implement a grievance mechanism for them to provide feedback, concerns, and inquiries, in accordance with ESPS 1 and 10.

**f. Minimizing Greenhouse gas (GHG) emissions and promoting resilient development.** The IDB is committed to accelerating progress on minimizing GHG emissions and managing natural hazards and climate change related risks. The IDB recognizes that LAC countries are highly vulnerable to the effects of climate change and natural disasters - physical damage as well as environmental, social, and economic losses that are usually concentrated among the most vulnerable populations. The IDB will not finance projects that, according to its analysis, would increase the threat of loss of human life, significant human injuries, severe economic disruption or significant property damage related to natural hazards and climate change. Projects that finance recovery and reconstruction after a disaster require special precautions to avoid rebuilding or increasing vulnerability. The IDB requires its Borrowers to assess and manage natural hazards and climate change risks as

these relate to IDB-supported projects, in accordance with ESPS 1, 3,4, and 5.

**g. Protecting the LAC region's biodiversity, natural resources, and ecosystems.** The IDB is committed to the protection, conservation, management and sustainable use of biodiversity, natural resources and ecosystem services. The IDB requires its Borrowers to ensure that, where relevant, projects include measures to safeguard and, where feasible, enhance natural habitats, as well as the region's biodiversity and ecosystems, in accordance with ESPS 6.

1.4 The IDB believes that sound management of environmental and social risks and impacts associated with IDB-supported projects is an essential part of the IDB's contribution to a more inclusive and prosperous region. The IDB is committed to the objective of "do no harm" to people and the environment for the projects it supports by promoting the establishment of clear provisions for effectively managing project-related environmental and social risks and impacts, and when feasible, facilitating the enhancement of social and environmental sustainability beyond the mitigation of adverse risks and impacts.

1.5 The IDB's Environmental and Social Policy Framework (ESPF) sets out a systematic approach to environmental and social risk management that protects people and the environment and is harmonized with international best practices. The IDB will only support projects that meet the ESPF's standards in a manner and timeframe acceptable to the

---

<sup>11</sup> In accordance with the IDB Group-Civil Society Engagement Strategy (GN-2232-7).

Bank. To this end, the IDB may provide technical assistance services, when needed, to support the Borrower's efforts in fulfilling the ESPF's requirements.

- 1.6 The IDB may refrain from financing a project on environmental and social grounds and, where certain risks are identified, will not finance projects or projects components that would contravene the ESPF's standards or national laws or country obligations under relevant international treaties, conventions and agreements. This ESPF does not represent an express or implied waiver of IDB's privileges and immunities under the Agreement Establishing the IDB, international conventions or any applicable law, nor does it provide any contractual or other rights to any party.

## II. Objectives and Scope

- 2.1 **Objectives.** The ESPF seeks to enhance the sustainability of the investment projects financed by the IDB, through the application of robust environmental and social risk management standards.
- 2.2 The ESPF:
- a. Defines the roles and responsibilities of both the IDB and the Borrower pertaining to environmental and social risk and impact management of IDB-financed projects.
  - b. Establishes clear environmental and social standards for Borrowers to design, implement and manage IDB-financed projects.
  - c. Requires Borrowers to apply a mitigation hierarchy to anticipate and avoid adverse impacts on workers, communities, and the environment, or where avoidance is not possible, to minimize, and where residual impacts remain, compensate/offset risks and impacts, as appropriate.
  - d. Requires and provides means for Borrowers to engage with stakeholders (project-affected people and other interested parties) throughout the project-cycle.
  - e. Establishes an operational approach that facilitates engagement and technical and
- financial partnerships with other institutions, whether public or private.
- 2.3 **Scope.** The ESPF applies to investment loans,<sup>12</sup> investment grants, and investment guarantees, including co-financed operations and associated facilities.<sup>13</sup> Only Policy-Based Loans (PBLs) that are determined by the Bank to require an environmental analysis in accordance with the provisions of paragraph 4.7 below will be subject to the ESPF to the extent and limited to the provisions set forth in said paragraph 4.7. All other PBLs will be outside the scope of the ESPF. Technical Cooperation (TCs) operations will only be subject to the ESPF with respect to the specific provisions set forth in paragraph 4.8 below. All other TCs will be outside the scope of the ESPF.
- 2.4 For the purposes of processing, approving, and supervising new operations, the ESPF supersedes, in their entirety, the following IDB Environmental and Social Policies: the Environment and Safeguards Compliance Policy (OP-703), the Disaster Risk Management Policy (OP-704), the Involuntary Resettlement Policy (OP-710), the Policy on Gender Equality in Development (OP-761), and the Indigenous Peoples Policy (OP-765).

---

<sup>12</sup> Excluding operations under the Contingent Credit Facility for Natural Disasters, the Immediate Response Facility for Emergencies Caused by Natural and Unexpected Disasters and Pre-investment Loans.

<sup>13</sup> Associated facilities refer to new or additional works and/or infrastructure, irrespective of the source of financing, essential for a Bank-financed project to function, such as:

new/additional access roads, railways, power lines, pipelines required to be built for the project; new/additional construction camps or permanent housing for project workers; new/additional power plants required for the project; new/additional project effluent treatment facilities, new/additional warehouses and marine terminals built to handle project goods.

### III. Roles and Responsibilities

3.1. The IDB has adopted a comprehensive set of Environmental and Social Performance Standards (ESPS), which describe the requirements that the Borrower must meet in the development and implementation of operations that are financed by the IDB.

3.2 The ESPS are as follows:

**ESPS 1:** Assessment and Management of Environmental and Social Risks and Impacts;

**ESPS 2:** Labor and Working Conditions;

**ESPS 3:** Resource Efficiency and Pollution Prevention;

**ESPS 4:** Community Health, Safety and Security;

**ESPS 5:** Land Acquisition and Involuntary Resettlement;

**ESPS 6:** Biodiversity Conservation and Sustainable Management of Living Natural Resources;

**ESPS 7:** Indigenous Peoples;

**ESPS 8:** Cultural Heritage;

**ESPS 9:** Gender Equality; and

**ESPS 10:** Stakeholder Engagement and Information Disclosure.

3.3 The Borrowers will also refer to the World Bank Group's Environment Health and Safety Guidelines (EHSGs), given that these are recognized good international industry practice (GIIP) for the implementation of ESPSs 2, 3 and 4. If less stringent levels or measures than those

provided in the EHSGs are necessary in view of the Borrower's limited technical or financial constraints or other specific project circumstances, the IDB will require the Borrower to provide full and detailed justification for any proposed alternatives through the appropriate instruments (for example, an Environmental and Social Assessment). This justification must demonstrate, to the satisfaction of the IDB, that the choice of any alternative performance level is consistent with the objectives of the ESPF and the applicable EHSGs and is unlikely to result in any significant environmental or social harm.

3.4 **General Borrower Roles and Responsibilities.**

The IDB requires its Borrowers to comply with the provisions of the ESPSs, to refer to the EHSG, and to implement any additional actions and conditions outlined in the project's legal agreement(s) and associated document(s), regardless of whether the project is carried out directly by the Borrower or through third parties. General requirements for Borrowers are:

3.5 **Assessment and Management of Environmental and Social Risks and Impacts:**

Borrowers are required to conduct an environmental and social assessment of operations proposed for IDB support in accordance with ESPS 1 (Assessment and Management of Environmental and Social Risks and Impacts) and prepare and implement projects so that they meet the requirements of the ESPSs in a manner and timeframe acceptable to the IDB. If the project includes existing facilities or activities that do not meet the requirements of the ESPSs at the time of

approval by the IDB, the IDB requires the Borrower to adopt and implement measures so that the material aspects of such facilities or activities meet the requirements of the ESPSs in a manner and timeframe acceptable to the IDB. Those environmental and social risk and impact management measures will form part of the operation's legal agreement(s) and complementary documentation, as applicable, and are therefore an obligation of the Borrower. Based on the project's level of risk and impact, the IDB requires the Borrower to utilize one or more risk and impact assessment and management instruments, which may include, among others, an Environmental and Social Impact Assessment (ESIA), a Strategic Environmental and Social Assessments (SESA), a Regional Environmental and Social Impact Assessments (RESIA), a Disaster Risk Assessment (DRA), an Environmental and Social Management Plan (ESMP), a Resettlement Plan (RP), a Disaster Risk Management Plan (DMP), and Indigenous Peoples Plans (IPP).

3.6 **Borrower's organizational capacity:** The IDB requires its Borrowers to have an appropriate project-level Environmental and Social Management System (ESMS) that is commensurate with the level of risk and impacts associated with the operation, per the requirements of ESPS 1.

3.7 **Stakeholder Engagement and Information Disclosure.** The IDB requires its Borrowers to develop and implement a Stakeholder Engagement Plan (SEP)<sup>14</sup> proportionate to the nature and scale of the project and its potential

risks and impacts in accordance with ESPS 10. As required, Borrowers will engage in meaningful consultations with stakeholders, and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

3.8 **Monitoring and Supervision.** The IDB requires its Borrowers to establish processes and procedures within their ESMS to monitor and supervise the progress of implementing and achieving the objectives of their environmental and social risk and impact management measures, as well as comply with all related legal and contractual obligations and regulatory requirements. The extent of monitoring should be commensurate with the project's environmental and social risks and impacts and with the requirements for the Borrower to achieve compliance under the standards. In accordance with project-specific circumstances and in consideration of the nature of the environmental and social risks, the IDB may require the Borrower to engage stakeholders and third parties, such as independent experts, local communities or civil society organizations (CSOs), to complement or verify project monitoring information. Where other agencies or third parties are responsible for managing specific risks and impacts and implementing mitigation measures, the IDB will require the Borrower to collaborate with third parties to establish and monitor mitigation measures.

---

<sup>14</sup> Depending on the nature and the scale of the risks and impacts of the project, the elements of a SEP may be

included in an action plan and preparation of a stand-alone SEP may not be necessary.

- 3.9 **Reporting.** The IDB requires its Borrowers to report to the Bank on their compliance with applicable standards, with an agreed frequency, including their progress in achieving environmental and social objectives, and aspects related to the implementation of relevant legal and contractual obligations and regulatory requirements. Borrowers must also facilitate the IDB's supervision and evaluation throughout the execution of an operation. Considering the generally dynamic nature of an operation's implementation, the IDB requires its Borrowers to notify the Bank when there are changes, events or circumstances that would alter their compliance status, or may otherwise change the risk profile of the operation.
- 3.10 **Grievance Mechanism.** The IDB requires that Borrowers implement a grievance mechanism to receive and assist the resolution of any concerns and grievances of stakeholders (project-affected people and interested parties) that may arise in connection with the project's environmental and social performance. The grievance mechanism will be proportionate to the level of risks and impacts of the project.
- 3.11 **Associated Facilities.** The IDB requires the application of the ESPs to associated facilities to the extent that the Borrower has control or influence over such associated facilities.
- 3.12 Specific and differentiated requirements for some type of operations (Financial Intermediaries, Multiple Works, Loans Based on Results) are included in the section on *Provisions for Specific Instruments*.

---

<sup>15</sup> With particular attention to small and vulnerable countries.

## **IDB Roles and Responsibilities**

- 3.13 The Bank is committed to supporting its Borrowers to develop and implement operations that are environmentally and socially sustainable by enhancing their capacity to assess and manage environmental and social risks and impacts at the project level, through on going technical guidance and follow-up, client training, including online courses and programs for borrowers to strengthen their capacity to adequately manage risks. Support for capacity building will be provided in a manner that is proportionate to the needs of the borrower to meet project specific requirement<sup>15</sup>. The Bank will assist Borrowers in identifying appropriate environmental and social methods and tools to assess and manage potential environmental and social risks and impacts at the project level.
- 3.14 When necessary, the Bank may offer technical assistance to support the implementation of the E&S requirements at the project level to strengthen Borrower capacity. The Bank also recognizes the importance of national systems for effective development and supports the strengthening of client capacity to manage environmental and social risks in the medium to long-term. Therefore, the Bank is committed to continue supporting the strengthening of national E&S systems through operations that improve the environmental and social governance of Borrowers.

## **Screening and Environmental and Social Categorization**

- 3.15 **Impact Classification.** The IDB will classify operations [including projects involving Financial

Intermediaries (FIs)] into one of four impact classifications: A, B, C, and FI. In determining the appropriate impact classification, the IDB will consider several project-specific aspects, such as the type, location, sensitivity, and scale of the project; the nature and magnitude of the potential environmental and social risks and impacts, including those related to natural hazards and climate change; and the capacity and commitment of the Borrower to manage the environmental and social risks and impacts in a manner consistent with the ESPs. This impact classification also guides some aspects of the IDB's information disclosure requirements. The IDB will review the impact classification assigned to the project as needed, and reclassify as needed, based on developments in the scope and potential risks and impacts of the project found during the preparation stage. The IDB will disclose the operation's classification and the basis for that classification at the same time as disclosure of the relevant project documents. The following impact classification applies:

- **Category A:** Operations that can potentially cause significant negative environmental or social impacts, or have profound implications affecting natural resources.
- **Category B:** Operations that have the potential to cause mostly local and short-term negative environmental or social impacts and for which effective mitigation measures are known and readily available.
- **Category C:** Operations that are likely to cause minimal or no negative environmental or social impacts.

- **FI Operations:** Operations for which the financing structure involves the provision of funds through financial intermediaries or through delivery mechanisms involving financial intermediation whereby the FI undertakes the task of sub-project appraisal and monitoring.

3.16 **Risk Classification.** In addition to the impact classification (A, B, C, FI), the IDB will assign a risk classification, using an Environmental and Social Risk Rating (ESRR), based on a four-level risk rating: Low, Moderate, Substantial and High. This risk classification will be reassessed on an ongoing basis throughout the project cycle and be adjusted in accordance with the developments and circumstances of implementation and the findings of the IDB's monitoring and supervision. Key factors considered in the ESRR are cause (direct environmental and social impacts), contribution (indirect environmental and social impacts), as well as additional areas of risk that may be relevant to the delivery of environmental and social mitigation measures and outcomes. These could include legal and institutional considerations; the nature of the mitigation measures and technology being proposed; governance structures and legislation; and contextual factors relating to stability, conflict or security, among others.

3.17 **Due Diligence.** The IDB requires its Borrowers to conduct environmental and social assessments of operations proposed for IDB support in accordance with ESPS 1. In turn, the IDB will carry out environment and social due diligence of operations in accordance with the standards of the ESPF. The scope of IDB's due diligence is determined by the nature and scope of the proposed operation and will be

proportional to risks and impacts that might be associated with it, and the prevailing country context for its implementation. The IDB will also consider the capacity of the Borrower and other entities involved in developing and implementing the operation, and the specific actions to be put in place or taken by the Borrower to address such risks and impacts.

3.18 The IDB's due diligence on environmental and social risk and impact management is integrated into the IDB's overall operation's due diligence, including the review of reputational risks and other material risks that may affect the environmental and social sustainability of the operation, including third party risks. The IDB's due diligence will be carried out in accordance with the IDB's Environmental and Social Review Procedures (ESRP). The IDB will consider adopting additional measures in its due diligence process, as needed, to achieve the necessary level of information required to support the requirements of its decision-making processes. Through its due diligence, the IDB will confirm that : (i) the Borrower has identified key potential social and environmental project risks and impacts, including those related to natural hazards and climate change; (ii) effective measures to be undertaken by the Borrower to avoid, minimize, mitigate, or compensate for the adverse impacts are feasible; (iii) the Borrower understands the requirements of the ESPs and has the necessary commitment and capacity to manage social and environmental risks and impacts adequately; (iv) the role of third parties is appropriately defined; and (v) consultations with project-affected people and other stakeholders are conducted in accordance with the relevant IDB standards. Particularly, in

circumstances requiring Free, Prior, and Informed Consent (FPIC) of Indigenous Peoples under ESPs7, the IDB will ascertain the outcomes of the meaningful consultations and will not proceed further with any activity for which FPIC from the affected Indigenous Peoples could not be ascertained.

3.19 Where gaps with the requirements of the ESPF are identified through the due diligence, the IDB will agree with the Borrower on an Environmental and Social Action Plan (ESAP), which sets out the actions required for the project to meet the ESPs over a specific timeframe. The ESAP will form part of the legal agreement, as applicable. The results of the IDB's due diligence process will be summarized in an Environmental and Social Review Summary Report (ESRS) that will include the ESAP, where required. An ESRS is mandatory for all Category A, B and FI projects. The ESRS is disclosed to the public in accordance with IDB's Policy on Access to Information.

3.20 **Monitoring and Supervision:** In accordance with its policies and the applicable agreements, the IDB will monitor the environmental and social performance of projects on an ongoing basis in order to assess the level of compliance with the standards set forth in the ESPF, and with any other agreed actions at the time of project approval, or as agreed during previous supervision activities. The extent and mode of IDB project monitoring and supervision with respect to environmental and social performance will vary proportionately to the potential environmental and social risks and impacts of each project. The IDB will review and agree with the Borrower on the necessary preventive and corrective measures and

additional actions that are required to support the achievement of Borrower compliance with the standards of the ESPF. If the Borrower fails to comply with its environmental and social commitments, the IDB may, to the extent feasible, work with the Borrower in achieving compliance; and if the Borrower fails to reestablish compliance, the IDB may, at its discretion, exercise remedies, as applicable in accordance with Bank's policies, procedures and regulation. In this regard, the project's loan documentation provides for the remedies the Bank may exercise in cases where a Borrower does not comply with the financial and non-financial obligations set forth in the corresponding loan documentation.<sup>16</sup> In addition, the Bank has a continued dialogue with its Borrowers that allows for the Bank to address any concern it may have in connection with the implementation of a project financed by the Bank.

- 3.21 **Information Disclosure:** Project-related documents provided to the Bank by the Borrower will be subject to the IDB's Access to Information Policy. The Bank will disclose documentation produced by the Borrower relating to the environmental and social risks and impacts of all projects classified as Category A or B, prior to the analysis mission during the preparation of the project in accordance with the IDB's Access to Information Policy. This documentation will reflect the assessment and proposed management of the key environmental and social risks and impacts of the project, such as the ESIA, SESA, RP, and be provided in draft or final form. Final or updated documentation,

including any new or additional social and environmental assessment report or management plan developed after project approval, will be also disclosed when available.

---

<sup>16</sup> In accordance with the project's loan documentation, the Bank may exercise the following remedies: (i) suspend disbursements and (ii) declare the entire loan, or a portion

of it, immediately due and payable with interest, fees, and other charges accrued up to the date of payment, and may cancel the undisbursed portion of the loan.

## IV. Provisions for Specific Instruments

4.1. **Operations Involving Financial Intermediaries.** The nature of intermediated financing means that the FIs will assume delegated responsibility for environmental and social risk and impact assessment, risk and impact management and monitoring, as well as overall portfolio management. The nature of delegation may take various forms depending upon different factors, such as the type of finance provided. The effectiveness of the FIs environmental and social risk and impact management will be evaluated and monitored on a regular basis throughout the project cycle.

4.2. For FI projects, the IDB will conduct due diligence on the FI and its portfolio to assess: (i) the FI's existing environmental and social policies and procedures and its capacity to implement them; (ii) environmental and social issues associated with the FI's existing and likely future portfolio that could expose the IDB to environmental, social and associated risks, such as reputational risks; and (iii) measures necessary to strengthen the FI's existing environmental and social risk and impact management system. IDB's requirements and the scope of their application for FI clients depend on the nature of the investment and the level of risk associated with the FI's activities. In order to appropriately identify the environmental and social risks associated with a proposed FI project during the IDB's due diligence process, the IDB will review a sample of the existing activities of the FI. Furthermore, the IDB will review the

implementation capacity of the FI as well as their ESMS. In particular:

- a. FIs are required to develop and operate an ESMS that is commensurate with the level of environmental and social risks in its portfolio, and prospective activities. The ESMS should incorporate relevant principles of ESPS 1;
- b. FI are required to apply relevant aspects of ESPS 2 to their workers; FIs will follow national law; and
- c. FIs with portfolios and/or prospective business activities that present moderate to high environmental or social risks will require higher risk business activities they support to apply relevant standards of the ESPF. Where a sub-project includes activities with particularly high environmental and social risks, the FI will refer that sub-project to the IDB for review before their inclusion in the financed portfolio.

4.3. As part of the monitoring and supervision activities, the IDB will periodically review the process and the results of the environmental and social due diligence conducted by the FI and the overall effectiveness of the FI's environmental and social management system. IDB supervision may include visits at the FI level, as well as to recipients of FI loans, particularly in the case of higher risk subprojects. The frequency and focus of supervision visits are commensurate with the identified risks. For supervision purposes, the IDB will require access to all relevant documents

and sites for any project in the FI's financed portfolio.

4.4. **Multiple Works Operations.** Operations involving a group of similar works are an increasingly important component of IDB lending. These works typically share the following characteristics: they are physically similar but independent of each other; their feasibility does not depend on the execution of any particular number of the works projects; and their individual size does not warrant direct IDB lending. IDB requires that a representative sample of specific works (amounting to approximately 30% of the total cost of the project) be fully designed before operations are considered by the Board for approval. The IDB's environmental and social due diligence is undertaken based on the selected representative sample. Given the nature of such multiple-works projects, the IDB will continue to fulfill its due diligence responsibilities through the monitoring of the Borrower's implementation of the relevant components of its environmental and social management framework and any other required framework, as appropriate.

4.5. **Operations under construction.** The IDB will finance projects already under construction only if the Borrower can demonstrate that the project meets all relevant requirements of the ESPs. Any ESPS requirements that are not met before Board consideration for approval must be included in the ESAP submitted to the IDB prior to Board consideration of the operation. The ESAP shall define the actions and associated schedule for their implementation and allocate sufficient funding for its implementation.

4.6. **Loans Based on Results (LBR).** The objective of an LBR is to contribute to delivering results of an existing or new government program. The LBR is an investment loan that finances the costs of activities (goods, works and services) associated with the achievement of such results and disburses once these results have been achieved and adequately verified. Activities that are categorized as Category A due to their potential adverse environmental or social impacts, or that are classified as High environmental and social risk, are not eligible for financing under an LBR. During preparation of an LBR, the Bank will assess adequacy of the Borrower's Environmental and Social Management System (ESMS) to implement the activities expected to be financed by the LBR in a manner that meets the requirements of the ESPs. Where necessary, adjustments to the Borrower's ESMS will be incorporated in an Environmental and Social Action Plan (ESAP). The definition of the indicators that are linked to disbursements and the corresponding targets of the LBR will also consider environmental and social performance and intermediate or final outcomes, as appropriate.

4.7. **Policy-Based Loans (PBLs):** During the design phase of a PBL operation, the Bank will screen whether specific proposed policy reforms and/or institutional changes supported by the operation will have significant and direct negative effects on the country's environment and natural resources. For PBLs, this encompasses related social, cultural and economic aspects to the extent that these aspects are derived from geophysical and/or biotic changes associated with a particular operation. If the Bank determines that a PBL will

have such effects, the Project Document should summarize the due diligence results, including the environmental analysis and findings on such effects and the appropriate mitigation measures; as well as the Borrower's systems' capacity for reducing and mitigating such effects, and for enhancing positive impacts associated with the specific policy reforms and/or institutional changes being supported by the operation. If there are significant gaps or shortcomings in the Borrower's systems, the Project Document should also describe how such issues would be addressed before or during program implementation, as appropriate. In accordance with its policies and the applicable agreements, the IDB will monitor and supervise the implementation of any agreed actions. The Bank will disclose documentation produced by the Borrower relating to the environmental analysis in accordance with the IDB's Access to Information Policy. PBLs that do not have significant and direct negative effects on the country's environment and natural resources, as determined by the Bank during its screening, will be outside of the scope of the ESPF.

- 4.8. **Technical Cooperation Operations:** When a Technical Cooperation operation (TC) that finances pre-feasibility or feasibility studies of specific investment projects includes environmental and social studies, the terms of reference and outputs of these studies should be consistent with the applicable ESPF requirements.

## V. Use of borrower's Framework

- 5.1. The IDB may consider the use of the Borrower's Environmental and Social Framework <sup>17</sup> relevant to the project, provided this is likely to address the risks and impacts of the project, and enable the project to achieve objectives and outcomes equivalent to those achieved with the application of the ESPF (functional equivalence).
- 5.2. The IDB will review the Borrower's Environmental and Social Framework to assess if it is functionally equivalent to the ESPF. The IDB will work with the Borrower to identify and agree on measures and actions to address any gaps that are found to strengthen the Borrower's Environmental and Social Framework. ESPS requirements will apply in all areas where the Borrower's Framework is not deemed functionally equivalent.
- 5.3. All agreed measures and actions, together with the timeframes for completion of such measures and actions, will form part of the ESAP, and will be included in the project-financing agreement, as applicable.

## VI. Arrangements for Project Co-Financing

- 6.1. In cases where the IDB is financing an operation with other multilateral or bilateral financial institutions, it will collaborate with the Borrower and other lenders to assess the feasibility of adopting a common environmental and social risk and impact assessment and management process, as well as a unified documentation (a "common approach").
- 6.2. A common approach would be acceptable to the IDB when it is consistent with the principles of no dilution, proportionality, transparency, and outcome orientation, and enables the project to achieve objectives and outcomes equivalent to those achieved with the application of the ESPF (functionally equivalent). The IDB would require the Borrower to apply the common approach and would coordinate with the co-financing parties to disclose one set of project-related material for stakeholder engagement. The common approach would also apply to associated facilities
- 6.3. On a case-by-case basis, the IDB may agree to the application of environmental and social technical standards of other financial institutions who are co-financing the operation, or an associated facility, provided that the IDB is satisfied that they are functionally equivalent with the ESPSs, and include monitoring and

---

<sup>17</sup> The Borrower's ES Framework will include those aspects of the country's policy, legal and institutional framework, including its national, subnational, or sectoral implementing institutions and applicable laws,

regulations, rules and procedures, and implementation capacity, that are relevant to the environmental and social risks and impacts of the project.

supervision measures that are consistent with those of the IDB.

## VII. Grievance Mechanism and Accountability

- 7.1. The IDB requires its Borrowers to implement an effective grievance mechanism<sup>18</sup> to receive and assist the resolution of any concerns and grievances of stakeholders that may arise in connection with the project's environmental and social performance. The IDB believes that prompt consideration and resolution of grievances locally can provide the fastest relief for complaints, clarify expectations and build confidence amongst stakeholders.
- 7.2. Stakeholders may submit complaints regarding a Bank-financed project to the project grievance mechanism, appropriate local grievance

mechanisms or through the IDB. When bringing their concerns directly to the IDB's attention, the Bank will respond within a reasonable timeframe.

- 7.3. In addition, the IDB's Independent Consultation and Investigation Mechanism (ICIM) provides a mechanism and process to investigate allegations of harm by projects as a result of noncompliance by the IDB with one or more of its operational policies, in accordance with the Policy of the Independent Consultation and Investigation Mechanism.

## VIII. Project-Related Documentation and Arrangements

- 8.1. IDB's project-related documentation and agreements will include provisions to address the IDB's environmental and social standards, as set forth in the ESPF, and project specific requirements resulting from the Bank's due diligence as documented in the Environmental and Social Action Plan (ESAP). These include compliance with all applicable ESPs. Legal

documents will also include, as applicable and in accordance with Bank's policies, procedures and regulations, rights and/or remedies for the benefit of the IDB, that the IDB would exercise in its discretion if the Borrower fails to implement the environmental and/or social provisions

---

<sup>18</sup> In addition to the Grievance Mechanism for stakeholders, The IDB also requires its Borrowers to implement a grievance mechanism for workers (and their

organizations, where they exist) to raise workplace concerns.

consistent with the requirements of the project-financing agreement(s).

## **IX. Policy Review**

- 9.1. This policy will be reviewed and updated, as deemed necessary, during its implementation with the objective of incorporating best practices, international trends, and lessons learned.

## ANNEX I – ESPF Glossary

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

**Associated Facilities** refers to new or additional works and/or infrastructure, irrespective of the source of financing, essential for a Bank-financed project to function, such as: new/additional access roads, railways, power lines, pipelines required to be built for the project; new/additional construction camps or permanent housing for project workers; new/additional power plants required for the project; new/additional project effluent treatment facilities, new/additional warehouses and marine terminals built to handle project goods..

**Biodiversity** is the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.

**Borrower**, for the purpose of the ESPF, means all government agencies responsible for aspects pertaining to an IDB financed project (investment loans, investment grants, and investment guarantees), regardless of the funding source, including preparation,

implementation, monitoring, and supervision activities.

**Chance find (procedure)** is tangible cultural heritage (e.g. archaeological material) encountered unexpectedly during project construction or operation. A chance find procedure is a project-specific procedure which will be followed if previously unknown cultural heritage is encountered during project activities. The chance finds procedure will set out how chance finds associated with the project will be managed. The procedure will include a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of ESPS 8 and national law; and to train project personnel and project workers on chance find procedures.

**Climate Change** is a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

**Collective attachment** refers to Indigenous Peoples whose identity is linked to distinct habitats or ancestral territories and the natural resources therein.

**Core functions** of a project constitute those of construction, production and/or service processes essential for a specific project activity without which the project could not continue.

**Critical habitat** is defined as areas with high biodiversity importance or value, including: (i) habitat of significant importance to Critically Endangered and/or Endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.

**Cultural heritage** refers to (i) tangible forms of cultural heritage, such as tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values; (ii) unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls; and (iii) certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles.

**Disadvantaged or vulnerable** refers to people or groups who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such

an individual/group is also more likely to be excluded from/unable to participate fully in the consultation process and as such may require specific measures and/or assistance to do so. This disadvantaged or vulnerable status may stem by virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, economic disadvantage, or social condition. Other vulnerable individuals and/or groups may include, but are not limited to, the poor, the landless, the elderly, single-headed households, refugees, internally displaced people, natural resource dependent communities or other displaced persons who may not be protected through national legislation and /or international law.

**Disaster** refers to a serious disruption of the functioning of a society, community or project causing widespread or serious human, material, economic or environmental losses, which exceed the coping ability of the affected society, community or project using its own resources.

**Disaster risk management** is the systematic process that integrates risk identification, reduction and transfer, as well as disaster preparedness to reduce the impacts of future disasters. It incorporates emergency response, rehabilitation and reconstruction to lessen the impacts of current disasters while avoiding rebuilding vulnerability.

**Ecosystem services** are the benefits that people, including businesses, derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning

services, which are the products people obtain from ecosystems; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems; and (iv) supporting services, which are the natural processes that maintain the other services. Examples are as follows: (i) provisioning services may include food, freshwater, timber, fibers, medicinal plants; (ii) regulating services may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services may include natural areas that are sacred sites and areas of importance for recreation and aesthetic enjoyment; and (iv) supporting services may include soil formation, nutrient cycling, primary production.

***Environmental, Health, and Safety Guidelines (EHSGs)*** are technical reference documents with general and industry-specific statements of good international industry practice. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost.

***Financial feasibility*** is based on commercial considerations, including relative magnitude of the incremental cost of adopting measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable to the Borrower.

***Forced eviction*** is defined as the permanent or temporary removal against the will of

individuals, families, and/or communities from the homes and/ or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in ESP5.

***Gender Equality*** means that all genders enjoy the same conditions and opportunities to exercise their rights and reach their social, economic, political, and cultural potential. The ESPF recognizes that the pursuit of equality requires actions aimed at *equity*, which implies providing and distributing benefits and/or resources in a way that narrows the existing gender gaps, recognizing that the existence of these gaps can harm all genders. Gender inequality limits the ability of affected individuals to participate in and benefit from project-derived opportunities, as well as to resist, cope with and recover from the adverse impacts that projects may generate.

***Gender empowerment*** is understood to mean expanding the rights, resources, and capacity of genders to make decisions and act independently in social, economic, and political spheres. The term includes the empowerment of women, while considering aspects of human rights and development for all genders, through the elimination of social, economic, and political barriers for marginalized genders.

***Good International Industry Practice (GIIP)*** is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or

similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

**Habitat** is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the nonliving environment. Habitats vary in their sensitivity to impacts and in the various values society attributes to them.

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

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

**Integrated Vector Management (IVM)** is a rational decision-making process for the optimal use of resources for vector control. The approach seeks to improve the efficacy, cost-

effectiveness, ecological soundness and sustainability of disease-vector control.

**Involuntary resettlement** is the project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both. The term “*involuntary resettlement*” refers to these impacts. Resettlement is considered involuntary when project affected people do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement.

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

**Livelihood** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based

income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

**Mitigation hierarchy** is a tool commonly applied in Environmental Impact Assessments (EIAs) which helps to manage risks. Includes measures taken to avoid impacts from the outset of development activities and, where this is not possible, to implement measures that would minimize, then reinstate and, as a last resort, offset any potential residual adverse impacts.

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

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

**Natural hazard** refers to natural processes or phenomena affecting the biosphere that may constitute a damaging event. Such hazards include earthquakes, windstorms, hurricanes, landslides, tidal waves, volcanic eruptions, floods, forest fires and drought or a combination thereof; as well as those associated with climate change.

**Pollution** refers to both hazardous and nonhazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as thermal discharge to water, emissions of shorthand long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

**Principle of No Dilution** is an approach that would enable the achievement of equivalent objectives and outcomes to those of the ESPF.

**Principle of Outcome Orientation** is an approach with strong emphasis on outcomes and effective implementation for results, including for operations without clearly designed investments at the time of approval.

**Principle of Proportionality** are the IDB's responsibilities and technical requirements for borrowers would be proportional to the level of project risk, that is, projects with greater risks would require more effort and resources than those with lower risk levels.

**Principle of Transparency** encompasses a collaborative and transparent process in which adequate and timely information is provided to all interested stakeholders and with opportunities and mechanisms for them to provide feedback, concerns, and inquiries.

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

**Project**, for the purpose of the ESPF, refers to any IDB-financed investment loan, investment grant, and investment guarantee, regardless of the funding source, with the exception of operations under the Contingent Credit Facility for Natural Disasters.

**Project worker** refers to the following: (a) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (*direct workers*); (b) people employed or engaged through third parties to perform work related to core functions of the project for a substantial duration (*contracted workers*); and (c) workers engaged by the Borrower's primary suppliers (*primary supply workers*). This includes full-time, part-time, temporary, seasonal and migrant workers. Migrant workers are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.

**Replacement cost** is the market value of the assets plus transaction costs (e.g. taxes and legal fees). In applying this method of valuation, depreciation of structures and assets should not be taken into account. Market value is defined as the value required to allow project- affected people to replace lost assets with assets of similar value. The valuation method for determining replacement cost should be documented and included in applicable Resettlement and/or Livelihood Restoration plans.

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

**Security of tenure** means that project - affected people that are resettled are resettled to a site that they can legally occupy and where they are protected from the risk of eviction.

**Stakeholder** refers to individuals or groups who: (a) are affected or likely to be affected by the project ("project-affected people"), and; (b) may have an interest in the project ("other stakeholders").

**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.

**Traditional peoples** refers to peoples that have ownership and land use patterns that recognize customary law, customary land tenure rights in accordance with their worldview and governance structures, these structures are culturally distinct, traditionally owned and often communally held. Examples of communities of traditional peoples in Latin

America include *quilombolas*, *palenques*, *caboclos*, and *riberinhos*. For the purpose of the ESPF traditional peoples are treated as indigenous peoples.

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

**Vulnerable people/groups** refers to people or groups of people who may be more adversely affected by project impacts than others by virtue of characteristics such as disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, economic disadvantage, or

social condition. Other vulnerable individuals and/or groups may include people or groups in vulnerable situations including the poor, the landless, the elderly, single-headed households, refugees, internally displaced people, natural resource dependent communities or other displaced persons who may not be protected through national legislation and /or international law.

**Vulnerability** is a condition determined by physical, social, economic and environmental factors or processes, which increase the susceptibility of a community to the impact of hazards.

# ENVIRONMENTAL AND SOCIAL PERFORMANCE STANDARDS

# Environmental and Social Performance Standard 1

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

### INTRODUCTION

1. Environmental and Social Performance Standard (ESPS) 1 underscores the importance of managing environmental and social performance throughout the life of a project. An effective Environmental and Social Management System (ESMS) is a dynamic and continuous process initiated and supported by the Borrower, and involves engagement between the Borrower, its workers, project affected people and, where appropriate, other stakeholders.<sup>19</sup> Drawing on the elements of the established management process of “plan, do, check, and act,” the ESMS entails a methodological approach to managing environmental and social risks<sup>20</sup> and impacts<sup>21</sup> in a systematic and structured way on an ongoing basis. A good ESMS appropriate to the nature and scale of the project promotes sound and sustainable environmental and social performance, and can lead to improved financial, social, and environmental outcomes.
2. At times, the assessment and management of certain environmental and social risks and impacts may be the responsibility of third parties over which the Borrower has no control or has limited influence.<sup>22</sup> Examples of

where this may happen include: (i) when early planning decisions have already been made by third parties which affect the project site selection and/or design; and/or (ii) when specific actions directly related to the project are carried out by third parties such as providing land for a project which may have previously involved the resettlement of communities or individuals and/or leading to loss of biodiversity. Effective implementation of the Borrower’s ESMS should identify the different entities involved and the roles they play, the corresponding risks they present to the project, and opportunities to collaborate with these third parties in order to help achieve environmental and social outcomes that are consistent with the Environmental and Social Performance Standards. In addition, this ESPS supports the use of an effective grievance mechanism that can facilitate early indication of, and prompt remediation for those who believe that they have been harmed by a Borrower’s actions.

3. Projects should be implemented with due respect to human rights, which means to avoid infringing on the human rights of others and to address adverse human rights impacts that the project may cause or contribute to. Each of the ESPS has elements related to

---

<sup>19</sup> Other stakeholders are those not directly affected by the project but that have an interest in it. These could include national and local authorities, neighboring projects, and/or nongovernmental organizations. Also referred as “other relevant stakeholders.”

<sup>20</sup> Environmental and social risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence.

<sup>21</sup> Environmental and social impacts refer to any change, potential or actual, to (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the business activity to be supported.

<sup>22</sup> Contractors retained by, or acting on behalf of, the Borrower(s), are considered to be under direct control of the Borrower and not considered third parties for the purposes of this Environmental and Social Performance Standard.

human rights dimensions that a project may face in the course of its operations. Due diligence against these ESPSs will enable the Borrower to address many relevant human rights issues in its project.

## OBJECTIVES

- To identify and evaluate environmental and social risks and impacts of the project.
- To adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize,<sup>23</sup> and, where residual impacts remain, compensate/offset for risks and impacts to workers, project-affected people, and the environment.
- To promote improved environmental and social performance of Borrowers through the effective use of management systems.
- To ensure that grievances from project affected people and external communications from other stakeholders are responded to and managed appropriately.
- To promote and provide means for adequate engagement with project-affected people and other stakeholders throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and

social information is disclosed and disseminated.

## SCOPE OF APPLICATION

4. This ESPS applies to projects with environmental and/or social risks and/or impacts. For the purposes of this ESPS, the term “project” refers to a defined set of components, including those where some specific activities, aspects, and facilities likely to generate risks and impacts, have yet to be fully defined<sup>24</sup> and for which the environmental and social due diligence requirements will be implemented in the future, after project approval. Project components may, as appropriate, include aspects from the early developmental stages through the entire life cycle (design, construction, commissioning, operation, decommissioning, closure or, where applicable, post-closure) of a project. The requirements of this ESPS apply to all projects unless otherwise noted in the specific limitations described in each of the paragraphs below.

## REQUIREMENTS

### Environmental and Social Assessment and Management System

5. The Borrower, in coordination with other government agencies and third parties, as appropriate,<sup>25</sup> will conduct a process of environmental and social assessment and establish and maintain an ESMS appropriate

---

<sup>23</sup> Acceptable options to minimize will vary and include: abate, rectify, repair, and/or restore impacts, as appropriate. The risk and impact mitigation hierarchy is further discussed and specified in the context of ESPS 2 through 10, where relevant.

<sup>24</sup> For example, projects that consist in a set of subprojects, where some are fully defined at the time of approval while

others remain to be defined subject to subproject selection and eligibility criteria

<sup>25</sup> That is, those parties legally obligated and responsible for assessing and managing specific risks and impacts.

to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts. The ESMS will incorporate the following elements: (i) environmental and social project-specific framework; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review. Where appropriate, the Borrower will complement its environmental and social assessment with further studies focusing on specific risks and impacts, such as human rights, gender, and natural hazards and climate change.

### **Environmental and Social Project-Specific Framework**

6. The Borrower will establish an overarching Environmental and Social Framework defining the environmental and social objectives and principles that guide the project to achieve sound environmental and social performance.<sup>26</sup> The framework includes the environmental and social assessment and management process, and specifies that the project will comply with the applicable laws and regulations of the jurisdictions in which it is being undertaken, including those laws implementing country obligations under international law. The framework should be consistent with the principles of the ESPs.

---

<sup>26</sup> This requirement is a stand-alone, project-specific framework and is not intended to affect (or require alteration of) existing policies the Borrower may have defined for other projects or environmental and social policies that might have been established by different tiers of government (national/regional/local).

<sup>27</sup> This requirement is a stand-alone, project-specific framework and is not intended to affect (or require alteration of) existing policies the Borrower may have defined for other

Under some circumstances, Borrowers may also subscribe to other internationally recognized standards, certification schemes, or codes of practice, and these too should be included in the framework. The framework will indicate who, within the Borrower's organization, will ensure conformance with the policy and be responsible for its execution (with reference to an appropriate responsible government agency or third party, as necessary). The Borrower will communicate the framework to all relevant levels of its organization.

### **Identification of Risks and Impacts**

7. The Borrower will establish and maintain a process for identifying the environmental and social risks and impacts of the project (see paragraph 18 for competency requirements). The type, scale, and location of the project guide the scope and level of effort devoted to the risks and impacts identification process. The scope of the risks and impacts identification process will be consistent with good international industry practice,<sup>27</sup> and will determine the appropriate and relevant methods and assessment tools. The process may comprise a full-scale environmental and social impact assessment, a limited or focused environmental and social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards.<sup>28</sup>

projects or environmental and social policies that might have been established by different tiers of government (national/regional/local).

<sup>28</sup> For greenfield developments or large expansions with specific components, aspects, and facilities that are likely to generate potential significant environmental or social impacts, the Borrower will conduct a comprehensive Environmental and Social Impact Assessment, including an examination of alternatives, where appropriate.

When the project involves existing facilities, environmental and/or social audits or risk/hazard assessments can be appropriate and sufficient to identify risks and impacts. If some project activities to be financed have yet to be fully defined, the environmental and social due diligence process applicable to these project activities will be implemented at a point in the future when the activities are sufficiently defined to allow for the necessary assessment to take place. The risks and impacts identification process will be based on recent environmental and social baseline data at an appropriate level of detail. The process will consider all relevant environmental and social risks and impacts of the project, including the issues identified in ESPs 2 through 10, and those who are likely to be affected by such risks and impacts.<sup>29</sup> The risks and impacts identification process will consider the emissions of greenhouse gases, the relevant risks associated with natural hazards and changing climate, including adaptation opportunities, and other potential transboundary effects, such as pollution of air, or use or pollution of international waterways.

8. Where the project involves specific activities, aspects, and facilities that are likely to

generate impacts, environmental and social risks and impacts will be identified in the context of the project's area of influence. This area of influence encompasses, as appropriate:

- The area likely to be affected by: (i) the project<sup>30</sup> and the Borrower's activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the project;<sup>31</sup> (ii) impacts from unplanned but predictable developments caused by the project that may occur later or at a different location; or (iii) indirect project impacts on biodiversity or on ecosystem services upon which project affected people's livelihoods are dependent.
- Associated facilities,<sup>32</sup> which are new or additional works and/or infrastructure, irrespective of the source of financing, that are deemed essential for a project to function.
- Cumulative impacts<sup>33</sup> that result from the incremental impact, on areas or resources used or directly impacted by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.

---

<sup>30</sup> The risk and impacts identification process should also consider threats to human security through the risk of escalation of personal or communal conflict and violence that could be caused or exacerbated by the project. It may be appropriate for the Borrower to complement its environmental and social risks and impacts identification process with specific human rights due diligence as relevant to the particular business.

<sup>31</sup> Examples include the project's sites, the immediate airshed and watershed, or transport corridors. Examples include power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments)

<sup>32</sup> Associated facilities may include new/additional access roads, railways, power lines, pipelines required to be built for

the project; new/additional construction camps or permanent housing for project workers; new/additional power plants required for the project; new/additional project effluent treatment facilities, new/additional warehouses and marine terminals built to handle project goods.

<sup>33</sup> Cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from project affected people. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.

9. In the event of risks and impacts in the project's area of influence resulting from a third party's actions, the Borrower will address those risks and impacts in a manner commensurate with the Borrower's control and influence over the third parties, and with due regard to conflict of interest.
10. Where the Borrower can reasonably exercise control, the risks and impacts identification process will also consider those risks and impacts associated with primary suppliers, as defined in ESPS 2 (paragraphs 28–30) and ESPS 6 (paragraph 30).
11. Where the project involves specifically identified activities, aspects and facilities that are likely to generate environmental and social impacts, the identification of risks and impacts will take into account the findings and conclusions of related and applicable plans, studies, or assessments prepared by relevant government authorities or other parties that are directly related to the project and its area of influence.<sup>34</sup> These include master economic development plans, country or regional plans, feasibility studies, disaster and climate change risks studies, alternatives analyses, and cumulative, regional, sectoral, or strategic environmental assessments where relevant. The risks and impacts identification will take account of the outcome

of the engagement process with project-affected people and other relevant stakeholders, as appropriate.

12. Where the project involves specifically identified activities, aspects and facilities that are likely to generate impacts, and as part of the process of identifying risks and impacts, the Borrower will identify individuals, groups and communities that may be directly and differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status.<sup>35</sup> Where individuals, groups or communities are identified as disadvantaged or vulnerable, the Borrower will propose and implement differentiated measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities.

### Management Programs

13. Consistent with the Borrower's policy and the objectives and principles described therein, the Borrower will establish management programs that, in sum, will describe mitigation and performance improvement measures and actions that address the identified environmental and social risks and impacts of the project.
14. Depending on the nature and scale of the project, these programs may consist of some

---

<sup>34</sup> The Borrower can take these into account by focusing on the project's incremental contribution to selected impacts generally recognized as important on the basis of scientific concern or concerns from project-affected people and other relevant stakeholders within the area addressed by these larger scope regional studies or cumulative assessments.

<sup>35</sup> This disadvantaged or vulnerable status may stem from an individual's, group's or community's race, color, sex,

language, religion, political or other opinion, national or social origin, property, birth, or other status. The Borrower should also consider factors such as gender, age, ethnicity, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

documented combination of operational procedures, practices, plans, and related supporting documents (including legal agreements) that are managed in a systematic way.<sup>36</sup> The programs may apply broadly across the Borrower's organizational structure for project implementation, including contractors and primary suppliers over which the organization has control or influence, or to specific sites, facilities, or activities. The mitigation hierarchy to address identified risks and impacts will favor the avoidance of impacts over minimization, and, where residual impacts remain, compensation/offset, wherever technically<sup>37</sup> and financially feasible.<sup>38</sup>

15. Where the identified risks and impacts cannot be avoided, the Borrower will identify mitigation and performance measures and establish corresponding actions to ensure the project will operate in compliance with applicable laws and regulations and meet the requirements of ESPS 1 through 10. The level of detail and complexity of this collective management program and the priority of the identified measures and actions will be commensurate with the project's risks and impacts and will take account of the outcome of the engagement process with project-

affected people and other relevant stakeholders as appropriate.

16. The management programs will establish environmental and social Action Plans,<sup>39</sup> which will define desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. As appropriate, the management program will recognize and incorporate the role of relevant actions and events controlled by third parties to address identified risks and impacts. Recognizing the dynamic nature of the project, the management program will be responsive to changes in circumstances, unforeseen events, and the results of monitoring and review.

### Organizational Capacity and Competency

17. The Borrower, in collaboration with appropriate and relevant third parties, will establish, maintain, and strengthen as necessary an organizational structure that defines roles, responsibilities, and authority to

---

<sup>36</sup> Existing legal agreements between the Borrower and third parties that address mitigation actions with regard to specific impacts constitute part of a program.

<sup>37</sup> Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.

<sup>38</sup> Financial feasibility is based on 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 to the Borrower.

<sup>39</sup> Action plans may include an overall Environmental and Social Action Plan necessary for carrying out a suite of mitigation measures or thematic action plans, such as Resettlement Action Plans, Disaster Risk Action Plans, or Biodiversity Action Plans. Action plans may be plans designed to fill in the gaps of existing management programs to ensure consistency with the Environmental and Social Performance Standards, or they may be stand-alone plans that specify the project's mitigation strategy. The "Action Plan" terminology is understood by some communities of practice to mean management plans, or development plans. In this case, examples are numerous and include various types of environmental and social management plans.

implement the ESMS. Specific personnel with clear lines of responsibility and authority should be designated by the Borrower. Key environmental and social responsibilities should be well defined and communicated to the relevant personnel and to the rest of the Borrower's organization responsible for project implementation. Sufficient management sponsorship and human and financial resources will be provided on an ongoing basis to achieve effective and continuous environmental and social performance.

18. Personnel within the Borrower's organization with direct responsibility for the project's environmental and social performance will have the knowledge, skills, and experience necessary to perform their work, including current knowledge of the relevant regulatory requirements and the applicable requirements of ESPs 1 through 10. Personnel will also possess the knowledge, skills, and experience to implement the specific measures and actions required under the ESMS and the methods required to perform the actions in a competent and efficient manner.
19. The process of identification of risks and impacts will consist of an adequate, accurate, and objective evaluation and presentation, prepared by competent professionals. For projects posing potentially significant adverse impacts or where technically complex issues are involved, Borrowers may be required to involve external experts to assist in the risks and impacts identification process.

## Emergency Preparedness and Response

20. Where the project involves specific activities, aspects and facilities that are likely to generate impacts, the ESMS will establish and maintain an emergency preparedness and response system so that the Borrower, in collaboration with appropriate and relevant third parties and relevant government agencies and authorities, will be prepared to respond to accidental and emergency situations associated with the project in a manner appropriate to prevent and mitigate any harm to people and/or the environment. This preparation will include the identification of areas where accidents and emergency situations may occur, communities and individuals that may be impacted, response procedures, provision of equipment and resources, designation of responsibilities, communication, including that with potentially project affected people and other stakeholders and periodic training to ensure effective response. The emergency preparedness and response activities will be periodically reviewed and revised, as necessary, to reflect changing conditions.
21. Where applicable, the Borrower will also assist and collaborate with the potentially project affected people and other stakeholders (see Environmental and Social Performance Standard 4) and the local government agencies in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to ensure effective response. If local government agencies have little or no capacity to respond effectively, the Borrower will play an active

role in preparing for and responding to emergencies associated with the project. The Borrower will document its emergency preparedness and response activities, resources, and responsibilities, and will provide appropriate information to people that are potentially affected, other stakeholders, and relevant government agencies.

## Monitoring and Review

22. The Borrower will establish procedures to monitor and measure the effectiveness of the management program, as well as compliance with any related legal and/or contractual obligations and regulatory requirements. Where other government agencies or third parties have responsibility for managing specific risks and impacts and associated mitigation measures, the Borrower will establish and monitor such mitigation measures. Where appropriate, Borrowers will consider involving representatives from project-affected people and other stakeholders to participate in monitoring activities.<sup>40</sup> The Borrower's monitoring program should be overseen by the appropriate level in the project's organizational structure. For projects with significant impacts, the Borrower will retain external experts to verify its monitoring information. The extent of monitoring should be commensurate with the project's environmental and social risks and impacts and with compliance requirements.

23. In addition to recording information to track performance and establishing relevant

operational controls, the Borrower should use dynamic mechanisms, such as internal inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. Monitoring will normally include recording information to track performance and comparing this against the previously established benchmarks or requirements in the management program. Monitoring should be adjusted according to performance experience and actions requested by relevant regulatory authorities. The Borrower will document monitoring results and identify and reflect the necessary corrective and preventive actions in the amended management program and plans. The Borrower, in collaboration with appropriate and relevant third parties, will implement these corrective and preventive actions, and follow up on these actions in upcoming monitoring cycles to ensure their effectiveness.

24. The Borrower will prepare periodic performance reviews of the effectiveness of the ESMS, based on systematic data collection and analysis. The scope and frequency of such reporting will depend upon the nature and scope of the activities identified and undertaken in accordance with the Borrower's ESMS and other applicable project requirements. Based on results within these performance reviews, senior management will take the necessary and appropriate steps to ensure the intent of the Borrower's policy is met, that procedures, practices, and plans are being implemented, and are seen to be effective.

---

<sup>40</sup> For example, participatory water monitoring.

## Stakeholder Engagement

25. Stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the successful management of a project's environmental and social impacts.<sup>41</sup> Stakeholder engagement is an ongoing process that may involve, in varying degrees, the following elements: stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanism, and ongoing reporting to project-affected people and other stakeholders. The nature, frequency, and level of effort of stakeholder engagement may vary considerably and will be commensurate with the project's risks and adverse impacts, and the project's phase of development. The requirements related to stakeholder engagement and information disclosure are further described in ESPS 10.

### *Stakeholder Analysis and Engagement Planning*

26. Borrowers should identify the range of stakeholders that may be interested in their actions and consider how external communications might facilitate a dialogue with all stakeholders (paragraph 34 below). Where projects involve specific activities, aspects and/or facilities that are likely to generate adverse environmental and social impacts to project affected people, the Borrower will identify the project-affected people and other relevant stakeholders, and

will meet the relevant requirements described below.

27. The Borrower will develop and implement a Stakeholder Engagement Plan that is scaled to the project risks and impacts and development stage, and be tailored to the characteristics and interests of the project-affected people and other relevant stakeholders. Where applicable, the Stakeholder Engagement Plan will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable. When the stakeholder engagement process depends substantially on community representatives,<sup>42</sup> the Borrower will make every reasonable effort to verify that such persons do in fact represent the views of project-affected people and that they can be relied upon to faithfully communicate the results of consultations to their constituents.

28. In cases where the exact location of specific project activities are not yet known, but it is reasonably expected to have significant impacts on local communities, the Borrower will prepare a Stakeholder Engagement Framework, as part of its management program, outlining general principles and a strategy to identify project-affected people and other relevant stakeholders and plan for an engagement process compatible with this ESPS that will be implemented once the physical location of project activities are known and sufficiently defined to allow for the necessary assessment to take place.

---

<sup>41</sup> Requirements regarding engagement of workers and related grievance redress procedures are found in ESPS 2.

<sup>42</sup> For example, community and religious leaders, local government representatives, civil society representatives, politicians, school teachers, and/or others representing one or more affected stakeholder groups.

### *Disclosure of Information*

29. Disclosure of relevant project information helps project affected people and other stakeholders understand the risks, impacts and opportunities of the project. The Borrower will provide project affected people and other stakeholders with access to relevant information<sup>43</sup> on: (i) the purpose, nature, and scale of the project; (ii) the duration of proposed project activities; (iii) any risks to and potential impacts on such communities and relevant mitigation measures; (iv) the envisaged stakeholder engagement process; and (v) the grievance mechanism.

### *Meaningful Consultation*

30. When project-affected people and other stakeholders are subject to identified risks and adverse impacts from a project, the Borrower will undertake a process of consultation in a manner that provides the project-affected people and other relevant stakeholders with opportunities to express their views, without the fear of reprisals, on project risks, impacts and mitigation measures, and allows the Borrower to consider and respond to them. Meaningful consultation will be carried out on an ongoing basis as the nature of issues, impacts and opportunities evolves. The extent

and degree of engagement required by the consultation process should be commensurate with the project's risks and impacts and with the concerns raised by project-affected people and other relevant stakeholders. Meaningful and effective consultation is a two-way process that: (i) begins early in the project planning process to gather initial views on the project proposal and inform project design; (ii) encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts; (iii) continues on an ongoing basis, as risks and impacts arise; (iv) is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information which is in a culturally appropriate local language(s) and format and is understandable to stakeholders; (v) considers and responds to feedback; (vi) supports active and inclusive<sup>44</sup> engagement with project-affected people and other stakeholders; (vii) is free of external manipulation, interference, coercion, discrimination, retaliation, and intimidation; and (viii) is documented. The Borrower will tailor its consultation process to the language preferences of the project-affected people, their decision-making process, and the needs of disadvantaged or vulnerable groups. If Borrowers have already engaged in such a

---

<sup>43</sup> Depending on the scale of the project and significance of the risks and impacts, relevant document(s) could range from full Environmental and Social Assessments and Action Plans (i.e., Stakeholder Engagement Plan, Resettlement Action Plans, Biodiversity Action Plans, Hazardous Materials Management Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, Ecosystem Restoration Plans, socio-cultural analysis and Indigenous Peoples Development Plans, etc.) to easy-to-

understand summaries of key issues and commitments. These documents could also include the Borrower's environmental and social policy and any supplemental measures and actions defined as a result of independent due diligence conducted by financiers.

<sup>44</sup> Such as men, women, the elderly, youth, displaced persons, and vulnerable and disadvantaged persons or groups.

process, they will provide adequate documented evidence of such engagement.

### *Informed Consultation and Participation*

31. For projects with potentially significant adverse impacts on project-affected people, the Borrower will conduct an Informed Consultation and Participation (ICP) process that will build upon the steps outlined above in Meaningful Consultation and will result in the project-affected people's informed participation. ICP involves a more in-depth exchange of views and information, and an organized and iterative consultation, leading to the Borrower's incorporating into their decision-making process the views of the project-affected people on matters that affect them directly, such as the proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The consultation process should (i) capture all gender views, if necessary, through separate forums or engagements, and (ii) reflect all genders different concerns and priorities about impacts, mitigation mechanisms, and benefits, where appropriate. The Borrower will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on project-affected people, and will inform those affected about how their concerns have been considered.

### *Indigenous Peoples*

32. For projects with adverse impacts to Indigenous Peoples, the Borrower is required to engage them in a process of ICP and in certain circumstances the Borrower is

required to obtain their Free, Prior, and Informed Consent (FPIC). The requirements related to Indigenous Peoples and the definition of the special circumstances requiring FPIC are described in ESPS 7.

### *Government Collaboration and Coordination for Stakeholder Engagement*

33. Where stakeholder engagement is the responsibility of a government agency that is not involved in project implementation, the Borrower will collaborate with the responsible government agency to achieve outcomes that meet the objectives of this ESPS. In addition, where necessary, the Borrower will play an active role during the stakeholder engagement planning, implementation, and monitoring to support the achievements of the objectives of this ESPS. If the process conducted by a government agency not involved in project implementation does not meet the relevant requirements of this ESPS, the Borrower will conduct a complementary process and, where appropriate, identify supplemental actions.

### **External Communications and Grievance Mechanisms**

#### *External Communications*

34. Borrowers will implement and maintain a procedure for external communications that includes methods to (i) receive and register external communications from the public; (ii) screen and assess the issues raised and determine how to address them; (iii) provide, track, and document responses, if any; and (iv) adjust the management program, as appropriate. In addition, Borrowers are

encouraged to make publicly available periodic reports on their environmental and social sustainability.

#### *Grievance Mechanism*

35. The Borrower will establish a grievance mechanism to receive and facilitate resolution of concerns and grievances about the Borrower's environmental and social performance. The grievance mechanism should be scaled to the risks and adverse impacts of the project and have project-affected people as its primary user. It should seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate and readily accessible, and at no cost and without retribution to the party that originated the issue or concern. The mechanism should not impede access to judicial or administrative remedies. The Borrower will inform project-affected people about the mechanism in the course of the stakeholder engagement process.

#### **Ongoing Reporting to Project-Affected People and Other Relevant Stakeholders**

36. The Borrower will provide periodic reports to project-affected people and other relevant stakeholders that describe progress with implementation of the project Action Plans on issues that involve ongoing risk to or impacts on project-affected people and on issues that the consultation process or grievance mechanism have identified as a concern to those communities. If the management program results in material changes in or additions to the mitigation measures or actions described in the Action Plans on issues of concern to the project-affected people and other relevant stakeholders, the updated relevant mitigation measures or actions will be communicated to them. The frequency of these reports will be proportionate to the concerns of project-affected people and other relevant stakeholders but not less than annually.

# Environmental and Social Performance Standard 2

## Labor and Working Conditions

International Labour Organization (ILO) and the United Nations (UN).<sup>46</sup>

### INTRODUCTION

1. Environmental and Social Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental<sup>45</sup> rights of workers. The workforce is a valuable asset, and a sound worker-employer relationship is a key ingredient in the sustainability of any endeavor. Failure to establish and foster a sound worker-employer relationship can undermine worker commitment and retention and can jeopardize a project. Conversely, through a constructive worker-employer relationship, and by treating workers fairly and providing them with safe and healthy working conditions, Borrowers may create tangible benefits, such as enhancement of the efficiency and productivity of their projects.
2. The requirements set out in this Environmental and Social Performance Standard have been in part guided by a number of international conventions and instruments, including those of the

### OBJECTIVES

- To promote the fair treatment, nondiscrimination, and equal opportunity of workers.
- To establish, maintain, and improve the worker-employer relationship.
- To promote compliance with national employment and labor laws.
- To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and primary supply workers.
- To promote safe and healthy working conditions, and the health of workers.
- To prevent the use of child labor and forced labor (as defined by the ILO).
- To support the principles of freedom of association and collective bargaining of project workers in a manner consistent with national law.

### SCOPE OF APPLICATION

3. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The

<sup>45</sup> As guided by the ILO Conventions listed in footnote 3.

<sup>46</sup> These conventions are:

ILO Convention 87 on Freedom of Association and Protection of the Right to Organize

ILO Convention 98 on the Right to Organize and Collective Bargaining

ILO Convention 29 on Forced Labor

ILO Convention 105 on the Abolition of Forced Labor

ILO Convention 138 on Minimum Age (of Employment)

ILO Convention 182 on the Worst Forms of Child Labor

ILO Convention 100 on Equal Remuneration

ILO Convention 111 on Discrimination (Employment and Occupation)

UN Convention on the Rights of the Child, Article 32.1

UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families

implementation of the actions necessary to meet the requirements of this ESPS is managed through the Borrower's Environmental and Social Management System (ESMS), the elements of which are outlined in ESPS 1. Implementation of this ESPS must also consider requirements related to gender equality and stakeholder engagement in accordance with ESPSs 9 and 10.

4. The scope of application of this ESPS depends on the type of employment relationship between the Borrower and the worker. It applies to workers directly engaged by the Borrower (direct workers), workers engaged through third parties to perform work related to core functions of the project<sup>47</sup> for a substantial duration (contracted workers), as well as workers engaged by the Borrower's primary suppliers (primary supply workers).<sup>48</sup>

#### *Direct Workers*

5. Direct workers are people employed or engaged directly by the Borrower to work specifically in relation to the project. With respect to direct workers, the Borrower will apply the requirements of paragraphs 9–24 of this ESPS.

#### *Contracted Workers*

6. With respect to contracted workers, the Borrower will apply the requirements of paragraphs 25–27 of this ESPS.

---

<sup>47</sup> Core project functions constitute those of construction, production and/or service processes essential for a specific activity without which the activity could not continue.

#### *Primary Supply Workers*

7. With respect to primary supply workers, the Borrower will apply the requirements of paragraphs 28–30 of this ESPS.
8. Where government civil servants are working in connection with the project, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project. ESPS2 will not apply to such government civil servants, except for the provisions of paragraphs 22 to 23 (Protecting the Work Force) and paragraph 24 (Occupational Health and Safety).

## **REQUIREMENTS**

### **Working Conditions and Management of Worker Relationship**

#### *Labor Management Policies and Procedures*

9. The Borrower will adopt and implement labor management policies and procedures appropriate to the nature and size of the project and its workforce. These policies and procedures will set out its approach to managing workers consistent with the requirements of this ESPS and national law.
10. The Borrower will provide workers with documented information that is clear and

<sup>48</sup> Primary suppliers are those suppliers who, on an ongoing basis, provide goods or materials essential for the core functions of the project.

understandable, regarding their rights under national labor and employment law and any applicable collective agreements, including their rights related to hours of work, wages, overtime, compensation, and benefits upon beginning the working relationship and when any material changes occur.

### *Working Conditions and Terms of Employment*

11. Where the Borrower is a party to a collective bargaining agreement with a workers' organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of employment,<sup>49</sup> the Borrower will provide reasonable working conditions and terms of employment.<sup>50</sup>
12. The Borrower will identify migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work.
13. Where accommodation services<sup>51</sup> are provided to workers covered by the scope of this ESPS, the Borrower will put in place and implement policies on the quality and management of the accommodation and provision of basic services.<sup>52</sup> The accommodation services will be provided in a manner consistent with the principles of non-discrimination and equal opportunity.

---

<sup>49</sup> Working conditions and terms of employment examples are wages and benefits; wage deductions; hours of work; overtime arrangements and overtime compensation; breaks; rest days; and leave for illness, maternity, vacation or holiday.

<sup>50</sup> Reasonable working conditions and terms of employment could be assessed by reference to (i) conditions established for work of the same character in the trade or industry concerned in the area/region where the work is carried out; (ii) collective agreement or other recognized negotiation between other organizations of employers and workers' representatives in the trade or industry concerned; (iii)

Workers' accommodation arrangements should not restrict workers' freedom of movement or of association.

### *Workers' Organizations*

14. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the Borrower will comply with national law. Where national law substantially restricts workers' organizations, the Borrower will not restrict workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. The Borrower should not seek to influence or control these mechanisms.
15. The Borrower will inform workers that they have the right to elect workers' representatives, form or join workers' organizations of their choosing and engage in collective bargaining, in accordance with national law. In either case described in paragraph 14 of this ESPS, and where national law is silent, the Borrower will not discourage workers from electing worker representatives, forming or joining workers' organizations of their choosing, or from bargaining collectively, and will not discriminate or retaliate against workers who

arbitration award; or (iv) conditions established by national law.

<sup>51</sup> Those services might be provided either directly by the Borrower or by third parties.

<sup>52</sup> Basic services requirements refer to minimum space, supply of water, adequate sewage and garbage disposal system, appropriate protection against heat, cold, damp, noise, fire and disease-carrying animals, adequate sanitary and washing facilities, ventilation, cooking and storage facilities and natural and artificial lighting, and in some cases basic medical services.

participate, or seek to participate, in such organizations and collective bargaining. The Borrower will engage with such workers' representatives and workers' organizations, and provide them with information needed for meaningful negotiation in a timely manner. Workers' organizations are expected to fairly represent the workers in the workforce.

### *Non-Discrimination and Equal Opportunity*

16. The Borrower will not make employment decisions on the basis of personal characteristics<sup>53</sup> unrelated to inherent job requirements. The Borrower will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, and disciplinary practices. The Borrower will take measures to prevent and address harassment, intimidation, and/or exploitation, especially in regard to women. The principles of non-discrimination apply to migrant workers.

17. In countries where national law provides for non-discrimination in employment, the Borrower will comply with national law. When national laws are silent on non-discrimination in employment, the Borrower will meet this

ESPS and ESPS 9. In circumstances where national law is inconsistent with this ESPS and ESPS9, the Borrower is encouraged to carry out its project consistent with the intent of paragraph 16 above without contravening applicable local and national laws.

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

### *Retrenchment*

19. Prior to implementing any collective dismissals,<sup>54</sup> the Borrower will carry out an analysis of alternatives to retrenchment.<sup>55</sup> If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce the adverse impacts of retrenchment on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect the Borrower's consultation with workers, their organizations, and, where appropriate, with other government agencies, and comply with collective bargaining agreements if they exist. The Borrower will comply with all legal and contractual requirements related to notification of public authorities, and provision of information to,

<sup>53</sup> Such as gender, race, nationality, ethnic, social and indigenous origin, religion or belief, disability, age, or sexual orientation.

<sup>54</sup> Collective dismissals cover all multiple dismissals that are a result of an economic, technical, or organizational reason;

or other reasons that are not related to performance or other personal reasons.

<sup>55</sup> Examples of alternatives may include negotiated working-time reduction programs, employee capacity building programs; long-term maintenance works during low production periods, etc.

and consultation with workers and their organizations.

20. The Borrower should ensure that all workers receive notice of dismissal and severance payments mandated by law and collective agreements in a timely manner. All outstanding back pay and social security benefits and pension contributions and benefits will be paid (i) on or before termination of the working relationship to the workers, (ii) where appropriate, for the benefit of the workers, or (iii) payment will be made in accordance with a timeline agreed through a collective agreement. Where payments are made for the benefit of workers, workers will be provided with evidence of such payments.

### *Grievance Mechanism*

21. The Borrower will provide a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns. The Borrower will inform the workers of the grievance mechanism at the time of recruitment and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution. The mechanism should also allow for anonymous or confidential complaints to be raised and addressed. The mechanism should not impede access to other judicial or

administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

## **Protecting the Work Force**

### *Child Labor*

22. The Borrower will not employ children in any manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. The labor management procedures will specify the minimum age for employment or engagement in connection with the project, which will be the age of 15 unless national law specifies a higher age. The Borrower will identify the presence of all persons under the age of 18. Where national laws have provisions for the employment of minors, the Borrower will follow those laws. Children under the age of 18 will not be employed in hazardous work.<sup>56</sup> All work of persons under the age of 18 will be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work.

---

<sup>56</sup> Examples of hazardous work activities include work (i) with exposure to physical, psychological, or sexual abuse; (ii) underground, underwater, working at heights, or in confined spaces; (iii) with dangerous machinery, equipment, or tools, or involving handling of heavy loads; (iv) in unhealthy

environments exposing the worker to hazardous substances, agents, processes, temperatures, noise, or vibration damaging to health; or (v) under difficult conditions such as long hours, late night, or confinement by employer.

### *Forced Labor*

23. The Borrower will not employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements. The Borrower will not employ trafficked persons.<sup>57</sup> If child labor or forced labor cases are identified, the Borrower will take appropriate steps to remedy them.

### **Occupational Health and Safety**

24. The Borrower will provide a safe and healthy work environment, taking into account inherent risks related to the project and specific classes of hazards, including physical, chemical, biological, and radiological hazards, and specific threats to women. The Borrower will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice,<sup>58</sup> as reflected in various internationally recognized sources including the World Bank Group Environmental, Health and Safety Guidelines, the Borrower will address areas that include the (i) identification of potential hazards to workers, particularly those that may be life-

threatening; (ii) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) training of workers; (iv) documentation and reporting of occupational accidents, diseases, and incidents; and (v) emergency prevention, preparedness, and response arrangements. For additional information related to emergency preparedness and response refer to ESPS 1.

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

### **Workers Engaged by Third Parties**

26. With respect to contracted workers the Borrower will take reasonable efforts to ascertain that the third parties who engage these workers are reputable and legitimate entities and have an appropriate ESMS that will allow them to operate in a manner consistent with the requirements of this ESPS, except for paragraphs 19–20, and 28–30.

27. The Borrower will establish policies and procedures for managing and monitoring the

---

<sup>57</sup> Trafficking in persons is defined as the recruitment, transportation, transfer, harboring, or receipt of persons, by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control

over another person, for the purpose of exploitation. Women and children are particularly vulnerable to trafficking practices.

<sup>58</sup> 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.

performance of such third party employers in relation to the requirements of this ESPS. In addition, the Borrower will use reasonable efforts to incorporate these requirements in contractual agreements with such third-party employers.

28. The Borrower will ensure that contracted workers, covered in paragraphs 25–26 of this ESPS, have access to a grievance mechanism. In cases where the third party is not able to provide a grievance mechanism the Borrower will extend its own grievance mechanism to serve workers engaged by the third party.

### **Primary Supply Workers**

29. Where there is a risk of child labor or forced labor<sup>59</sup> related to the primary supply workers, the Borrower will identify those risks consistent with paragraphs 22 and 23 above. If child labor or forced labor cases are identified, the Borrower will take appropriate steps to remedy them. The Borrower will

monitor its primary suppliers on an ongoing basis in order to identify any significant changes and if new risks or incidents of child and/or forced labor are identified, the Borrower will take appropriate steps to remedy them.

30. Additionally, where there is a high risk of significant safety issues related to primary supply workers, the Borrower will introduce procedures and mitigation measures to ensure that primary suppliers are taking steps to prevent or to correct life-threatening situations.

31. The ability of the Borrower to fully address these risks will depend upon the Borrower's level of management control or influence over the project's primary suppliers. Where remedy is not possible, the Borrower will shift the project's primary suppliers over time to suppliers that can demonstrate that they are complying with this ESPS.

---

<sup>59</sup> The potential risk of child labor and forced labor will be determined during the risks and impacts identification process as required in ESPS 1.

# Environmental and Social Performance Standard 3

## Resource Efficiency and Pollution Prevention

### INTRODUCTION

1. Environmental and Social Performance Standard (ESPS) 3 recognizes that increased economic activity and urbanization often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global levels.<sup>60</sup> There is also a global consensus that the current and projected atmospheric concentration of greenhouse gases (GHG) threatens the public health and welfare of current and future generations. At the same time, more efficient and effective resource use and pollution prevention<sup>61</sup> and GHG emission avoidance and mitigation technologies and practices have become more accessible and achievable in virtually all parts of the world. These are often implemented through continuous improvement methodologies similar to those used to enhance quality.
2. This ESPS outlines a project-level approach to resource efficiency and pollution prevention and control in line with internationally disseminated technologies and practices.

### OBJECTIVES

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

### SCOPE OF APPLICATION

3. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this ESPS is managed through the Borrower's Environmental and Social Management System, the elements of which are outlined in ESPS 1.

---

<sup>60</sup> For the purposes of this ESPS, the term "pollution" is used to refer to both hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as pests, pathogens, thermal discharge to water, GHG emissions, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

<sup>61</sup> For the purpose of this ESPS, the term "pollution prevention" does not mean absolute elimination of emissions,

but the avoidance at source whenever possible, and, if not possible, then subsequent minimization of pollution to the extent that the Performance Standard objectives are satisfied. or productivity, which are generally well known to most industrial, agricultural, and service sector companies.

## REQUIREMENTS

4. During the project life-cycle, the Borrower will consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention principles and techniques that are best suited to avoid, or where avoidance is not possible, minimize adverse impacts on human health and the environment.<sup>62</sup> The principles and techniques applied during the project life-cycle will be tailored to the hazards and risks associated with the nature of the project and consistent with good international industry practice (GIIP),<sup>63</sup> as reflected in various Internationally recognized sources, including the World Bank Group Environmental, Health and Safety Guidelines (EHSG).
5. The Borrower will refer to the EHSG or other internationally recognized sources, as appropriate, when evaluating and selecting resource efficiency and pollution prevention and control techniques for the project. The EHSG contain the performance levels and measures that are normally acceptable and applicable to projects. When applicable regulations differ from the levels and measures presented in the EHSG, Borrowers will be required to achieve whichever is more stringent. If less stringent levels or measures than those provided in the EHSG are appropriate in view of specific project

---

<sup>62</sup> Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, infrastructure, security, governance, capacity and operational reliability. Financial feasibility is based on 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.

<sup>63</sup> GIIP is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be

circumstances, the Borrower will provide full and detailed justification for any proposed alternatives through the environmental and social risks and impacts identification and assessment process. This justification must demonstrate that the choice for any alternate performance levels is consistent with the objectives of this ESPS.

### Resource Efficiency

6. The Borrower will implement technically and financially feasible and cost effective<sup>64</sup> measures for improving efficiency in its consumption of energy, water, as well as other resources and material inputs, with a focus on core areas of project activities. Such measures will integrate the principles of cleaner production into project development with the objective of conserving raw materials, energy, and water. Where benchmarking data are available, the Borrower will make a comparison to establish the relative level of efficiency.

### Greenhouse Gases

7. In addition to the resource efficiency measures described above, the Borrower will consider alternatives and implement technically and financially feasible and cost-effective options to reduce project-related

expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

<sup>64</sup> Cost-effectiveness is determined according to the capital and operational cost, financial benefits, , and environmental and social externalities of the measure, considered over the life of the operation.

GHG emissions during the design and operation of the project. These options may include, but are not limited to, alternative project locations, adoption of renewable or low carbon energy sources, sustainable agricultural, forestry and livestock management practices, the reduction of fugitive emissions and the reduction of gas flaring.

8. For projects that are expected to or currently produce more than 25,000 tons of CO<sub>2</sub>-equivalent annually,<sup>65</sup> the Borrower will quantify direct emissions from the project,<sup>66</sup> as well as indirect emissions associated with the off-site production of energy<sup>67</sup> used by the project. Quantification of GHG emissions will be conducted by the Borrower annually in accordance with internationally recognized methodologies and good practice.<sup>68</sup>

### *Water Consumption*

9. When the project is a potentially significant consumer of water, in addition to applying the resource efficiency requirements of this ESPS, the Borrower shall adopt measures that avoid or reduce water usage so that the project's water consumption does not have significant adverse impacts on others. These measures include, but are not limited to, the

use of additional technically feasible water conservation measures, the use of alternative water supplies, water consumption offsets to reduce total demand for water resources to within the available supply, and evaluation of alternative project locations, as appropriate.

### **Pollution Prevention**

10. The Borrower will avoid the release of pollutants or, when avoidance is not feasible, minimize and/or control the intensity and mass flow of their release. This applies to the release of pollutants to air, water, and land due to routine, non-routine, and accidental circumstances with the potential for local, regional, and transboundary impacts.<sup>69</sup> Where historical pollution such as land or ground water contamination exists, the Borrower will seek to determine whether it is responsible for mitigation measures. If it is determined that the Borrower is legally responsible, then these liabilities will be resolved in accordance with national law, or where this is silent, with GIIP.<sup>70</sup>
11. To address potential adverse project impacts on existing ambient conditions,<sup>71</sup> the Borrower will consider relevant factors, including, for example (i) existing ambient conditions; (ii) the finite assimilative capacity<sup>72</sup> of the

---

<sup>65</sup> The quantification of emissions should consider all significant sources of greenhouse gas emissions, including non-energy related sources such as methane and nitrous oxide, among others.

<sup>66</sup> Project-induced changes in soil carbon content or above ground biomass, and project-induced decay of organic matter may contribute to direct emissions sources and shall be included in this emissions quantification where such emissions are expected to be significant.

<sup>67</sup> Refers to the off-site generation by others of electricity, and heating and cooling energy used in the project.

<sup>68</sup> Estimation methodologies are provided by the International Financial Institution Framework for a Harmonized Approach to Greenhouse Gas Accounting, the Intergovernmental Panel

on Climate Change, various international organizations, and relevant host country agencies.

<sup>69</sup> Transboundary pollutants include those covered under the Convention on Long-Range Transboundary Air Pollution.

<sup>70</sup> This may require coordination with national and local government agencies, communities, and the contributors to the contamination, and that any assessment follows a risk-based approach consistent with GIIP as reflected in the EHS.

<sup>71</sup> Such as air, surface and groundwater, and soils.

<sup>72</sup> The capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.

environment; (iii) existing and future land use; (iv) the project's proximity to areas of importance to biodiversity; and (v) the potential for cumulative impacts with uncertain and/or irreversible consequences. In addition to applying resource efficiency and pollution control measures as required in this Performance Standard, when the project has the potential to constitute a significant source of emissions in an already degraded area, the Borrower will consider additional strategies and adopt measures that avoid or reduce negative effects. These strategies include, but are not limited to, evaluation of project location alternatives and emissions offsets.

## *Wastes*

12. The Borrower will avoid the generation of hazardous and non-hazardous waste materials. Where waste generation cannot be avoided, the Borrower will reduce the generation of waste and recover and reuse waste in a manner that is safe for human health and the environment. Where waste cannot be recovered or reused, the Borrower will treat, destroy, or dispose of it in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material. If the generated waste is considered hazardous,<sup>73</sup> the Borrower will adopt GIIP alternatives for its environmentally sound disposal while adhering to the limitations applicable to its transboundary movement.<sup>74</sup> When hazardous

waste disposal is conducted by third parties, the Borrower will use contractors that are reputable and legitimate enterprises licensed by relevant government regulatory agencies and obtain chain of custody documentation to the final destination. The Borrower should ascertain whether licensed disposal sites are being operated to acceptable standards and where they are, the Borrower will use these sites. Where this is not the case, the Borrower should reduce waste sent to such sites and consider alternative disposal options, including the possibility of developing their own recovery or disposal facilities at the project site.

## *Hazardous Materials Management*

13. Hazardous materials are sometimes used as raw material or produced as product by the project. The Borrower will avoid or, when avoidance is not possible, minimize and control the release of hazardous materials. In this context, the production, transportation, handling, storage, and use of hazardous materials for project activities should be assessed. The Borrower will consider less hazardous substitutes where hazardous materials are intended to be used in manufacturing processes, construction activities or other project-related activities or operations. The Borrower will avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs due to their high toxicity to

---

<sup>73</sup> As defined by international conventions or national legislation.

<sup>74</sup> Transboundary movement of hazardous materials should be consistent with national, regional and international law, including the Basel Convention on the Control of

Transboundary Movements of Hazardous Wastes and Their Disposal and the London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter.

living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer.<sup>75</sup>

### ***Pesticide Use and Management***

14. The Borrower will, where appropriate, formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach targeting economically significant pest infestations and disease vectors of public health significance. The Borrower's IPM and IVM program will integrate coordinated use of pest and environmental information along with available pest control methods, including cultural practices, biological, genetic, and, as a last resort, chemical means to prevent economically significant pest damage and/or disease transmission to humans and animals.
15. When pest management activities include the use of chemical pesticides, the Borrower will select chemical pesticides that are low in human toxicity, that are known to be effective against the target species, and that have minimal effects on non-target species and the environment. When the Borrower selects chemical pesticides, the selection will be based upon requirements that the pesticides be packaged in safe containers, be clearly labeled for safe and proper use, and that the pesticides have been manufactured by an entity currently licensed by relevant regulatory agencies.
16. The Borrower will design its pesticide application regime to (i) avoid damage to

natural enemies of the target pest, and where avoidance is not possible, minimize, and (ii) avoid the risks associated with the development of resistance in pests and vectors, and where avoidance is not possible minimize. In addition, pesticides will be handled, stored, applied, and disposed of in accordance with the Food and Agriculture Organization's International Code of Conduct on the Distribution and Use of Pesticides or other GIIP.

17. The Borrower will not purchase, store, use, manufacture, or trade in products that fall in WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous); or Ib (highly hazardous). The Borrower will not purchase, store, use, manufacture or trade in Class II (moderately hazardous) pesticides, unless the project has appropriate controls on manufacture, procurement, or distribution and/or use of these chemicals. These chemicals should not be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly.

---

<sup>75</sup> Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer. Similar

considerations will apply to certain World Health Organization (WHO) classes of pesticides.

# Environmental and Social Performance Standard 4

## Community Health, Safety, and Security

### INTRODUCTION

1. Environmental and Social Performance Standard (ESPS) 4 recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts including those caused by natural hazards and climate change. In addition, communities that are already subjected to impacts from natural hazards and climate change may also experience an acceleration and/or intensification of impacts due to project activities. Natural hazards and climate change impacts may affect the project itself which may cause further adverse impacts on the health and safety of the project-affected people. This ESPS addresses the Borrower's responsibility to avoid or minimize the risks and impacts to community health, safety, and security that may arise from project related activities, with particular attention to vulnerable groups. It also addresses the Borrower's responsibility to avoid or minimize the risks and impacts to the project itself that may result from natural hazards and climate change.
2. In conflict and post-conflict areas, the level of risks and impacts described in this ESPS may be greater. The risks that a project could exacerbate an already sensitive local situation, leading to an increase in the risk of personal or communal conflict, or stress scarce local resources, should be considered

carefully as it may lead to further conflict and increased threat to human security.

### OBJECTIVES

- To anticipate and avoid adverse impacts on the health and safety of the project-affected people during the project life cycle from both routine and non-routine circumstances.
- To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the project-affected people.
- To anticipate and avoid adverse impacts on the project itself from natural hazards and climate change during the project life cycle.

### SCOPE OF APPLICATION

3. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this ESPS is managed through the Borrower's Environmental and Social Management System, the elements of which are outlined in ESPS1.
4. This ESPS addresses potential risks and impacts to the project-affected people from project activities. It addresses as well potential risks and impacts to the project itself that may result from natural hazards and climate change. Occupational health and safety requirements for workers are included in ESPS 2, and environmental standards to

avoid or minimize impacts on human health and the environment due to pollution are included in ESPS 3. Stakeholder consultation and information disclosure requirements are included in ESPS 10.

## REQUIREMENTS

### Community Health and Safety

5. The Borrower will evaluate the risks and impacts to the health and safety of the project-affected people during the project lifecycle and will establish preventive and control measures consistent with good international industry practice (GIIP),<sup>76</sup> such as in the World Bank Group Environmental, Health and Safety Guidelines (EHSG) or other internationally recognized sources. The Borrower will identify risks and impacts and propose mitigation measures that are commensurate with their nature and magnitude. These measures will favor the avoidance of risks and impacts over minimization. Risk to community health and safety may also result from project activities that lead to an increased risk of personal or communal conflict or stress scarce local resources. The Borrower should seek to identify these risks through its stakeholder analysis efforts and stakeholder engagement plan and development and implement risk-appropriate mitigation measures.

### *Infrastructure and Equipment Design and Safety*

6. The Borrower will design, construct, operate, and decommission the structural elements or components of the project in accordance with GIIP, taking into consideration safety risks to third parties and the project-affected people. When new buildings and structures will be accessed by members of the public, the Borrower will consider incremental risks of the public's potential exposure to operational accidents and/or natural hazards and be consistent with the principles of universal access. Structural elements will be designed and constructed by competent professionals, and certified or approved by competent authorities or professionals. When structural elements or components are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, the Borrower will engage one or more external experts with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, construction, operation, and decommissioning. For projects that operate moving equipment on public roads and other forms of infrastructure, the Borrower will seek to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment.

---

<sup>76</sup> 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.

### *Hazardous Materials Management and Safety*

7. The Borrower will avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be life threatening, the Borrower will exercise special care to avoid or minimize their exposure by modifying, substituting, or eliminating the condition or material causing the potential hazards. Where hazardous materials are part of existing project infrastructure or components, the Borrower will exercise special care when conducting decommissioning activities in order to avoid exposure to the community. The Borrower will exercise good industry practice to control the safety of deliveries of hazardous materials, and of transportation and disposal of hazardous wastes, and will implement measures to avoid or control community exposure to pesticides, in accordance with the requirements of ESPS 3.

### *Ecosystem Services*

8. The project's direct impacts on priority ecosystem services may result in adverse health and safety risks and impacts to the project-affected people. With respect to this ESPS, ecosystem services are limited to provisioning and regulating services as defined in paragraph 2 of ESPS 6. For example, land use changes or the loss of natural buffer areas such as wetlands, mangroves, and upland forests that mitigate

the effects of natural hazards such as flooding, landslides, and fire, may result in increased vulnerability and community safety-related risks and impacts. The diminution or degradation of natural resources, such as adverse impacts on the quality, quantity, and availability of freshwater,<sup>77</sup> may result in health-related risks and impacts. Where appropriate and feasible, the Borrower will identify those risks and potential impacts on priority ecosystem services that may be exacerbated by natural hazards and climate change. Adverse impacts should be avoided, and if these impacts are unavoidable, the Borrower will implement mitigation measures in accordance with paragraphs 24 and 25 of ESPS 6. With respect to the use of and loss of access to provisioning services, Borrowers will implement mitigation measures in accordance with paragraphs 25–29 of ESPS 5.

### *Community Exposure to Disease*

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

---

<sup>77</sup> Freshwater is an example of provisioning ecosystem services.

- 10. The Borrower will avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor.

*Emergency Preparedness and Response*

- 11. In addition to the emergency preparedness and response requirements described in ESPS 1, the Borrower will also assist and collaborate with the project-affected people, local government agencies, and other relevant parties, in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to respond to such emergency situations. If local government agencies have little or no capacity to respond effectively, the Borrower will play an active role in preparing for and responding to emergencies associated with the project. The Borrower will document its emergency preparedness and response activities, resources, and responsibilities, and will disclose appropriate information to the project-affected people, relevant government agencies, or other relevant parties.

**Resilience to Natural Hazards and Climate Change**

- 12. The Borrower will identify and assess the potential risks caused by natural hazards, such as earthquakes, droughts, landslides or floods including those caused or exacerbated by climate change, as these relate to the project. This may require the

Borrower to undertake an assessment of the vulnerability of the project to natural hazards and climate change. Based on this assessment the Borrower will identify appropriate disaster and climate change resilience and adaptation measures to be integrated to the project design. The project will include the necessary measures to reduce disaster and climate change risk to acceptable levels. The borrower will also avoid and/or minimize risks caused by natural hazards or land use changes to which the project activities may contribute.

- 13. Projects that finance recovery and reconstruction after a disaster require special precautions to avoid rebuilding or increasing vulnerability. Particular attention must be given to lessons learned from recent hazard events. The Borrower will not assume that pre-disaster conditions persist in whole or in part in the affected area. Disaster risk assessment of the reconstruction project should be carried out considering the specifics of the area, the sector and the infrastructure concerned, as well as the current environmental, social and economic situation and any changes in the affected area as a result of the disaster.

**Security Personnel**

- 14. When the Borrower retains direct or contracted workers to provide security to safeguard its personnel and property, it will assess risks posed by its security arrangements to those within and outside the project site. In making such arrangements, the Borrower will be guided by the principles of proportionality and good international

practice<sup>78</sup> in relation to hiring, rules of conduct, training, equipping, and monitoring of such workers, and by applicable law. The Borrower will make reasonable inquiries to ensure that those providing security are not implicated in past abuses; will train them adequately in the use of force (and where applicable, firearms), and appropriate conduct toward workers and the project-affected people; and require them to act within the applicable law. The Borrower will not sanction any use of force except when used for preventive and defensive purposes in proportion to the nature and extent of the threat. The Borrower will provide a grievance mechanism for the project-affected people to express concerns about the security arrangements and acts of security personnel, in accordance with the ESPS 10.

15. The Borrower will assess and document risks arising from the project's use of personnel deployed to provide security services. The Borrower will seek to ensure that security personnel will act in a manner consistent with paragraph 11 above, and encourage the relevant public authorities to disclose the security arrangements for the Borrower's facilities to the public, subject to overriding security concerns.
16. The Borrower will consider and, where appropriate, investigate all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and report unlawful and abusive acts to the appropriate public authorities.

---

<sup>78</sup> Including practice consistent with the United Nation's (UN) Code of Conduct for Law Enforcement Officials, and UN Basic

# Environmental and Social Performance Standard 5

## Land Acquisition and Involuntary Resettlement

### INTRODUCTION

1. Environmental and Social Performance Standard (ESPS) 5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood<sup>79</sup>) as a result of project-related land acquisition<sup>80</sup> and/or restrictions on land use. Resettlement is considered involuntary when the project-affected people do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation or temporary or permanent restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.
2. Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for the project-affected people, as well as environmental damage and adverse socio-economic impacts in areas to

which they have been displaced. For these reasons, involuntary resettlement should be avoided. However, where involuntary resettlement is unavoidable, it should be minimized and appropriate measures to mitigate adverse impacts on displaced persons and host communities<sup>81</sup> should be carefully planned and implemented. The government plays a central role in the land acquisition and resettlement process, including the determination of compensation. Close collaboration and coordination among government agencies and, the project-affected people, can result in more cost-effective, efficient, and timely implementation of those activities, as well as in the introduction of innovative approaches to improving the livelihoods of those affected by resettlement.

3. To help avoid expropriation and eliminate the need to enforce relocation, Borrowers are encouraged to use negotiated settlements meeting the requirements of this ESPS, even if they have the legal means to acquire land without the seller's consent.

---

<sup>79</sup> The term "livelihood" refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

<sup>80</sup> Land acquisition includes both outright purchases of property and acquisition of access rights, such as easements or rights of way.

<sup>81</sup> A host community is any community receiving displaced persons.

## OBJECTIVES

- To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs.
- To avoid forced eviction.
- To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost<sup>82</sup> and transitional hardships, (ii) minimizing disruption to their social networks and (iii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.
- To improve, or restore, the livelihoods and standards of living of displaced persons.
- To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure,<sup>83</sup> and safety<sup>84</sup> at resettlement sites.

## SCOPE OF APPLICATION

4. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to

meet the requirements of this Environmental and Social Performance Standard is managed through the Borrower's Environmental and Social Management System, the elements of which are outlined in ESPS 1. Implementation of this ESPS must also consider requirements related to Indigenous Peoples, gender equality and stakeholder engagement in accordance with ESPSs 7, 9 and 10.

5. This ESPS applies to physical and/or economic displacement resulting from the following types of land-related transactions and non-land related economic displacement:
  - Land rights or land use rights acquired through expropriation or other compulsory procedures in accordance with national law;
  - Land rights or land use rights acquired through negotiated settlements with property owners or those with legal rights to the land if failure to reach settlement would have resulted in expropriation or other compulsory procedures;<sup>85</sup>
  - Project situations where involuntary restrictions on land use and access to natural resources cause a community or groups within a community or persons to lose access to resource usage where they have traditional or recognizable usage rights;<sup>86</sup>

---

<sup>82</sup> Replacement cost is defined as the market value of the assets plus transaction costs (e.g. taxes and legal fees). In applying this method of valuation, depreciation of structures and assets should not be taken into account. Market value is defined as the value required to allow project-affected people to replace lost assets with assets of similar value. The valuation method for determining replacement cost should be documented and included in applicable Resettlement and/or Livelihood Restoration plans (see paragraphs 18 and 25).

<sup>83</sup> Security of tenure means that project-affected people that are resettled are resettled to a site that they can legally occupy and where they are protected from the risk of eviction.

<sup>84</sup> Due consideration must be given to natural disaster and climate change risks in resettlement sites. Under no circumstances displaced persons will be relocated to disaster-prone areas.

<sup>85</sup> This also applies to customary or traditional rights recognized or recognizable under the laws of the country. The negotiations might be carried out by a government agency other than the one responsible for project implementation.

<sup>86</sup> In such situations, project affected people frequently do not have formal ownership. This may include freshwater and marine environments. This ESPS may also apply when

- Certain project situations requiring evictions of people occupying land without formal, traditional, or recognizable usage rights;<sup>87</sup>
  - Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, freshwater, medicinal plants, hunting and gathering grounds and grazing and cropping areas;<sup>88</sup> or
  - Economic displacement resulting from permanent or temporary loss of access to formal and informal economic activities (e.g. small shops owners and informal vendors, among others).
6. This ESPS does not apply to resettlement resulting from voluntary land transactions (i.e., market transactions in which the seller is not obliged to sell and the buyer cannot resort to expropriation or other compulsory procedures sanctioned by the legal system of the host country if negotiations fail).
7. Where project impacts on land, assets, or access to assets become significantly adverse at any stage of the project, the Borrower should consider applying requirements of this Environmental and Social Performance Standard, even where no land acquisition or land use restriction is involved.

---

project-related biodiversity areas or legally designated buffer zones are established but not acquired by the Borrower.

<sup>87</sup> While some people do not have rights over the land they occupy, this ESPS requires that non-land assets be retained, replaced, or compensated for; relocation take place with security of tenure; and lost livelihoods be restored.

<sup>88</sup> Natural resource assets referred to in this ESPS are equivalent to ecosystem provisioning services as described in ESPS 6.

## REQUIREMENTS

### General

#### *Project Design*

8. The Borrower will consider feasible alternative project designs to avoid or minimize physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable.

#### *Compensation and Benefits for Displaced Persons*

9. When displacement cannot be avoided, the Borrower will offer project-affected people compensation for loss of assets at full replacement cost and other assistance<sup>89</sup> to help them improve or restore their standards of living or livelihoods, as provided in this Environmental and Social Performance Standard. Compensation standards will be transparent and applied consistently to all project-affected people. Where livelihoods of displaced persons are land-based,<sup>90</sup> or where land is collectively owned, the Borrower will, where feasible,<sup>91</sup> offer the displaced land-based compensation. The Borrower will take possession of acquired land and related assets only after compensation has been made available<sup>92</sup> and, where applicable,

<sup>89</sup> As described in paragraphs 19, and 26 through 29.

<sup>90</sup> The term "land-based" includes livelihood activities such as subsistence cropping and grazing of livestock as well as the harvesting of natural resources.

<sup>91</sup> Refer to paragraph 26 of this ESPS for further requirements.

<sup>92</sup> In certain cases it may not be feasible to pay compensation to project-affected people before taking possession of the land, for example when the ownership of the land in question

resettlement sites and moving allowances have been provided to the displaced persons in addition to compensation.<sup>93</sup> The Borrower will also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project, and will provide support to restore social networks and other intangible assets.

### *Community Engagement*

10. The Borrower will engage with project-affected people, including host communities, through the process of stakeholder engagement described in Environmental and Social Performance Standard 10. Decision-making processes related to resettlement and livelihood restoration should include options and alternatives, where applicable. Disclosure of relevant information and participation of project-affected people will continue during the planning, implementation, monitoring, and evaluation of compensation payments, livelihood restoration activities, and resettlement to achieve outcomes that are consistent with the objectives of this ESPS.<sup>94</sup> Additional provisions apply to consultations with Indigenous Peoples, in accordance with ESPS 7.

---

is in dispute. Such circumstances shall be identified and agreed on a case-by-case basis, and compensation funds shall be made available for example through deposit into an escrow account before displacement takes place.

<sup>93</sup> In some circumstance the Borrower may have limited influence over the timing of compensation payments as it might be handled by a different government agency operating under specific legal provisions and procedural requirements. Such cases should be handled in accordance with paragraphs 27–29 of this ESPS. Staggered compensation payments may be made where one-off cash payments would demonstrably undermine social and/or resettlement objectives, or where there are ongoing impacts to livelihood activities.

<sup>94</sup> The consultation process should ensure that women's perspectives are obtained, and their interests factored into all aspects of resettlement planning and implementation.

### *Grievance Mechanism*

11. The Borrower will establish a grievance mechanism consistent with Environmental and Social Performance Standard 10 as early as possible in the project development phase. This will allow the Borrower to receive and address specific concerns about compensation and relocation raised by displaced persons or members of host communities in a timely fashion, including a recourse mechanism designed to resolve disputes in an impartial manner.

### *Resettlement and Livelihood Restoration Planning and Implementation*

12. Where involuntary resettlement is unavoidable, either as a result of a negotiated settlement or expropriation, a census will be carried out to collect appropriate socioeconomic baseline data to identify persons who will be displaced by the project, determine who will be eligible for compensation and assistance,<sup>95</sup> and discourage ineligible persons, such as opportunistic settlers, from claiming benefits. In the absence of clear government

Addressing livelihood impacts may require intra-household analysis in cases where women's and men's livelihoods are affected differently. Women's and men's preferences in terms of compensation mechanisms, such as compensation in kind rather than in cash, should be explored.

<sup>95</sup> Documentation of ownership or occupancy and compensation arrangements should be issued in the names of both spouses or heads of households, and other resettlement assistance, such as skills training, access to credit, and job opportunities, should be equally available to women and adapted to their needs. Where national law and tenure systems do not recognize the rights of women to hold or contract in property, measures should be considered to provide women as much protection as possible with the objective to achieve equity with men.

procedures, the Borrower will establish a cutoff date for eligibility. Information regarding the cutoff date will be well documented and disseminated throughout the project area.

13. In cases where project-affected people reject compensation offers that meet the requirements of this Environmental and Social Performance Standard and, as a result, expropriation or other legal procedures are initiated, the Borrower will consult with other government departments and agencies in an effort to explore additional opportunities that might provide the necessary incentives to obtain an acceptable negotiated settlement.
14. The Borrower will establish procedures to monitor and evaluate the implementation of a Resettlement Action Plan or Livelihood Restoration Plan (see paragraphs 19 and 25) and take corrective action as necessary. The extent of monitoring activities will be commensurate with the project's risks and impacts. For projects with significant involuntary resettlement risks, the Borrower will retain competent resettlement professionals to provide advice on compliance with this ESPS and to verify the Borrower's monitoring information. Project affected people will be consulted during the monitoring process.
15. Implementation of a Resettlement Action Plan or Livelihood Restoration Plan will be considered completed when the adverse impacts of resettlement have been addressed

---

<sup>96</sup> The completion audit of the Resettlement Action Plan and/or Livelihood Restoration Plan, will be undertaken by external resettlement experts once the agreed monitoring period is concluded, and will involve a more in-depth assessment than regular resettlement monitoring activities, including at a minimum a review of all mitigation measures

in a manner that is consistent with the relevant plan as well as the objectives of this ESPS. It may be necessary for the Borrower to commission an external completion audit of the Resettlement Action Plan or Livelihood Restoration Plan to assess whether the provisions have been met, depending on the scale and/or complexity of physical and economic displacement associated with a project. The completion audit should be undertaken once all mitigation measures have been substantially completed and once displaced persons are deemed to have been provided adequate opportunity and assistance to sustainably restore their livelihoods. The completion audit will be undertaken by competent resettlement professionals once the agreed monitoring period is concluded. The completion audit will include, at a minimum, a review of the totality of mitigation measures implemented by the Borrower, a comparison of implementation outcomes against agreed objectives, and a conclusion as to whether the monitoring process can be ended.<sup>96</sup>

16. Where the exact nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown due to the stage of project development, the Borrower will develop a Resettlement and/or Livelihood Restoration Framework outlining general principles compatible with this ESPS. Once the individual project components are defined and

with respect to the physical and/or economic displacement implemented by the Borrower, a comparison of implementation outcomes against agreed objectives, a conclusion as to whether the monitoring process can be ended and, where necessary, a Corrective Action Plan listing outstanding actions necessary to meet the objectives.

the necessary information becomes available, such a framework will be expanded into a specific Resettlement Action Plan or Livelihood Restoration Plan and procedures in accordance with paragraphs 19 and 25 below.

## Displacement

17. Displaced persons may be classified as persons (i) who have formal legal rights to the land or assets they occupy or use; (ii) who do not have formal legal rights to land or assets, but have a claim to land that is recognized or recognizable under national law;<sup>97</sup> (iii) who have no recognizable legal right or claim to the land or assets they occupy or use; or (iv) who may experience economic displacement resulting from permanent or temporary loss of access to formal and informal economic activities. The census will establish the status of the displaced persons.
18. Project-related land acquisition and/ or restrictions on land use may result in the physical displacement of people as well as their economic displacement. Consequently, requirements of this ESPS in respect of physical displacement and economic displacement may apply simultaneously.<sup>98</sup>

### *Physical Displacement*

19. In the case of physical displacement, the Borrower will develop a Resettlement Action

Plan that covers, at a minimum, the applicable requirements of this ESPS regardless of the number of people affected. This will include compensation at full replacement cost for land and other assets lost. The Plan will be designed to mitigate the negative impacts of displacement; identify development opportunities; develop a resettlement budget and schedule; and establish the entitlements of all categories of affected persons (including host communities). Particular attention will be paid to the needs of the poor and the vulnerable. The Borrower will document all transactions to acquire land rights, as well as compensation measures and relocation activities.

20. If people living in the project area are required to move to another location, the Borrower will (i) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation where appropriate; and (ii) provide relocation assistance suited to the needs of each group of displaced persons. New resettlement sites built for displaced persons must offer improved living conditions. The displaced persons' preferences with respect to relocating in preexisting communities and groups will be taken into consideration. Existing social and cultural institutions of the displaced persons and any host communities will be respected.

21. In the case of physically displaced persons under paragraph 17 (i) or (ii), the Borrower will offer the choice of replacement property of

---

<sup>97</sup> Such claims could be derived from adverse possession or from customary or traditional tenure arrangements.

<sup>98</sup> Where a project results in both physical and economic displacement, the requirements of paragraphs 25 and 26

(Economic Displacement) should be incorporated into the Resettlement Action Plan or Framework (i.e., there is no need to have a separate Resettlement Action Plan and Livelihood Restoration Plan).

equal or higher value, security of tenure, equivalent or better characteristics, and advantages of location or cash compensation where appropriate. Compensation in kind should be considered in lieu of cash. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.<sup>99</sup>

22. In the case of physically displaced persons under paragraph 17 (iii), the Borrower will offer them a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction. Where these displaced persons own and occupy structures, the Borrower will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost, provided that these persons have been occupying the project area prior to the cut-off date for eligibility. Based on consultation with such displaced persons, the Borrower will provide relocation assistance sufficient for them to restore their standard of living at an adequate alternative site.<sup>100</sup>
23. The Borrower is not required to compensate or assist those who encroach on the project area after the cut-off date for eligibility, provided the cut-off date has been clearly established and made public.

24. Forced evictions<sup>101</sup> will not be carried out except in accordance with law and the requirements of this ESPS.

### *Economic Displacement*

25. In the case of projects involving economic displacement only, including persons referred under paragraph 17.(iv), the Borrower will develop a Livelihood Restoration Plan to compensate project-affected people and offer other assistance that meet the objectives of this ESPS. The Livelihood Restoration Plan will establish the entitlements of project-affected people and will ensure that these are provided in a transparent, consistent, and equitable manner. The mitigation of economic displacement will be considered complete when project-affected people have received compensation and other assistance according to the requirements of the Livelihood Restoration Plan and this ESPS, and are deemed to have been provided with adequate opportunity to reestablish their livelihoods.
26. If land acquisition or restrictions on land use result in economic displacement defined as loss of assets and/or means of livelihood, regardless of whether or not the affected people are physically displaced, the Borrower will meet the requirements in paragraphs 27–29 below, as applicable.

---

<sup>99</sup> Payment of cash compensation for lost assets may be appropriate where (i) livelihoods are not land-based; (ii) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (iii) active markets for land, housing, and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing.

<sup>100</sup> Relocation of informal settlers in urban areas may involve trade-offs. For example, the relocated families may gain security of tenure, but they may lose advantages of location.

Changes in location that may affect livelihood opportunities should be addressed in accordance with the principles of this Environmental and Social Performance Standard (see in particular paragraph 25).

<sup>101</sup> The permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or lands which they occupy without the provision of, and access to, appropriate forms of legal and other protection.

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

- In cases where land acquisition or restrictions on land use affect commercial structures, affected business owners will be compensated for the cost of reestablishing commercial activities elsewhere, for lost net income during the period of transition, and for the costs of the transfer and reinstallation of the plant, machinery, or other equipment.
- In cases affecting persons with legal rights or claims to land which are recognized or recognizable under national law [see paragraph 17 (i) and (ii)], replacement property (e.g., agricultural or commercial sites) of equal or greater value will be provided, or, where appropriate, cash compensation at full replacement cost.
- Economically displaced persons who are without legally recognizable claims to land [see paragraph 17 (iii)] will be compensated for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at full replacement cost. The Borrower is not required to compensate or assist opportunistic settlers who encroach on the project area after the cut-off date for eligibility.

28. In addition to compensation for lost assets, if any, as required under paragraph 27, economically displaced persons whose livelihoods or income levels are adversely affected will also be provided opportunities to improve, or at least restore, their means of

income-earning capacity, production levels, and standards of living:

- For persons whose livelihoods are land-based, replacement land that has a combination of productive potential, locational advantages, low exposure and/or vulnerability to natural hazards and climate change, and other factors at least equivalent to that being lost should be offered as a matter of priority.
- For persons whose livelihoods are natural resource-based and where project related restrictions on access envisaged in paragraph 5 apply, implementation of measures will be made to either allow continued access to affected resources or provide access to alternative resources with equivalent livelihood-earning potential, accessibility and safety. Where appropriate, benefits and compensation associated with natural resource usage may be collective in nature rather than directly oriented towards individuals or households.
- If circumstances prevent the Borrower from providing land or similar resources as described above, alternative income earning opportunities may be provided, such as credit facilities, training, cash, or employment opportunities. Cash compensation alone, however, is frequently insufficient to restore livelihoods.

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

### ***Coordination Among Government Agencies***

30. Where land acquisition and resettlement are the responsibility of a government agency other than the one charged with project implementation, the Borrower will collaborate with the responsible agency to achieve outcomes in accordance with this ESPS.
31. In the case of acquisition of land rights or access to land through compulsory means or negotiated settlements involving physical displacement, the Borrower will identify and describe<sup>102</sup> resettlement measures implemented, or to be implemented, by the responsible government agency specifically for the purpose of the project. If these measures do not meet the relevant requirements of this ESPS, the Borrower will prepare a Supplemental Resettlement Plan that, together with the documents prepared by the responsible government agency, will address the relevant requirements of this ESPS (the General Requirements and requirements for Physical Displacement and Economic Displacement above). The Borrower will need to include in its Supplemental Resettlement Plan, at a minimum (i) identification of affected people and impacts; (ii) a description of regulated activities, including the entitlements of displaced persons provided under applicable national laws and regulations; (iii) the supplemental measures to achieve the requirements of this ESPS as described in

paragraphs 19–29 in a way that is permitted by the responsible agency and implementation time schedule; (iv) a grievance mechanism, in accordance with ESPS10 and (v) the financial and implementation responsibilities of the Borrower in the execution of its Supplemental Resettlement Plan.

32. In the case of projects involving economic displacement only, the Borrower will identify and describe the measures that the responsible government agency has used, or plans to use, to compensate project affected people. If these measures do not meet the relevant requirements of this Environmental and Social Performance Standard, the Borrower will collaborate with the responsible government agency to achieve the objectives of this ESPS. This may include additional compensation for lost assets, and additional efforts to restore lost livelihoods where applicable.

---

<sup>102</sup> Government documents, where available, may be used to identify such measures.

# Environmental and Social Performance Standard 6

## Biodiversity Conservation and Sustainable Management of Living Natural Resources

### INTRODUCTION

1. Environmental and Social Performance Standard (ESPS) 6 recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. The requirements set out in this ESPS have been guided by the Convention on Biological Diversity, which defines biodiversity as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.”
2. Ecosystem services are the benefits that people, including businesses, derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems; and (iv) supporting services,

which are the natural processes that maintain the other services.<sup>103</sup>

3. Ecosystem services valued by humans are often underpinned by biodiversity. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services. This Environmental and Social Performance Standard addresses how Borrowers can sustainably manage and mitigate impacts on biodiversity and ecosystem services throughout the project’s lifecycle.

### OBJECTIVES

- To protect and conserve biodiversity.
- To maintain the benefits from ecosystem services.
- To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.

### SCOPE OF APPLICATION

4. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this ESPS is

---

<sup>103</sup> Examples are as follows: (i) provisioning services may include food, freshwater, timber, fibers, medicinal plants; (ii) regulating services may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services may

include natural areas that are sacred sites and areas of importance for recreation and aesthetic enjoyment; and (iv) supporting services may include soil formation, nutrient cycling, primary production.

managed through the Borrower's Environmental and Social Management System (ESMS), the elements of which are outlined in ESPS 1. Requirements related to stakeholder engagement and information disclosure are provided in Environmental and Social Performance Standard 10.

5. Based on the risks and impacts identification process, the requirements of this ESPS are applied to projects (i) located in modified, natural, and critical habitats; (ii) that potentially impact on or are dependent on ecosystem services over which the Borrower has direct management control or significant influence; or (iii) that include the production of living natural resources (e.g., agriculture, animal husbandry, fisheries, forestry).

## REQUIREMENTS

### General

6. The risks and impacts identification process as set out in ESPS 1 should consider direct and indirect project-related impacts on biodiversity and ecosystem services and identify any significant residual impacts. This process will consider relevant threats to biodiversity and ecosystem services, especially focusing on habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, and pollution. It will also take into account the differing values attached to biodiversity and ecosystem services by project-affected people and, where appropriate, other stakeholders. Where paragraphs 13–19 are applicable, the

Borrower should consider project-related impacts across the potentially affected landscape or seascape.

7. As a matter of priority, the Borrower should seek to avoid impacts on biodiversity and ecosystem services. When avoidance of impacts is not possible, measures to minimize impacts and restore biodiversity and ecosystem services should be implemented. Given the complexity in predicting project impacts on biodiversity and ecosystem services over the long term, the Borrower should adopt a practice of adaptive management in which the implementation of mitigation and management measures are responsive to changing conditions and the results of monitoring throughout the project's lifecycle.
8. Where paragraphs 13–15 are applicable, the Borrower will retain competent professionals to assist in conducting the risks and impacts identification process. Where paragraphs 16–19 are applicable, the Borrower should retain external experts with appropriate regional experience to assist in the development of a mitigation hierarchy that complies with this ESPS and to verify the implementation of those measures.

### Protection and Conservation of Biodiversity

9. 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. For the purposes of implementation of this ESPS, habitats are divided into modified, natural, and critical.

Critical habitats are a subset of modified or natural habitats.

10. For the protection and conservation of biodiversity, the mitigation hierarchy includes biodiversity offsets, which may be considered only after appropriate avoidance, minimization, and restoration measures have been applied.<sup>104</sup> A biodiversity offset should be designed and implemented to achieve measurable conservation outcomes<sup>105</sup> that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity. Biodiversity offsets are not an acceptable mitigation measure in instances of critical habitat. The design of a biodiversity offset must adhere to the “like-for-like or better” principle<sup>106</sup> and must be carried out in alignment with best available information and current practices. When a Borrower is considering the development of an offset as part of the mitigation strategy, external experts with knowledge in offset design and implementation must be involved.

#### *Modified Habitat*

11. Modified habitats are areas that may contain a large proportion of plant and/or animal

species of non-native origin, and/ or where human activity has substantially modified an area’s primary ecological functions and species composition.<sup>107</sup> Modified habitats may include areas managed for agriculture, forest plantations, reclaimed<sup>108</sup> coastal zones, and reclaimed wetlands.

12. This ESPS applies to those areas of modified habitat that include significant biodiversity value, as determined by the risks and impacts identification process required in ESPS 1. The Borrower should minimize impacts on such biodiversity and implement mitigation measures as appropriate.

#### *Natural Habitat*

13. 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.

14. The Borrower will not significantly convert or degrade<sup>109</sup> natural habitats, unless all of the following are demonstrated:

---

<sup>104</sup> Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken.

<sup>105</sup> Measurable conservation outcomes for biodiversity must be demonstrated in situ (on-the-ground) and on an appropriate geographic scale (e.g., local, landscape-level, national, regional).

<sup>106</sup> The principle of “like-for-like or better” indicates that biodiversity offsets must be designed to conserve the same biodiversity values that are being impacted by the project (an “in-kind” offset). In certain situations, however, areas of biodiversity to be impacted by the project may be neither a national nor a local priority, and there may be other areas of biodiversity with like values that are a higher priority for

conservation and sustainable use and under imminent threat or need of protection or effective management. In these situations, it may be appropriate to consider an “out-of-kind” offset that involves “trading up” (i.e., where the offset targets biodiversity of higher priority than that affected by the project) that will, for critical habitats, meet the requirements of paragraph 17 of this ESPS.

<sup>107</sup> This excludes habitat that has been converted in anticipation of the project.

<sup>108</sup> Reclamation as used in this context is the process of creating new land from sea or other aquatic areas for productive use.

<sup>109</sup> Significant conversion or degradation is (i) the elimination or severe diminution of the integrity of a habitat caused by a major and/or long-term change in land or water use; or (ii) a

- No other viable alternatives within the region exist for development of the project on modified habitat;
- Consultation has established the views of stakeholders, including the project-affected people, with respect to the extent of conversion and degradation;<sup>110</sup> and
- Any conversion or degradation is mitigated according to the mitigation hierarchy.

15. In areas of natural habitat, mitigation measures will be designed to achieve no net loss<sup>111</sup> of biodiversity where feasible.

Appropriate actions include:

- Avoiding impacts on biodiversity through the identification and protection of set asides;<sup>112</sup>
- Implementing measures to minimize habitat fragmentation, such as biological corridors;
- Restoring habitats during operations and/or after operations; and
- Implementing biodiversity offsets.

---

modification that substantially minimizes the habitat's ability to maintain viable populations of its native species.

<sup>110</sup> Conducted as part of the stakeholder engagement and consultation process, as described in ESPS 1.

<sup>111</sup> No net loss is defined as the point at which project-related impacts on biodiversity are balanced by measures taken to avoid and minimize the project's impacts, to undertake on-site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale (e.g., local, landscape-level, national, regional).

<sup>112</sup> Set-asides are land areas within the project site, or areas over which the Borrower has management control, that are excluded from development and are targeted for the implementation of conservation enhancement measures. Set-asides will likely contain significant biodiversity values and/or provide ecosystem services of significance at the local, national and/or regional level. Set-asides should be defined using internationally recognized approaches or methodologies (e.g., High Conservation Value, systematic conservation planning).

### *Critical Habitat*

16. Critical habitats are areas with high biodiversity value, including (i) habitat of significant importance to Critically Endangered and/or Endangered<sup>113</sup> species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.

17. In areas of critical habitat, the Borrower will not implement any project activities unless all of the following are demonstrated:

- No other viable alternatives within the region exist for development of the project on modified or natural habitats that are not critical;
- The project does not lead to measurable adverse impacts on those biodiversity values for which the critical habitat was designated, and on the ecological processes supporting those biodiversity values;<sup>114</sup>

<sup>113</sup> As listed on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species. The determination of critical habitat based on other listings is as follows: (i) If the species is listed nationally/regionally as critically endangered or endangered, in countries that have adhered to IUCN guidance, the critical habitat determination will be made on a project by project basis in consultation with competent professionals; and (ii) in instances where nationally or regionally listed species' categorizations do not correspond well to those of the IUCN (e.g., some countries more generally list species as "protected" or "restricted"), an assessment will be conducted to determine the rationale and purpose of the listing. In this case, the critical habitat determination will be based on such an assessment.

<sup>114</sup> Biodiversity values and their supporting ecological processes will be determined on an ecologically relevant scale.

- The project does not lead to a net reduction in the global and/or national/regional population<sup>115</sup> of any Critically Endangered or Endangered species over a reasonable period of time;<sup>116</sup> and
- A robust, appropriately designed, and long-term biodiversity monitoring and evaluation program is integrated into the Borrower's management program.

18. In such cases where a Borrower is able to meet the requirements defined in paragraph 17, the project's mitigation strategy will be described in a Biodiversity Action Plan and will be designed to achieve net gains<sup>117</sup> of those biodiversity values for which the critical habitat was designated.

#### *Legally Protected and Internationally Recognized Areas*

19. In circumstances where a proposed project is located within a legally protected area<sup>118</sup> or an internationally recognized area,<sup>119</sup> the Borrower will meet the requirements of

paragraphs 13 through 19 of this ESPS, as applicable. In addition, the Borrower will:

- Demonstrate that the proposed development in such areas is legally permitted;
- Act in a manner consistent with any government recognized management plans for such areas;
- Consult protected area sponsors and managers, the project-affected people, Indigenous Peoples and other stakeholders on the proposed project, as appropriate; and
- Implement additional programs, as appropriate, to promote and enhance the conservation aims and effective management of the area.<sup>120</sup>

#### *Invasive Alien Species*

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

<sup>115</sup> Net reduction is a singular or cumulative loss of individuals that impacts on the species' ability to persist at the global and/or regional/national scales for many generations or over a long period of time. The scale (i.e., global and/or regional/national) of the potential net reduction is determined based on the species' listing on either the (global) IUCN Red List and/or on regional/national lists. For species listed on both the (global) IUCN Red List and the national/regional lists, the net reduction will be based on the national/regional population.

<sup>116</sup> The timeframe in which Borrowers must demonstrate "no net reduction" of Critically Endangered and Endangered species will be determined on a case-by-case basis in consultation with external experts.

<sup>117</sup> Net gains are additional conservation outcomes that can be achieved for the biodiversity values for which the critical habitat was designated. Net gains may be achieved through the development of a biodiversity offset and/or, in instances where the Borrower could meet the requirements of paragraph 17 of this Environmental and Social Technical

Standard without a biodiversity offset, the Borrower should achieve net gains through the implementation of programs that could be implemented in situ (on-the-ground) to enhance habitat, and protect and conserve biodiversity.

<sup>118</sup> This Environmental and Social Technical Standard recognizes legally protected areas that meet the IUCN definition: "A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values." For the purposes of this ESPS, this includes areas proposed by governments for such designation.

<sup>119</sup> Exclusively defined as UNESCO Natural World Heritage Sites, UNESCO Man and the Biosphere Reserves, Key Biodiversity Areas, and wetlands designated under the Convention on Wetlands of International Importance (the Ramsar Convention).

<sup>120</sup> Implementing additional programs may not be necessary for projects that do not create a new footprint.

21. The Borrower will not intentionally introduce any new alien species (not currently established in the country or ecologically relevant spatial scale of the project) unless this is carried out in accordance with the existing regulatory framework for such introduction. Notwithstanding the above, the Borrower will not deliberately introduce any alien species with a high risk of invasive behavior regardless of whether such introductions are permitted under the existing regulatory framework. All introductions of alien species will be subject to a risk assessment (as part of the Borrower's environmental and social risks and impacts identification process) to determine the potential for invasive behavior. The Borrower will implement measures to avoid the potential for accidental or unintended introductions including the transportation of substrates and vectors (such as soil, ballast, and plant materials) that may harbor alien species.
22. Where alien species are already established in the country or region of the proposed project, the Borrower will exercise diligence in not spreading them into areas in which they have not already been established. As practicable, the Borrower should take measures to eradicate such species from the natural habitats over which they have management control.

## Management of Ecosystem Services

23. Where a project is likely to adversely impact ecosystem services, as determined by the risks and impacts identification process, the Borrower will conduct a systematic review to identify priority ecosystem services. Priority ecosystem services are two-fold: (i) those services on which project operations are most likely to have an impact and, therefore, which result in adverse impacts to project-affected people; and/or (ii) those services on which the project is directly dependent for its operations (e.g., water). When project-affected people are likely to be impacted, they should participate in the determination of priority ecosystem services in accordance with the stakeholder engagement process as defined in Environmental and Social Performance Standard 1.
24. With respect to impacts on priority ecosystem services of relevance to the project-affected people and where the Borrower has direct management control or significant influence over such ecosystem services, adverse impacts should be avoided. If these impacts are unavoidable, the Borrower will minimize them and implement mitigation measures that aim to maintain the value and functionality of priority services. With respect to impacts on priority ecosystem services on which the project depends, Borrowers should minimize impacts on ecosystem services and implement measures that increase resource efficiency of their operations, as described in ESPS 3. Additional provisions for ecosystem services are included in ESPS 4, 5, 7, and 8.<sup>121</sup>

---

<sup>121</sup> Ecosystem service references are located in ESPS 4, paragraph 8; ESPS 5, paragraphs 5 and 25–29; ESPS 7, paragraphs 13–17 and 20; and ESPS 8, paragraph 11.

## **Sustainable Management of Living Natural Resources**

25. Borrowers who are engaged in the primary production or harvesting of living natural resources, including natural and plantation forestry, agriculture, animal husbandry, aquaculture, and fisheries, will be subject to the requirements of paragraphs 26 through 30, in addition to the rest of this Environmental and Social Performance Standard. Where feasible, the Borrower will locate land-based agribusiness and forestry projects on unforested land or land already converted. Borrowers who are engaged in such activities will manage living natural resources in a sustainable manner, through the application of industry-specific good management practices and available technologies. Where such primary production practices are codified in globally, regionally, or nationally recognized standards, the Borrower will implement sustainable management practices to one or more relevant and credible standards as demonstrated by independent verification or certification.

26. Credible globally, regionally, or nationally recognized standards for sustainable management of living natural resources are those which (i) are objective and achievable; (ii) are founded on a multi stakeholder consultative process; (iii) encourage step-wise and continual improvements; and (iv) provide for independent verification or

certification through appropriate accredited bodies for such standards.<sup>122</sup>

27. Where relevant and credible standard(s) exist, but the Borrower has not yet obtained independent verification or certification to such standard(s), the Borrower will conduct a pre-assessment of its conformity to the applicable standard(s) and take actions to achieve such verification or certification over an appropriate period of time.

28. In the absence of a relevant and credible global, regional, or national standard for the particular living natural resource in the country concerned, the Borrower will:

- Commit to applying good international industry operating principles, management practices, and technologies; and
- Actively engage and support the development of a national standard, where relevant, including studies that contribute to the definition and demonstration of sustainable practices.

## **Primary Suppliers**

29. Where a Borrower is purchasing primary production (especially but not exclusively food and fiber commodities) that is known to be produced in regions where there is a risk of significant conversion of natural and/or critical habitats, systems and verification practices will be adopted as part of the Borrower's

---

<sup>122</sup> A credible certification system would be one which is independent, cost-effective, based on objective and measurable ESPs and developed through consultation with relevant stakeholders, such as local people and communities, Indigenous Peoples, and civil society organizations

representing consumer, producer and conservation interests. Such a system has fair, transparent and independent decision-making procedures that avoid conflicts of interest.

ESMS to evaluate its primary suppliers.<sup>123</sup> The systems and verification practices will (i) identify where the supply is coming from and the habitat type of this area; (ii) provide for an ongoing review of the Borrower's primary suppliers; (iii) limit procurement to those suppliers that can demonstrate that they are not contributing to significant conversion of natural and/or critical habitats (this may be demonstrated by delivery of certified product, or progress towards verification or certification under a credible scheme in certain commodities and/or locations); and (iv) where possible, require actions to shift the Borrower's primary suppliers over time to suppliers that can demonstrate that they are not significantly adversely impacting these areas. The ability of the Borrower to fully address these risks will depend upon the Borrower's level of management control or influence over its primary suppliers.

---

<sup>123</sup> Primary suppliers are those suppliers who, on an ongoing basis, provide the majority of living natural resources, goods, and materials essential for the core functions of the project.

# Environmental and Social Performance Standard 7

## Indigenous Peoples

### INTRODUCTION

1. Environmental and Social Performance Standard (ESPS) 7 recognizes that Indigenous Peoples, as distinct social and cultural peoples, are often among the most marginalized and vulnerable segments of the population. In many cases, their economic, social, and legal status limits their capacity to defend their rights to, and interests in, lands and natural and cultural resources, and may restrict their ability to participate in and benefit from development that is accordance with their worldview. Indigenous Peoples are particularly vulnerable if their lands and resources are transformed, encroached upon, or significantly degraded. Their languages, cultures, religions, spiritual beliefs, and institutions may also come under threat. As a consequence, Indigenous Peoples may be more vulnerable to the adverse impacts associated with project development than non-indigenous peoples. This vulnerability may include loss of identity, culture, and natural resource-based livelihoods, as well as exposure to impoverishment and diseases.
2. Projects can also create opportunities for Indigenous Peoples to participate in, and benefit from project-related activities that may help them fulfill their aspiration for economic and social development with identity. Furthermore, Indigenous Peoples may play a

role in sustainable development by promoting, owning, and managing activities and enterprises as partners in development. The government often plays a central role in the management of Indigenous Peoples' issues. It is therefore important that there is collaboration and coordination among responsible and relevant authorities in managing the risks and impacts associated with the project.<sup>124</sup>

### OBJECTIVES

- To ensure that the development process fosters full respect for the human rights, collective rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.
- To anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts.
- To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.
- To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) in a culturally appropriate manner with the Indigenous Peoples affected by a project throughout the project's life cycle.

---

<sup>124</sup> In addition to meeting the requirements under this Environmental and Social Performance Standard, Borrower

must comply with applicable national law, including laws implementing obligations under international law.

- To ensure the Free, Prior, and Informed Consent (FPIC) of the Project-Affected Communities of Indigenous Peoples when the circumstances described in this ESPS are present.
- To respect and preserve the culture, knowledge, traditional knowledge, and practices of Indigenous Peoples.
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- Customary cultural, economic, social, or political laws and institutions that are separate from those of the mainstream society or culture; or
- A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

### SCOPE OF APPLICATION

3. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this ESPS is managed through the Borrower's Environmental and Social Management System, the elements of which are outlined in ESPS 1.
4. There is no universally accepted definition of "Indigenous Peoples". Indigenous Peoples may be referred to in different countries by such terms as "original peoples" (*pueblos originarios*), "autochthonous peoples" (*pueblos autóctonos*), residents of indigenous counties (*comarcas*) or reserves (*resguardos*), or any other formally recognized indigenous peoples in Latin America and the Caribbean.
5. In this ESPS, the term "Indigenous Peoples" is used in a generic sense to refer to distinct social and cultural peoples possessing some of the following characteristics in varying degrees:
  - Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
6. This ESPS applies to Indigenous Peoples who maintain a collective attachment, i.e., whose identity is linked, to distinct habitats or ancestral territories and the natural resources therein. It may also apply to communities or groups that have lost collective attachment to distinct habitats or ancestral territories in the project area, because of forced severance, conflict, government resettlement programs, dispossession of their lands, natural disasters, or incorporation of such territories into an urban area.
7. For the purpose of this ESPS, the Borrower may be required to seek inputs from qualified professionals to support their analysis and dialogue with Indigenous Peoples.

## REQUIREMENTS

### General

#### *Avoidance of Adverse Impacts*

8. The Borrower will identify, through an environmental and social risks and impacts assessment process developed in a culturally appropriate manner, all communities of Indigenous Peoples within the project area of influence who may be affected by the project, as well as the nature and degree of the expected direct and indirect economic, social, cultural (including cultural heritage<sup>125</sup>), and environmental impacts on them.
9. Adverse impacts on Project-Affected Communities of Indigenous Peoples should be avoided where possible. Where alternatives have been explored and adverse impacts are unavoidable, the Borrower will minimize, restore, and/or compensate for these impacts in a culturally appropriate manner commensurate with the nature and scale of such impacts and the vulnerability of the Project-Affected Communities of Indigenous Peoples. The Borrower's proposed actions will be developed with the ICP of the Project-Affected Communities of Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples Plan.<sup>126</sup>

---

<sup>125</sup> Additional requirements on protection of cultural heritage are set out in Environmental and Social Performance Standard 8 while additional requirements for stakeholder consultations and information disclosure are set out in Environmental and Social Performance Standard 10.

#### *Indigenous Peoples in Voluntary Isolation*

10. Projects will respect the rights of Indigenous Peoples in voluntary isolation to remain in isolation and to live freely according to their culture. Projects with the potential of directly or indirectly impacting these communities of Indigenous Peoples, their lands and territories, or their way of life, will have to include appropriate measures to (i) safeguard the collective and individual physical, territorial, and cultural integrity of these peoples; (ii) recognize, respect and protect their lands and territories, environment, health and culture; and (iii) avoid contact with them as a direct or indirect consequence of the project. To this end, the Borrower will collaborate with responsible governments agencies to regulate the territories of the uncontacted peoples and establish buffer zones, limit access to such territories, and develop the necessary monitoring and emergency response measures, making avoidance of contact a priority, and mitigating any other risks and impacts on Indigenous Peoples in voluntary isolation.

#### *Participation and Consent*

11. The Borrower will undertake an engagement process with the Project-Affected Communities of Indigenous Peoples as required in ESPS 1 and ESPS 10. This engagement process includes stakeholder

<sup>126</sup> The determination of the appropriate plan may require the input of competent professionals. A community development plan may be appropriate in circumstances where Indigenous Peoples are a part of a larger group of project-affected people.

analysis and engagement planning, disclosure of information, consultation, and participation, in a culturally appropriate manner. In addition, this process will:

- Involve Indigenous Peoples' representative bodies and organizations (e.g., councils of elders or village councils), as well as members of the Project-Affected Communities of Indigenous Peoples; and
- Provide sufficient time for Indigenous Peoples' decision-making processes.<sup>127</sup>

12. Project-Affected Communities of Indigenous Peoples may be particularly vulnerable to the loss of, alienation from or exploitation of their land, territories, and access to natural and cultural resources.<sup>128</sup> In recognition of this vulnerability, in addition to the General Requirements of this ESPS, the Borrower will obtain the FPIC of the Project-Affected Communities of Indigenous Peoples in the circumstances described in paragraphs 14–18 of this ESPS. FPIC applies to project design, implementation, and expected outcomes related to impacts affecting the communities of Indigenous Peoples. When any of these circumstances apply, the Borrower will engage external experts to assist in the identification of the project risks and impacts.

13. There is no universally accepted definition of FPIC. For the purposes of ESPS 1, 7, and 8, “FPIC” has the meaning described in this paragraph. FPIC builds on and expands the process of ICP described in ESPS 1 and will be established through good faith negotiation between the Borrower and the Project-Affected Communities of Indigenous Peoples. The Borrower will document: (i) the mutually accepted process between the Borrower and Project-Affected Communities of Indigenous Peoples, and (ii) evidence of agreement between the parties as the outcome of the negotiations. FPIC does not necessarily require unanimity and may be achieved even when individuals or groups within the community explicitly disagree.

### **CIRCUMSTANCES REQUIRING FREE, PRIOR AND INFORMED CONSENT**

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

14. Indigenous Peoples are often closely tied to their lands and related natural resources.<sup>129</sup> Frequently, these lands are traditionally owned or under customary use.<sup>130</sup> While Indigenous Peoples may not possess legal title to these lands as defined by national law, their use of these lands, including seasonal or cyclical use, for their livelihoods, or cultural,

---

<sup>127</sup> Internal decision-making processes are generally but not always collective in nature. There may be internal dissent, and decisions may be challenged by some in the community. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision-making processes to reach conclusions that are considered legitimate by the majority of the concerned participants.

<sup>128</sup> Natural resources and natural areas with cultural value referred to in this Environmental and Social Technical Standard are equivalent to ecosystem provisioning and cultural services as described in Environmental and Social Technical Standard 6.

<sup>129</sup> Examples include marine and aquatic resources, timber, and non-timber forest products, medicinal plants, hunting and gathering grounds, and grazing and cropping areas. Natural resource assets, as referred to in this Environmental and Social Performance Standard, are equivalent to provisioning ecosystem services as described in Environmental and Social Performance Standard 6.

<sup>130</sup> The acquisition and/or leasing of lands with legal title is addressed in Environmental and Social Performance Standard 5 - Land Acquisition and Involuntary Resettlement.

ceremonial, and spiritual purposes that define their identity and community, can often be substantiated and documented.

15. If the Borrower proposes to locate a project on, or develop natural resources on lands traditionally owned by, or under the customary use of, Indigenous Peoples, and adverse impacts<sup>131</sup> can be expected, the Borrower will take the following steps:

- Document efforts to avoid and otherwise minimize the area of land proposed for the project;
- Document efforts to avoid and otherwise minimize impacts on natural resources and natural areas of importance<sup>132</sup> to Indigenous People;
- Identify and review all property interests and traditional resource uses prior to purchasing or leasing land;
- Assess and document the Project-Affected Communities of Indigenous Peoples' resource use without prejudicing any Indigenous Peoples' land claim.<sup>133</sup> The assessment of land and natural resource use should be gender inclusive and specifically consider women's role in the management and use of these resources;
- Ensure that Project-Affected Communities of Indigenous Peoples are informed of their land rights under

national law, including any national law recognizing customary use rights; and;

- Offer Project-Affected Communities of Indigenous Peoples compensation and due process in the case of development of their land, territories, and natural resources, together with culturally appropriate sustainable development opportunities, including:
  - Providing land-based compensation or compensation-in-kind in lieu of cash compensation where feasible.<sup>134</sup>
  - Ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to and the loss of natural resources independent of project land acquisition.
  - Ensuring fair and equitable sharing of benefits associated with project usage of the resources where the Borrower intends to utilize natural resources that are central to the identity, culture, and livelihood of Project-Affected Communities of Indigenous Peoples and their usage thereof exacerbates livelihood risk.

---

<sup>131</sup> Such adverse impacts may include impacts from loss of access to assets or resources or restrictions on land use resulting from project activities

<sup>132</sup> "Natural resources and natural areas of importance" as referred to in this ESPS are equivalent to priority ecosystem services as defined in ESPS 6. They refer to those services over which the Borrower has direct management control or significant influence, and those services most likely to be sources of risk in terms of impacts on Project-Affected Communities of Indigenous Peoples.

<sup>133</sup> This ESPS requires substantiation and documentation of the use of such land. Borrowers should also be aware that the land may already be under alternative use, as designated by the government.

<sup>134</sup> If circumstances prevent the Borrower from offering suitable replacement land, the Borrower must provide verification that such is the case. Under such circumstances, the Borrower will provide non land-based income-earning opportunities over and above cash compensation to the Project-Affected Communities of Indigenous Peoples.

- Providing Project-Affected Communities of Indigenous Peoples with access, usage, and transit on land it is developing subject to overriding health, safety, and security considerations. Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use

16. The Borrower will consider feasible alternative project designs to avoid the relocation of Indigenous Peoples from communally-held<sup>135</sup> lands and natural resources subject to traditional ownership or under customary use. If such relocation is unavoidable the Borrower will not proceed with the project unless: (i) the resettlement component will result in direct benefits to the affected community relative to their prior situation; (ii) customary rights will be fully recognized and fairly compensated; (iii) compensation options will include land-based resettlement; and (iv) FPIC has been obtained as described above. Any relocation of Indigenous Peoples will be consistent with the requirements of ESPS 5. Where feasible, the relocated Indigenous Peoples should be able to return to their traditional or customary lands, should the cause of their relocation cease to exist.

---

<sup>135</sup> Typically, Indigenous Peoples claim rights and access to, and use of land and resources through traditional or customary systems, many of which entail communal property rights. These traditional claims to land and resources may not be recognized under national laws. Where members of the Project-Affected Communities of Indigenous Peoples individually hold legal title, or where the relevant national law recognizes customary rights for individuals, the requirements

### *Critical Cultural Heritage*

17. Where a project may significantly impact on critical cultural heritage<sup>136</sup> that is essential to the identity and/or cultural, ceremonial, or spiritual aspects of Indigenous Peoples lives, priority will be given to the avoidance of such impacts. Where significant project impacts on critical cultural heritage are unavoidable, the Borrower will obtain the FPIC of the Project-Affected Communities of Indigenous Peoples.
18. Where a project proposes to use the cultural heritage including knowledge, innovations, or practices of Indigenous Peoples for commercial purposes, the Borrower will inform the Project-Affected Communities of Indigenous Peoples of (i) their rights under national law; (ii) the scope and nature of the proposed project; (iii) the potential consequences of such development; and (iv) obtain their FPIC. The Borrower will also ensure fair and equitable sharing of benefits from the commercialization of such knowledge, innovation, or practice, consistent with the customs and traditions of the Indigenous Peoples.

### **MITIGATION AND DEVELOPMENT BENEFITS**

19. The Borrower and the Project-Affected Communities of Indigenous Peoples will identify mitigation measures in alignment with the mitigation hierarchy described in ESPS 1

of ESPS 5 will apply, rather than the requirements under paragraph 17 of this ESPS.

<sup>136</sup> Includes natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred trees, and sacred rocks. Natural areas with cultural value are equivalent to priority ecosystem cultural services as defined in ESPS 6.

as well as opportunities for culturally appropriate and sustainable development benefits. The Borrower will ensure the timely and equitable delivery of agreed compensation measures to the Project-Affected Communities of Indigenous Peoples.

20. The determination, delivery, and distribution of compensation and other benefit sharing measures to the Project-Affected Communities of Indigenous Peoples will take account of the laws, institutions, and customs of these communities as well as their level of interaction with mainstream society. Eligibility for compensation can either be individually or collectively-based, or be a combination of both.<sup>137</sup> Where compensation occurs on a collective basis, mechanisms that promote the effective delivery and distribution of compensation to all eligible members of the group will be defined and implemented.
21. Various factors including, but not limited to, the nature of the project, the project context and the vulnerability of the Project-Affected Communities of Indigenous Peoples will determine how these communities should benefit from the project. Identified opportunities should aim to address the goals and preferences of the Indigenous Peoples including improving their standard of living and livelihoods in a culturally appropriate manner, and to foster the long-term sustainability of the natural resources on which they depend.

## **GOVERNMENT COORDINATION OF INDIGENOUS PEOPLES ISSUES**

22. The Borrower will collaborate with all responsible government agencies to achieve outcomes that are consistent with the objectives of this ESPS.
23. The Borrower will consider all documents and plans prepared by responsible government agencies in the process of identifying and implementing the relevant requirements of this ESPS. The Borrower may need to include (i) the plan, implementation, and documentation of the process of ICP and engagement and FPIC where relevant; (ii) a description of the government-provided entitlements of affected Indigenous Peoples; (iii) the measures proposed to bridge any gaps between such entitlements, and the requirements of this ESPS; and (iv) the financial and implementation responsibilities of the government agency and/or the Borrower.

---

<sup>137</sup> Where control of resources, assets, and decision making are predominantly collective in nature, efforts will be made to ensure that, where possible, benefits and compensation are

collective, and take account of intergenerational differences and needs.

# Environmental and Social Performance Standard 8

## Cultural Heritage

### INTRODUCTION

1. Environmental and Social Performance Standard (ESPS) 8 recognizes the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this Environmental and Social Performance Standard aims to ensure that Borrowers protect cultural heritage in the course of their project activities. In addition, the requirements of this Environmental and Social Performance Standard on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.

### OBJECTIVES

- To protect cultural heritage from the adverse impacts of project activities and support its preservation.
- To promote the equitable sharing of benefits from the use of cultural heritage.

### SCOPE OF APPLICATION

2. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this ESPS is managed through the Borrower's Environmental and Social Management System (ESMS), the elements of which are

outlined in Environmental and Social Performance Standard 1. During the project life cycle, the Borrower will consider project risks and impacts to cultural heritage and will apply the provisions of this ESPS.

3. For the purposes of this ESPS, cultural heritage refers to (i) tangible forms of cultural heritage, such as tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values; (ii) unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls; and (iii) certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles.
4. Requirements with respect to tangible forms of cultural heritage are contained in paragraphs 6–16. For requirements with respect to specific instances of intangible forms of cultural heritage described in paragraph 3 (iii) see paragraph 16.
5. The requirements of this ESPS apply to cultural heritage regardless of whether or not it has been legally protected or previously disturbed. The requirements of this ESPS do not apply to cultural heritage of Indigenous Peoples; ESPS 7 describes those requirements.

## REQUIREMENTS

### Protection of Cultural Heritage in Project Design and Execution

6. In addition to complying with applicable law on the protection of cultural heritage, including national law implementing the host country's obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage, the Borrower will identify and protect cultural heritage by ensuring that internationally recognized practices for the protection, field-based study, and documentation of cultural heritage are implemented.
7. Where the risk and identification process determines that there is a chance of impacts to Cultural heritage, the Borrower will retain competent professionals to assist in the identification and protection of cultural heritage. The removal of nonreplicable cultural heritage is subject to the additional requirements of paragraph 10 below. In the case of critical cultural heritage, the requirements of paragraphs 13–15 will apply.

### *Chance Find Procedures*

8. The Borrower is responsible for siting and designing a project to avoid significant adverse impacts to cultural heritage. The environmental and social risks and impacts identification process should determine whether the proposed location of a project is

in areas where cultural heritage is expected to be found, either during construction or operations. In such cases, as part of the Borrower's ESMS, the Borrower will develop provisions for managing chance finds<sup>138</sup> through a chance find procedure<sup>139</sup> which will be applied in the event that cultural heritage is subsequently discovered. The Borrower will not disturb any chance find further until an assessment by competent professionals is made and actions consistent with the requirements of this Environmental and Social Performance Standard are identified.

### *Consultation*

9. Where a project may affect cultural heritage, the Borrower will consult with the project-affected people who use, or have used within living memory, the cultural heritage for long-standing cultural purposes. The Borrower will consult with the project-affected people to identify cultural heritage of importance, and to incorporate into the Borrower's decision-making process the views of the project-affected people on such cultural heritage. Consultation will also involve the relevant national or local regulatory agencies that are entrusted with the protection of cultural heritage.

### *Community Access*

10. Where the Borrower's project site contains cultural heritage or prevents access to previously accessible cultural heritage sites being used by, or that have been used by, the

---

<sup>138</sup> Tangible cultural heritage encountered unexpectedly during project construction or operation.

<sup>139</sup> A chance find procedure is a project-specific procedure that outlines the actions to be taken if previously unknown cultural heritage is encountered.

project-affected people within living memory for long-standing cultural purposes, the Borrower will, based on consultations under paragraph 9, allow continued access to the cultural site or will provide an alternative access route, subject to overriding health, safety, and security considerations.

#### *Removal of Replicable Cultural Heritage*

11. Where the Borrower has encountered tangible cultural heritage that is replicable<sup>140</sup> and not critical, the Borrower will apply mitigation measures that favor avoidance. Where avoidance is not feasible, the Borrower will apply a mitigation hierarchy as follows:
- Minimize adverse impacts and implement restoration measures, in situ, that ensure maintenance of the value and functionality of the cultural heritage, including maintaining or restoring any ecosystem processes<sup>141</sup> needed to support it;
  - Where restoration in situ is not possible, restore the functionality of the cultural heritage, in a different location, including the ecosystem processes needed to support it;
  - The permanent removal of historical and archeological artifacts and structures is carried out according to the principles of paragraphs 6 and 7 above; and
  - Only where minimization of adverse impacts and restoration to ensure maintenance of the value and functionality of the cultural heritage are demonstrably not feasible, and where the

---

<sup>140</sup> Replicable cultural heritage is defined as tangible forms of cultural heritage that can themselves be moved to another location or that can be replaced by a similar structure or natural features to which the cultural values can be transferred by appropriate measures. Archeological or historical sites may be considered replicable where the particular eras and cultural values they represent are well represented by other sites and/or structures

project-affected people are using the tangible cultural heritage for longstanding cultural purposes, compensate for loss of that tangible cultural heritage.

#### *Removal of Non-Replicable Cultural Heritage*

12. Most cultural heritage is best protected by preservation in its place, since removal is likely to result in irreparable damage or destruction of the cultural heritage. The Borrower will not remove any nonreplicable cultural heritage,<sup>142</sup> unless all of the following conditions are met:
- There are no technically or financially feasible alternatives to removal;
  - The overall benefits of the project conclusively outweigh the anticipated cultural heritage loss from removal; and
  - Any removal of cultural heritage is conducted using the best available technique.

#### *Critical Cultural Heritage*

13. Critical cultural heritage consists of one or both of the following types of cultural heritage: (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; or (ii) legally protected cultural heritage areas, including those proposed by the government for such designation.

<sup>141</sup> Consistent with requirements in ESPS 6 related to ecosystem services and conservation of biodiversity.

<sup>142</sup> Nonreplicable cultural heritage may relate to the social, economic, cultural, environmental, and climatic conditions of past peoples, their evolving ecologies, adaptive strategies, and early forms of environmental management, where the (i) cultural heritage is unique or relatively unique for the period it represents, or (ii) cultural heritage is unique or relatively unique in linking several periods in the same site.

## Project's Use of Cultural Heritage

14. The Borrower should not remove, significantly alter, or damage critical cultural heritage. In exceptional circumstances when impacts on critical cultural heritage are unavoidable, the Borrower will use a process of Informed Consultation and Participation (ICP) of the project-affected people as described in ESPS 1 and which uses a good faith negotiation process that results in a documented outcome. The Borrower will retain external experts to assist in the assessment and protection of critical cultural heritage.
15. Legally protected cultural heritage areas<sup>143</sup> are important for the protection and conservation of cultural heritage, and additional measures are needed for any projects that would be permitted under the applicable national law in these areas. In circumstances where a proposed project is located within a legally protected area or a legally defined buffer zone, the Borrower, in addition to the requirements for critical cultural heritage cited in paragraph 14 above, will meet the following requirements:
  - Comply with defined national or local cultural heritage regulations or the protected area management plans;
  - Consult the protected area sponsors and managers, local communities and other stakeholders on the proposed project; and
  - Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.
16. Where a project proposes to use the cultural heritage, including knowledge, innovations, or practices of local communities, for commercial purposes,<sup>144</sup> the Borrower will inform these communities of (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. The Borrower will not proceed with such commercialization unless it (i) enters into a process of ICP as described in the ESPSs 1 and 10, and which uses a good faith negotiation process that results in a documented outcome and (ii) provides for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with their customs and traditions.

---

<sup>143</sup> Examples include world heritage sites and nationally protected areas.

<sup>144</sup> Examples include, but are not limited to, commercialization of traditional medicinal knowledge or other sacred or traditional technique for processing plants, fibers, or metals.

# Environmental and Social Performance Standard 9

## Gender Equality

### INTRODUCTION

1. This Environmental and Social Performance Standard (ESPS) recognizes that gender equality has intrinsic value and is not only a matter of justice and human rights, but also a driver of sustainable development. There is overwhelming evidence that integrating gender equality in development projects contributes to their successful design, implementation, effectiveness and environmental and social sustainability.
2. This ESPS recognizes, regardless of the cultural or ethnic context, the right to equality among genders as established in applicable international agreements<sup>145</sup>. The pursuit of equality requires actions aimed at *equity*, which implies providing and distributing benefits and/or resources in a way that narrows existing gaps, recognizing that the existence of these gaps can harm all genders.
3. Conversely, gender inequality limits the ability of project-affected people to participate in and benefit from project-derived opportunities, as well as to resist, cope with and recover from the adverse impacts that projects may generate.
4. This ESPS aims at identifying potential gender-based risks and impacts and introducing effective measures to avoid, prevent or mitigate such risks and impacts, thereby eliminating the possibility of reinforcement of pre-existing inequalities or creating new ones. For purposes of this ESPS, affirmative action,<sup>146</sup> specifically targeted to closing existing gender gaps, meeting specific gender-based needs, or ensuring the participation of all genders in consultations will not constitute discrimination or exclusion.
5. This ESPS pays particularly close attention to how gender inequalities interact with other inequalities such as socioeconomic, ethnic, racial, disability and other factors, and how this intersectionality may exacerbate barriers to accessing project benefits, limit ability to deal with negative project impacts and create other vulnerabilities.
6. This ESPS recognizes that diverse sexual orientations and gender identities may render people to be excluded and/or become segments of the population more vulnerable to negative project impacts, often barring

---

<sup>145</sup> Every one of the Bank's member countries in the region has backed the Universal Declaration of Human Rights (1948), the Convention on the Elimination of All Forms of Discrimination against Women or CEDAW (1979), the Inter-American Convention on the Prevention, Punishment, and Eradication of Violence against Women (1994), the Programme of Action of the International Conference on Population and Development (1994), the Platform for Action of the Fourth World Conference on Women (1995), UN General Assembly's Resolution on measures for the

prevention of crime and the criminal justice in order to eliminate violence against women (1998), Adopted Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women (1999), the Sustainable Development Goals (2015), and Yogyakarta Principles on the Application of International Human Rights Law in Relations to Sexual Orientation and Gender Identity (2006 updated 2017).  
<sup>146</sup> Temporary actions aimed at equalizing historical disadvantages.

them from taking advantage of the opportunities available to other members of the community.

7. This ESPS also recognizes that gender-based violence (GBV) is a prevalent global problem and manifestations likely exist in every environment. Gender-related impacts, including every form of GBV, including sexual exploitation and abuse, disproportionately affects women and people of diverse sexual orientations and gender identities. Projects involving a large influx of workers into a community can exacerbate the existing risks of GBV or create new risks, ranging from sexual harassment to sexual abuse and exploitation of women and children.

## OBJECTIVES

- To anticipate and prevent adverse risks and impacts based on gender, sexual orientation and gender identity, and when avoidance is not possible, to mitigate and compensate for such impacts.
- To establish preventative actions to prevent or mitigate risks and impacts due to gender in projects, throughout the project cycle.
- To achieve inclusion from project-derived benefits of people of all genders, sexual orientations and gender identities.
- To prevent exacerbation of GBV, including sexual harassment, exploitation and abuse, and when incidents of GBV occur, to respond in a prompt manner.
- To promote safe and equitable participation in consultation and stakeholder engagement processes regardless of gender, sexual orientation and/or gender identity.

- To meet the requirements of applicable national legislation and international commitments relating to gender equality, including actions to mitigate and prevent gender-related impacts.

## SCOPE OF APPLICATION

8. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this ESPS is managed through the Borrower's Environmental and Social Management System (ESMS), the elements of which are outlined in Environmental and Social Performance Standard 1. Implementation of this ESPS must also consider relevant requirements of ESPS 2, ESPS 4, ESPS 5, ESPS 7 and ESPS 10.
9. When national laws are silent on gender equality, the Borrower will meet this ESPS. In circumstances where national law is inconsistent with this ESPS, the Borrower is encouraged to carry out its project consistent with the intent of this ESPS without contravening applicable local and national laws.

## REQUIREMENTS

### Identification and assessment of gender-based risks and impacts

10. For operations with potential gender-based risks and impacts that may disproportionately affect people by their gender, the Borrower will conduct a gender analysis (GA) as part of the environmental and social due diligence. The GA will assess how gender relations in the area of influence of the project may lead to disproportionate impacts by gender. Disproportionate impacts may be caused directly by project's activities, and/or by excluding people from project's benefits due to their gender, and what resources they can access to recover from the negative impacts and benefit from the positive ones. The GA must also assess the measures that are best suited to manage gender-based risks and impacts, per the mitigation hierarchy.
11. The GA identifies and analyzes, among other aspects: existing gender inequalities in relation to access and control of resources such as land, natural resources, housing and assets; gender gaps in employment and employment opportunity, income generating activities, access to credit, subsistence activities, and uneven distribution of unpaid work; gender norms regarding participation in the public sphere and access to decision making spaces; and women's and men's interest and priorities.
12. The GA examines the risk of disproportionate impacts of the project on men, women, and sexual and gender minorities as a result of

their different livelihoods, ownership status, community activities, household loads, etc. Areas of risk include, but are not limited to:

- Introducing unequal requirements for access to project-derived economic opportunities and benefits, including paid work, training, credit, or business opportunities. Projects will apply the principles of nondiscrimination, equal treatment, and equal pay for equal work.
- Disregarding the right of women to inherit and own land, homes, and other assets or natural resources. The Borrower will recognize women's ownership rights regardless of marital status and will adopt measures to facilitate their access to the documents they need to exercise this right.
- Introducing unpaid work unevenly.
- Introducing conditions that restrict the participation of people in project activities, based on their gender, gender identity or sexual orientation, or limit participation based on pregnancy, parental leave or marital status.
- Increasing the risk of GBV, including sexual harassment, abuse, exploitation, human trafficking, and exposure to sexually transmitted diseases. Where such risks are identified, the Borrower will support measures such as communication and awareness campaigns, development of community prevention plans, contractors' codes of conduct, and reporting systems.
- Restricting access to resources needed to secure livelihoods and wellbeing of the individuals and their households.
- Dismissing safety concerns in resettlement, placing individuals in areas

that are perceived as unsafe based on gender, gender identity or sexual orientation.

13. The GA considers how gender inequalities interact with other inequalities that are based on socioeconomic, ethnic, racial, disability and other factors, which might exacerbate barriers to opportunities and increase vulnerabilities of people who face multiple forms of exclusion.

#### **Avoidance, mitigation and/or remediation of impacts and risks**

14. Where the GA has identified negative gender-based risks and impacts that have the potential to disproportionately affect people due to their gender, the Borrower will incorporate measures in the project design to: (i) avoid, minimize, mitigate, or compensate the identified negative impacts; and (ii) ensure that people of different genders, including women and sexual and gender minorities, that may be impacted by the project will receive social and economic benefits in a manner equal to the benefits received by other members of the community, thereby avoiding the reinforcement of pre-existing gender inequalities.
15. When considering the requirements related to nondiscrimination in labor and working conditions, in accordance with ESPS 2, the Borrower will ensure there is no discrimination based on gender, gender identity or sexual orientation, pregnancy, parental leave or marital status. The Borrower will also ensure equal treatment and equal pay for equal work for their workers.

#### **Managing disproportionate impacts in situations of involuntary physical resettlement or economic displacement**

16. Physical resettlement and economic displacement can result from various types of land transactions including land acquisition and restrictions on land use. The Borrower must consider the requirements related to ESPS 5 Land Acquisition and Involuntary Resettlement for all cases with the potential of involuntary physical resettlement or economic displacement. Depending on the significance of impacts, this may include the following, as appropriate: (i) intra-household analysis to identify differences based on gender sources of livelihoods, including informal ones; (ii) analysis of women's rights over land and use thereof, including co-ownership and usage rights over communal lands and other assets; and (iii) an analysis of the impact of the resettlement on women's ability to conduct work. Additional considerations:
  - Compensation entitlement and delivery will take into account: (i) women's productive and household activities, (ii) fair modalities of cash compensation payment, (iii) shares in resettlement property ownership, (iv) and resettlement preferences; and any other gender-related issue.
  - Documentation of ownership or occupancy and compensation arrangements should be issued in the names of both spouses, or heads of households.
  - The consultation process shall ensure that all perspectives are obtained, and the interests of individuals by gender, gender

identity, or sexual orientation are factored into all aspects of resettlement planning and implementation. Gender-disaggregated preferences in terms of compensation mechanisms, replacement land or alternative access to assets and natural resources rather than cash, and perceptions of safety for all genders, gender identities and sexual orientations will be explored and documented.

- Assistance to livelihood improvement or restoration, such as improvement of existing agriculture activities, skills training, access to credit, entrepreneurship and job opportunities shall be made equally available to individuals of all genders and adapted to their respective needs.

### **Assessing and managing project-related gender-based violence**

17. The Borrower will assess and prevent risks of project related GBV, and respond promptly and appropriately to incidents of GBV<sup>147</sup>, including, as appropriate:
- Identify and assess the risk of the project contributing to exacerbating GBV in the community, including trafficking, sexual harassment, exploitation and abuse.
  - If the assessment indicates a risk of GBV, define and put in place specific measures to prevent and address these risks (e.g. contractor's sexual harassment policies and worker's Codes of Conduct; sensitization of project workers and local community, among others).

- Respond to any indication of an incident as well as a verified GBV incident, ensuring that survivors have access to multiple forms of support and services.
- Ensure the availability of effective grievance mechanisms that minimize the reporting burden on victims, provide services in a gender sensitive manner, and minimize reprisal risks. These mechanisms should have specific procedures for GBV including confidential reporting with safe and ethical documentation.

### **Equitable participation of all genders in consultations**

18. In addition to considering the requirements related to stakeholder engagement and information disclosure in accordance with ESPS 10, the Borrower will ensure the effective engagement and participation of all genders including, as appropriate:
- Ensure that the consultation process reflects the concerns of all genders, gender identities and sexual orientations. Different genders may have different views and interests even within the same stakeholder group. Differences may arise regarding how risks should be assessed, how different things are valued, or how harm can be avoided or remedied.
  - Ensure there is no discrimination based on gender that may hinder one groups' ability to influence decision-making in the consultation process.
  - Tackle women-specific obstacles to participate in consultations (e.g. lower

---

<sup>147</sup> SOGI: Sexual minorities, and especially transgender women, might be subjected to specific forms of GBV and hate crimes and as a result may require additional protections.

education, time and mobility restrictions, lower access to information, language barriers, less decision-making power and participation experience, safety problems, etc.). Women may be less able to speak in public settings, or mobility constraints such as caring for children or the elderly may prevent them from attending consultation events held in locations that

are some distance away from their homes.

- Facilitate measures to ensure meaningful participation of all genders in consultations, including appropriate times of meetings, transport, childcare support, as well as convening women-only meetings when necessary.

# Environmental and Social Performance Standard 10

## Stakeholder Engagement and Information Disclosure

### INTRODUCTION

1. This Environmental and Social Performance Standard (ESPS) recognizes the importance of open and transparent engagement between the Borrower and stakeholders, in particular project-affected people, as a key element that can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to the successful development of a project and its implementation.
2. Stakeholder engagement is an inclusive process conducted throughout the life cycle of a project. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for the successful management of a project's environmental and social risks and impacts. Stakeholder engagement is most effective when initiated at an early stage of the project development process and is an integral part of early project decisions and the assessment, management and monitoring of the project's environmental and social risks and impacts.
3. This ESPS must be read in conjunction with ESPS 1 and ESPS 9. Specific requirements regarding engagement with workers are found in ESPS 2. Special provisions on emergency preparedness and response are covered under ESPS 4. In the case of projects

involving involuntary resettlement, Indigenous Peoples or cultural heritage, the Borrower will also apply the specific disclosure and consultation requirements set out in ESPSs 5, 7 and 8.

### OBJECTIVES

- To establish a systematic approach to stakeholder engagement that will help the Borrower identify stakeholders and build and maintain a constructive relationship with them, in particular project-affected people.
- To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be considered in project design and environmental and social performance.
- To promote and provide means for effective and inclusive engagement with the project-affected people throughout the project's life cycle on issues that could potentially affect them.
- To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format.
- To provide stakeholders with accessible and inclusive means to raise questions, concerns, and grievances, and allow

Borrowers to respond to and manage them appropriately.

## SCOPE OF APPLICATION

4. The applicability of this ESPS is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Environmental and Social Performance Standard is managed through the Borrower's Environmental and Social Management System, the elements of which are outlined in ESPS 1.
5. For the purpose of this ESPS, "stakeholder" refers to individuals or groups who:
  - are affected or likely to be affected by the project ("project-affected people"), and;
  - may have an interest in the project ("other stakeholders").

## REQUIREMENTS

6. The Borrower will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design and development whenever possible. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project, its development and implementation timeline and its potential risks and impacts.

7. The Borrower will engage in meaningful consultations with stakeholders. The Borrower will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.
8. The process of stakeholder engagement will involve the following, as set out in further detail in this ESPS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
9. The Borrower will maintain, and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

### Engagement During Project Preparation

#### *Stakeholder identification and analysis*

10. The Borrower will identify and document the different stakeholders, both project-affected people and other stakeholders.
11. The Borrower will identify and document the project-affected people who, because of their particular circumstances, may be

disadvantaged or vulnerable.<sup>148</sup> Based on this identification, the Borrower will further identify individuals or groups who may have different concerns and priorities about project impacts, mitigation mechanisms and benefits, and who may require different, or separate, forms of engagement. An adequate level of detail will be included in the stakeholder identification and analysis to determine the level of communication that is appropriate for the project.

12. Depending on the potential significance of environmental and social risks and impacts, the Borrower may be required to retain third party specialists to assist in the stakeholder identification and analysis to support a comprehensive analysis and the design of an inclusive engagement process.

### *Stakeholder Engagement Plan*

13. The Borrower will develop and implement a Stakeholder Engagement Plan (SEP)<sup>149</sup> proportionate to the nature and scale of the project, its potential risks and impacts and commensurate with the project-level circumstances for stakeholder engagement<sup>150</sup>. Where a SEP is prepared, a draft will be disclosed as early as possible in the project development process, and the Borrower will seek the views of stakeholders on the SEP, including on the identification of

stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the Borrower will disclose the updated SEP in a timely manner.

14. The SEP will describe the timing and methods of engagement with stakeholders throughout the life cycle of the project, distinguishing between Affected Stakeholders and other stakeholders. The SEP will also describe the range and timing of information to be communicated, as well as the type of information to be sought from Affected Stakeholders and other stakeholders.
15. The SEP will be designed to take into account the main characteristics and interests of stakeholders, and the different levels of engagement and consultation that will be appropriate for different stakeholders. The SEP will set out how communication with stakeholders will be handled throughout project preparation and implementation.
16. The SEP will describe the measures that will be used to remove obstacles to participation, and how the views of differently affected groups will be captured. Where applicable, the SEP will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable. Dedicated approaches and an increased level of resources may be needed for

---

<sup>148</sup> Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.

<sup>149</sup> Depending on the nature and the scale of the risks and impacts of the project, the elements of a SEP may be included in an action plan and preparation of a stand-alone SEP may not be necessary.

<sup>150</sup> Where possible, stakeholder engagement will utilize engagement structures within the national system, e.g., community meetings, supplemented as needed with project-specific arrangements.

communication with such differently affected groups so that they can obtain the information they need regarding the issues that will potentially affect them.

17. When stakeholder engagement with local individuals and communities depends substantially on community representatives,<sup>151</sup> the Borrower will make reasonable efforts to verify that such persons do, in fact, represent the views of such individuals and communities, and that they are facilitating the communication process in an appropriate manner.<sup>152</sup>
18. In certain circumstances,<sup>153</sup> depending on the level of information available about the project, the SEP will take the format of a framework approach, outlining general principles and a collaborative strategy to identify stakeholders and plan for an engagement process in accordance with this ESS that will be implemented once the location is known.

### *Information Disclosure*

19. The Borrower will disclose project information to allow stakeholders to understand the risks and impacts of the project, and potential opportunities. The Borrower will provide stakeholders with access to the following information, as early as possible in the project development process, and in a timeframe that enables meaningful consultations with stakeholders on project design:

- The purpose, nature and scale of the project;
- The duration of proposed project activities;
- Potential risks and impacts of the project on local communities, and the proposals for mitigating these, highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups and describing the differentiated measures taken to avoid and minimize these;
- The proposed stakeholder engagement process highlighting the ways in which stakeholders can participate;
- The time and venue of any proposed public consultation meetings, and the process by which meetings will be notified, summarized, and reported; and
- The process and means by which grievances can be raised and will be addressed.

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

### *Meaningful Consultation*

---

<sup>151</sup> For example, village heads, clan heads, community and religious leaders, local government representatives, civil society representatives, politicians or teachers.

<sup>152</sup> For example, by conveying, in an accurate and timely manner, information provided by the Borrower to the

communities and the comments and the concerns of such communities to the Borrower.

<sup>153</sup> For example, where the exact location of the project is not known.

21. The Borrower will undertake a process of meaningful consultation in a manner that provides the project-affected people and other relevant stakeholders with opportunities, without the risk of reprisals, to express their views on project risks, impacts, and mitigation measures, and allows the Borrower to consider and respond to them. Meaningful consultation will be carried out on an ongoing basis as the nature of issues, impacts and opportunities evolves. The extent and degree of engagement required by the consultation process should be commensurate with the project's risks and adverse impacts and with the concerns raised by project-affected people and other relevant stakeholders.

22. Meaningful consultation is a two-way process, that:

- Begins early in the project planning process to gather initial views on the project proposal and inform project design;
- Encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts;
- Continues on an ongoing basis, as risks and impacts arise;
- Is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate

format, in relevant local language(s) and is understandable to stakeholders;

- Considers and responds to feedback;
- Supports active and inclusive engagement with project-affected people and other stakeholders;
- Is free of external manipulation, interference, coercion, discrimination, retaliation, and intimidation; and
- Is documented and disclosed by the Borrower.

23. For projects with potentially significant adverse impacts on project-affected people, the Borrower will conduct an Informed Consultation and Participation (ICP) process, in accordance with ESPS 1. For projects with adverse impacts to Indigenous Peoples, the Borrower is required to engage them in a process of ICP and in certain circumstances is required to obtain their Free, Prior and Informed Consent, in accordance with ESPS 1 and 7.

### **Engagement During Project Implementation and External Reporting**

24. The Borrower will continue to engage with, and provide information to, project-affected people and other stakeholders throughout the life cycle of the project, in a manner appropriate to the nature of their interests and the potential environmental and social risks and impacts of the project.<sup>154</sup>

25. The Borrower will continue to conduct stakeholder engagement in accordance with

---

<sup>154</sup> Additional information may need to be disclosed at key stages in the project cycle, for example prior to start-up of operations, and on any specific issues that the disclosure and

consultation process or grievance mechanism have identified as of concern to stakeholders.

the SEP and will build upon the channels of communication and engagement already established with stakeholders. In particular, the Borrower will seek feedback from stakeholders on the environmental and social performance of the project, and the implementation of the mitigation measures.

26. If there are significant changes to the project that result in additional risks and impacts, particularly where these will further impact the project-affected people, the Borrower will provide information on such risks and impacts and consult with the project-affected people as to how these risks and impacts will be mitigated. The Borrower will develop and disclose an updated action plan, setting out any additional mitigation measures and their timeline for implementation.

### **Grievance Mechanism**

27. The Borrower will respond to questions, concerns, and grievances of affected stakeholders related to the environmental and social performance of the project in a timely manner. For this purpose, the Borrower will propose and implement a grievance mechanism<sup>155</sup> to receive and facilitate resolution of such concerns and grievances.
28. The grievance mechanism will be proportionate to the potential risks and impacts of the project and will be accessible and inclusive. Where feasible and suitable for the project, the grievance mechanism will utilize existing formal or informal grievance

mechanisms, supplemented as needed with project-specific arrangements.

- The grievance mechanism is expected to address concerns promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all project-affected parties, at no cost and without retribution. The mechanism, process or procedure will not prevent access to judicial or administrative remedies. The Borrower will inform the project-affected parties about the grievance process in the course of its community engagement activities, and will make publicly available a record documenting the responses to all grievances received; and
- Handling of grievances will be done in a culturally appropriate manner and be discreet, objective, sensitive and responsive to the needs and concerns of the project-affected parties. The mechanism will also allow for anonymous complaints to be raised and addressed.

### **Organizational Capacity and Commitment**

29. The Borrower will define clear roles, responsibilities and authority as well as designate specific human and financial resources to be responsible for the implementation and monitoring of stakeholder engagement activities to achieve the objectives of this ESPS.

---

<sup>155</sup> The grievance mechanism to be provided under this ESPS may be utilized as the grievance mechanism required under other ESPSS (see ESPSS 5 and 7). However, the grievance

mechanism for project workers required under ESPS 2 will be provided separately.