



REVIEW DRAFT

Environmental and Social Framework

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Acronyms

AiIB	Asian Infrastructure Investment Bank
ESEL	Environmental and Social Exclusion List
ESG	Environmental, Social and Governance
EHSG	Environmental, Health and Safety Guidelines
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMPF	Environmental and Social Management Planning Framework
ESMS	Environmental and Social Management System
ESP	Environmental and Social Policy
ESS	Environmental and Social Standard
FI	Financial Intermediary
FPIC	Free, Prior and Informed Consent
FPICon	Free, Prior and Informed Consultation
GBV	Gender-based Violence
GHG	Greenhouse Gases
GRM	Grievance Redress Mechanism
IAM	Independent Accountability Mechanism
IPM	Integrated Pest Management
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
IVM	Integrated Vector Management
LARP	Land Acquisition and Resettlement Plan
LARPF	Land Acquisition and Resettlement Planning Framework
MDB	Multilateral Development Bank
OPF	Operational Policy on Financing
OP on IR	Operational Policy on International Relations
PP	Procurement Policy
PPI	Policy on Public Information
PPM	Project-affected People's Mechanism
SDG	Sustainable Development Goals
SEA	Sexual Exploitation and Abuse

SF Special Fund

SF RR Project Preparation Special Fund Rules and Regulations

SH Sexual Harassment

SME Small and Medium Enterprise

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Environmental and Social Framework

Introduction

- 1.1. **Asian Infrastructure Investment Bank.** The Asian Infrastructure Investment Bank (Bank) is a multi-lateral financial institution, whose purpose is to: (a) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors; and (b) promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.

A. Overview of the Environmental and Social Framework

- 1.2. **Structure of the Environmental and Social Framework.** The Environmental and Social Framework (ESF) comprises:
- 1.2.1. **Introduction and Vision.** These provide an overview of the Bank, the ESF's structure and objectives and the aspirations of the Bank concerning: (a) environmental and social sustainability; and (b) its role in meeting the challenge of sustainable development in Asia.
- 1.2.2. **Environmental and Social Policy (ESP).** This comprises mandatory environmental and social requirements for each Project and is accompanied by: (a) three associated mandatory Environmental and Social Standards (ESSs) setting out requirements applicable to Clients on, respectively, Environmental and Social Assessment and Management, Land Acquisition and Involuntary Resettlement and Indigenous Peoples; (b) an Environmental and Social Exclusion List (ESEL); and (c) a Glossary of certain terms used in the ESP and ESSs.
- 1.3. **Directive on Environmental and Social Policy.** Mandatory procedures to facilitate implementation of the ESP, including the ESSs and ESEL, have been issued by the Bank's President in a Directive on Environmental and Social Policy. The Directive, which describes the Bank's roles and responsibilities and environmental and social information disclosure requirements, may be supplemented over time with additional procedures as needed.
- 1.4. **Environmental and Social Guidance.** Guidance designed to explain or facilitate implementation of the ESF has been and will continue to be issued to Bank staff.
- 1.5. **Board Approval.** The Bank's Board of Directors has approved the ESP and accompanying three ESSs, the ESEL and the Glossary, as amended and attached hereto.
- 1.6. **Review of the ESF.** Based on further experience gained from the application of the ESP, ESSs and ESEL to individual Projects, the Bank will periodically review the overall ESF. As warranted, updates may be introduced to the framework, and any further improvements to the ESP and ESSs, would be recommended to the Board of Directors for approval. Emphasis will continue to be placed on learning

from both design and implementation of Projects in the diverse countries served by the Bank.

B. Objectives of the Environmental and Social Framework

- 1.7. The objectives of this ESF are to:
- 1.7.1. Reflect institutional aims to address environmental and social risks and impacts in Projects (defined below in **Section II, Definitions**, of the ESP).
 - 1.7.2. Provide a robust structure for managing operational and reputational risks of the Bank and its shareholders in relation to Projects' environmental and social risks and impacts.
 - 1.7.3. **Facilitate** the environmental and social soundness and sustainability of Projects.
 - 1.7.4. Support integration of environmental and social aspects of Projects into the decision-making process by all parties.
 - 1.7.5. Provide a mechanism for addressing environmental and social risks and impacts in Project identification, preparation and implementation.
 - 1.7.6. Enable Clients (defined below in **Section II, Definitions**, of the ESP) to identify and manage environmental and social risks and impacts of Projects, including those of climate change.
 - 1.7.7. Provide a framework for public consultation and disclosure of environmental and social information in relation to Projects.
 - 1.7.8. **Provide a grievance redress mechanism designed to enable Project-affected people to voice their concerns and grievances in connection with the environmental and social aspects of Projects.**
 - 1.7.9. Improve development effectiveness and impact to increase results on the ground, both short- and long-term.
 - 1.7.10. **Support Clients, through Bank financing of Projects, to strengthen their environmental and social management systems.**
 - 1.7.11. Support Clients, through Bank financing of Projects, to implement their obligations under national environmental and social legislation (including under **international agreements adopted by the Member governing these Projects, including their commitments relating to climate change.**
 - 1.7.12. Facilitate cooperation on environmental and social matters with development partners.

C. Entry into Effect

- 1.8. **This ESF, as amended through [February] 2021, shall apply to all Projects that the Bank's Project Screening Committee has decided to include in the Bank's rolling**

investment pipeline on or after July 1, 2021. It may be applied to Projects that enter the pipeline before then, at the option of Management.

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Vision

- 2.1. **Meeting the Challenges.** In order to meet the challenges of environmentally and socially sustainable development in Asia, the Bank seeks to provide:
- 2.1.1. **Insight.** Share insight and cutting-edge knowledge on the emerging issues and key trends that drive sustainable infrastructure, and interconnectivity and mobilization of private capital for these purposes in Asia.
 - 2.1.2. **Innovation.** Develop new and sustainable approaches to meet the infrastructure challenges of Asia, in partnership with government, other multilateral development banks, bilateral development organizations, the private sector and civil society.
 - 2.1.3. **Investment.** Provide financial resources to support the development and operation of new and existing infrastructure in a cost-effective, sustainable and timely manner.
 - 2.1.4. **Integration.** Integrate environmental and social sustainability as a core element in the Bank's policies, strategies and the Projects it finances.
 - 2.1.5. **Integrity.** Operate in a transparent manner to promote institutional and individual integrity as key values in development.
- 2.2. **Integration of Environmental and Social Sustainability.** The Bank supports sustainable infrastructure and other productive sectors to promote economic growth and improve the lives of people in Asia. Consistent with the Sustainable Development Goals (SDGs), the Bank recognizes the need to address the three dimensions of sustainable development – economic, social and environmental – in a balanced and integrated manner. In addressing the development challenges of Asia, the Bank subscribes to the principles of sustainable development in the identification, preparation and implementation of Projects, as described below in the ESP.
- 2.3. **Social Development and Inclusion.** The Bank believes that social development and inclusion are critical for sound development. For the Bank, inclusion means empowering people to participate in and benefit from the development process in a manner consistent with local conditions. Inclusion encompasses policies to promote equity of opportunity and non-discrimination, by improving the access of poor, disadvantaged and disabled people to education, health, social protection, housing, environmental quality, infrastructure, affordable energy, water and sanitation, employment, financial services and productive assets. It also embraces action to remove barriers against vulnerable groups,¹ who are often excluded from the development process, so that their voices can be heard. In this regard, the Bank seeks, through the Projects it finances, to be supportive of these human rights and to encourage respect for them, all in a manner consistent with its Articles of Agreement.

¹ For a definition of vulnerable groups, see ESS 1, Section 2.38, *Vulnerable Groups and Discrimination*.

- 2.4. **Role in Decision-making.** For the principles of environmental and social sustainability to be effectively integrated into policies, strategies and Projects, the Bank believes that these principles should become part of routine decision-making processes and that environmental and social risks and impacts should receive full consideration in the identification, preparation, implementation and evaluation of all Projects.
- 2.5. **Leading Role of the Client.** The Bank's Clients, whether public or private, are responsible for successful preparation and implementation of their Projects, including management of the environmental and social risks and impacts of these activities. The Bank aims to work in a cooperative manner – by providing expert advice and oversight from its staff, supplemented by specialized consultants – to support its Clients in integrating consideration of environmental and social risks and impacts into their Projects. The Bank recognizes that not all of its Clients have the same capacity to implement the requirements of the ESP. In such cases it seeks to assist its Clients to identify and fill gaps in their capacity to implement their Projects in accordance with the ESP.
- 2.6. **An Emphasis on Implementation.** The Bank considers that the management of environmental and social risks and impacts is central to the success of a Project. The collective experience of the multilateral development banks and bilateral development organizations in assisting their clients to manage environmental and social risks and impacts shows the importance of effective implementation of environmental and social management plans. The Bank supports Clients in the effective implementation of such plans for their Projects, through active field-based reviews, monitoring and verification, implementation support and institutional strengthening.
- 2.7. **Strengthening of Country and Corporate Systems.** The Bank considers that strong country and corporate systems are crucial to the management of environmental and social risks and impacts and assists in strengthening them through a variety of mechanisms in both the public and the private sectors. The Bank believes that, in many cases, the best way to strengthen these systems is to use them at the operational level, with adequate support to achieve their objectives, which itself may be an important development outcome of the Bank's financings. As provided in the ESP, the Bank may selectively provide the Client the option of using all or part of such systems for a Project in place of all or part of the ESP and ESSs, provided the Bank has determined that the Client has the ability and capacity to achieve environmental and social objectives materially consistent with the ESP and ESSs. This may be on a Project, sectoral or broader basis. In this regard, the Bank coordinates closely with other multilateral development banks, bilateral development organizations and relevant centers of expertise.
- 2.8. **Stakeholder Engagement.** The Bank believes that transparency and meaningful consultation are essential for the design and implementation of a Project and works closely with its Clients to achieve these objectives. Meaningful consultation is a process that begins early and is ongoing throughout the Project. It is inclusive, accessible and timely, and is undertaken in an open manner. It conveys adequate information that is understandable and readily accessible to stakeholders in a

culturally appropriate manner and in turn, enables the consideration of stakeholders' views as part of decision-making. Stakeholder engagement is conducted in a manner commensurate with the risks to, and impacts on, those affected by the Project. In the context of a Project in which the Bank determines that there are risks of retaliation against the Project's stakeholders, or of other threats to their safety, it seeks to work with the Client to minimize such risks.

- 2.9. **Importance of Gender Equality.** The Bank believes that gender equality is necessary for sustainable economic development and improvement of lives. It seeks to support projects that make infrastructure equally accessible to all people and that provide equal opportunities for socioeconomic development. The Bank supports its Clients to identify potential gender-specific opportunities as well as gender-specific adverse risks and impacts under their Projects and to develop mitigation measures to avoid or reduce such risks and impacts, including, as appropriate, measures to identify and address the risks of gender-based violence (GBV). The Bank encourages Clients to enhance the design of their Projects in an inclusive and gender-responsive manner to promote equality of opportunity and women's socioeconomic empowerment, particularly with respect to access to finance, services and employment, and otherwise to promote positive impacts on women's economic status, with particular regard to financial resources and property ownership and control. The Bank also supports its Clients' efforts to identify and address the risks of sexual exploitation and abuse (SEA), sexual harassment (SH), or GBV, including intimidation, in the Projects it supports.
- 2.10. **Persons with Disabilities.** The Bank believes that including persons with disabilities in the development process contributes to sustainable development. Consequently, the Bank supports efforts to provide equal opportunity to persons with disabilities under the Projects it finances, including equal access to public facilities and services, and to enable persons with disabilities to live independently where feasible and to be included in the community.
- 2.11. **Treatment of Labor.** The Bank recognizes the important role played by workers and their representatives in the development process and their contribution to sustainable economic growth. It believes that the following measures contribute to the quality of the Project: providing workers with living wages; providing safe and healthy working conditions and putting measures in place to prevent accidents, injuries and disease; avoiding activities involving forced labor and harmful or exploitative forms of child labor; having good human resources management; and having a sound labor management relationship based on equal opportunity, fair treatment, non-discrimination, freedom of association, right to collective bargaining and access to grievance redress mechanisms, consistent with the national law (including international agreements adopted by the Member) governing the Project. The Bank also recognizes the need for Clients to plan for and manage the environmental and social risks and impacts of labor influx into Project communities.
- 2.12. **Measures for Climate Change.** Infrastructure needs to be green and resilient to adapt to climate change and to achieve the desired emission reduction target under the Paris Agreement. The Bank's focus in this area has been reinforced by the increasing attention and commitment on the part of Clients to mitigate and adapt

to the impact of climate change. The Bank supports the three aims of the Paris Agreement of December 2015 to strengthen the global response to the threat of climate change, which are related to mitigation, adaptation and the redirection of financial flows. It supports the global adaptation goal of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change. In the context of sustainable development, the Bank stands ready, through its financings, to assist its Clients in achieving their nationally determined contributions,² including through mitigation, adaptation, finance, technology transfer and capacity-building. It also stands ready, through its financings, to support Clients' formulation of long-term, low greenhouse gas emission development strategies. The Bank recognizes the challenges presented by climate change and the need to support both mitigation and adaptation measures in a Project facing such challenges. The Bank supports its Clients in their evaluation of both the potential impacts of the Project on climate change and the risks from climate change on the Project, as well as in their reporting on expected greenhouse gas emissions from the Project. To this end, the Bank seeks, where feasible, to prioritize investments promoting infrastructure that is greenhouse gas emission neutral and climate resilient, including actions for reducing emissions, climate proofing and promotion of renewable energy. The Bank also recognizes opportunities presented by changes in technologies, products, services and operating models in response to climate change, and supports their adoption by Clients in Projects it finances.

- 2.13. **Conserving Biodiversity.** The Bank recognizes that protecting and conserving biodiversity, sustainably managing terrestrial and aquatic natural resources and maintaining core ecological functions and services are fundamental to sustainable development. The objective of biodiversity conservation and sustainable management of natural resources should be balanced with a commitment to sustainable use of the multiple economic, social and cultural values of biodiversity and natural resources in an optimized manner. Through the Projects it finances, the Bank assists its Clients in protecting and conserving biodiversity and promoting the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities. The Bank recognizes the value of natural infrastructure, such as wetlands, and the importance of enhancing or restoring ecosystem services where feasible. Through its financings, the Bank assists its Clients in maintaining the livelihoods of Indigenous Peoples and other affected communities whose access to or use of biodiversity or natural resources may be affected by a Project. Through the Projects it finances, the Bank also supports its Clients to consider risks associated with climate-change impacts on biodiversity and ecosystems throughout the Project's design, implementation and operation, and evaluate measures needed for climate adaptation under the Project.
- 2.14. **Support for Green Economic Growth.** The Bank recognizes the importance of green economic growth and the long-term benefits that it will provide. The Bank aims to build upon existing green economic growth initiatives in Asia, and to provide

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

support for new ones at the regional, national and subnational level and within the private sector. Planning, investment and capacity building measures that the Bank supports help to “green” both infrastructure and interconnectivity. The Bank promotes the conservation of energy, water and other resources; supports sustainable land use management; and encourages making best use of green growth and low-carbon technologies, renewable energy, cleaner production, sustainable transport systems and sustainable urban development.

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

2.16. Environmental, Social and Governance (ESG) Approaches to Capital Market Operations. Mobilization by development finance institutions of financial resources for infrastructure development through investments in publicly traded securities using environmental, social and governance (ESG) approaches is a new and dynamic frontier. The Bank recognizes the importance of applying sound, transparent ESG risk management approaches to these types of investments to facilitate environmentally and socially sustainable investments whose ESG performance can be measured. In view of the special and rapidly evolving nature of this type of resource mobilization, as well as the evolving practice of development finance institutions in applying such approaches, the Bank intends to support operations involving investments in a portfolio of publicly traded securities that adopt ESG approaches by establishing for each such operation a framework against which environmental and social risks can be addressed.

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

2.18. Results-based Financing Approaches. Another financing instrument used by multilateral development banks (MDBs) to enhance development effectiveness is results-based financing. This instrument, which links disbursements of financing proceeds with the achievement of measurable results under an identified program of activities, rather than directly with the program’s expenditures, requires a different type of review of the various risks associated with this type of lending than is applicable to normal project financing. It is therefore governed by a self-

contained policy framework covering assessment and management of these risks, including environmental, social and fiduciary risks and impacts. The Bank may, with the prior approval of its Board of Directors, adopt its own self-contained policy framework to govern these operations, consistent with the objectives of this ESF (see above, Section 1.7).

- 2.19. **Other Innovative Financing Approaches.** Similarly, the Bank may, with the prior approval of the Board and to the extent consistent with the Bank's Articles of Agreement: (a) co-finance with other MDBs, bilateral development organizations and other development finance institutions that have developed other innovative financing approaches and apply their policies applicable to such approaches, in lieu of the Bank's operational policies, including the ESP; and (b) develop other innovative financing instruments designed to support Projects for which the ESP is not well suited, including a specific policy framework for assessing environmental and social risks and impacts associated with such operations, consistent with the objectives of this ESF.
- 2.20. **Development and Dissemination of Knowledge.** The Bank will develop, disseminate and apply knowledge gained from its application of the ESP, ESSs and ESEL at the operational level with Member governments, the private sector, the public and other development partners. This process benefits from evaluations of Projects, on a collective and individual basis, prepared by the Bank, Clients and other development partners. The Bank aims to use this knowledge to further improve the ESP, ESSs and ESEL, as appropriate, so as to increase the development effectiveness of Projects.
- 2.21. **Cooperation with Development Partners.** The Bank promotes alignment of policies with MDBs, bilateral development organizations and other development finance institutions with which it co-finances Projects in order to reduce the burden of multiple requirements on Clients. When co-financing a Project with these other financial institutions, the Bank seeks to cooperate with them with a view to adopting a common approach to appraisal, environmental and social management requirements, monitoring and reporting, and handling of complaints regarding the Project. Cooperation may include Projects at the regional and national level, including those for the management of trans-boundary environmental and natural resource management issues. To further this alignment, where Clients have themselves adopted policies of these financial institutions, the Bank may, consistent with its Articles of Agreement, permit the use of these policies in specific Projects.

Former Paragraphs 19 "Use of Incentives for Supporting Good Performance" and 22 "A New Development Partner" have been removed from this version.

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

Environmental and Social Policy

I. Introduction

- 1.1. **Purpose.** The Bank recognizes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mandate to support the development of sustainable infrastructure and other productive sectors in Asia. The overarching objective of this policy is to facilitate achievement by the Bank's Clients of these development outcomes, through a system that integrates sound environmental and social management into Projects.
- 1.2. **Contents.** This policy comprises three complementary elements:
 - 1.2.1. **Environmental and Social Policy.** An environmental and social policy (ESP), which sets forth mandatory environmental and social requirements applicable to all Projects.
 - 1.2.2. **Environmental and Social Standards.** The following three associated environmental and social standards (ESSs), which set out more detailed mandatory environmental and social requirements to be implemented by the Client, depending on the nature of the Project. These standards cover the following:
 - (a) ESS 1: Environmental and Social Assessment and Management (ESS 1);
 - (b) ESS 2: Land Acquisition and Involuntary Resettlement (ESS 2); and
 - (c) ESS 3: Indigenous Peoples (ESS 3).
 - 1.2.3. **Environmental and Social Exclusion List.** An Environmental and Social Exclusion List (ESEL) setting forth activities and items that are excluded from financing by the Bank and that the Client is required to exclude from the Project.
 - 1.2.4. **Glossary.** A glossary with definitions of certain terms used in the ESP and ESSs accompanies this policy.
- 1.3. **An Approach for Environmental and Social Management.** Together, the ESP, the ESSs and the ESEL comprise an environmental and social management approach designed to:
 - 1.3.1. Support decision-making by the Bank.
 - 1.3.2. Provide a robust structure for managing operational and reputational risks of the Bank and its shareholders in relation to environmental and social risks and impacts of Projects.
 - 1.3.3. Provide for a process of environmental and social screening and categorization of Projects.

- 1.3.4. Analyze potential environmental and social risks and impacts of Projects.
 - 1.3.5. Identify actions to avoid, minimize, mitigate, offset or compensate for environmental and social impacts of Projects.
 - 1.3.6. Support integration into Projects of measures **required** to manage environmental and social risks and impacts **and steps to monitor implementation of those measures.**
 - 1.3.7. Specify environmental and social management provisions to be included in agreements governing Projects.
 - 1.3.8. Provide a **sound** mechanism for **ongoing** public **engagement of stakeholders through:** consultation, disclosure of information on environmental and social risks and impacts of Projects **and measures to manage them.**
 - 1.3.9. **Provide for Project-level grievance redress mechanisms.**
 - 1.3.10. Provide for monitoring of environmental and social management measures under Projects.
 - 1.3.11. Facilitate development and dissemination of lessons learned from Projects to improve environmental and social management practices.
- 1.4. **Support for Clients.** The ESP, ESSs **and ESEL** set out the requirements relating to identification, assessment **and management** of environmental and social risks and impacts associated with Projects supported by the Bank. By focusing on the identification, assessment and management of environmental and social risks and impacts, the Bank **supports** Clients in: achieving good international practice relating to environmental and social sustainability; fulfilling their national and international obligations relating to environmental and social risks and impacts; enhancing non-discrimination, transparency, participation, accountability and governance; and enhancing sustainable development outcomes of Projects through ongoing stakeholder engagement **and mechanisms to address grievances of Project-affected people.**

II. Definitions

- 2.1. As used in the ESP, ESSs **and ESEL**, the following terms have the meanings set out below:
 - 2.1.1. **Client** means the recipient **or beneficiary** of the Bank's financing for a Project, **the Project's sponsor, if applicable,** and any other entity responsible for implementation of **environmental or social aspects of** the Project.
 - 2.1.2. **Legal Agreements** mean the legal agreements for a Project to which the Bank is a party.
 - 2.1.3. **Project** means the specific set of activities for which the Bank's financing is provided, as defined in the agreement governing such

financing, regardless of the financing instrument or the source of such financing or whether the Project is financed in whole or in part by the Bank.

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

III. Scope of Application

- 3.1. **All Projects.** Except as otherwise specified below in this Article III, the ESP applies to all Projects. The Bank requires each Client to manage the environmental and social risks and impacts associated with its Project in a manner designed to meet the requirements of the ESP, the applicable ESSs and the ESEL, in accordance with the environmental and social documentation required for the Project under this ESP and ESSs.
- 3.2. **Funds Administered by the Bank.** The ESP would also apply to Projects financed using funds provided by other financiers and administered by the Bank.¹ In such cases, the Bank may agree to apply additional requirements of the other financiers relating to environmental or social risks and impacts, provided that the Bank determines that they are materially consistent with its Articles of Agreement, the ESP, ESSs and ESEL.
- 3.3. **Additional Member or Client Requirements.** If the Bank determines that certain elements of the relevant environmental and social requirements of the Member in whose territory the Project is located or of the Client's environmental and social management system (as applicable) are more stringent than the requirements of the ESP, ESSs or ESEL, the Bank will apply these elements, provided that they are not in violation of the Bank's Articles of Agreement.
- 3.4. **Development Partner Co-financier's Policies.**
- 3.4.1. The Bank may, on a case-by-case basis, in lieu of the ESP, ESSs and ESEL, apply the environmental and social policies and procedures of MDBs, bilateral development organizations and other development finance institutions that are co-financing the Project, provided that the Bank is satisfied that these policies and procedures are consistent with the Bank's Articles of Agreement and materially consistent with the ESP, ESSs and ESEL and that appropriate environmental and social arrangements and monitoring procedures are in place for the Project.
- 3.4.2. Similarly, where the Bank co-finances a Project with another MDB that adopts a results-based financing approach as described in Section 2.18, Results-based Financing Approaches, of the Vision Statement, the Bank may also apply the environmental and social policies of the MDB governing such approach in lieu of the ESP, ESEL and ESSs.
- 3.4.3. In all cases described above in this Section 3.4, the Bank may rely on the co-financier's determination as to whether compliance with the co-

¹ This would be the case for trust funds that may be established by the Bank in accordance with its Articles of Agreement. For co-financing, see Section 3.4, Development Partner Co-financier's Policies, of this ESP.

financier's policies and procedures has been achieved under this approach. At the same time, the Bank works with the co-financier in order to support the co-financier's due diligence and monitoring of the Project.

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

3.6. Environmental, Social and Governance (ESG) Approaches to Capital Market Operations. The ESP is designed to apply to Projects, where the financing is governed by private, bilateral agreements between the Bank and the Client that require compliance with specific environmental and social undertakings. Bank financings involving investments in a portfolio of publicly traded securities using ESG approaches are different from the types of operations that are covered by the ESP, in that they are governed by the terms of the publicly traded securities established by the securities regulator; the environmental and social assessment of any potential investment is made on the basis of publicly available information; reporting is made to all securities holders in the same manner; and environmental and social performance is more suitably assessed at the corporate rather than asset level, by measuring publicly available ESG information against widely acknowledged benchmarks. For this reason, in lieu of applying this ESP, the Bank would establish for each such operation a specific framework against which environmental and social risks could be addressed consistent with the spirit and vision of the ESF. Each Bank financing for this type of operation would be submitted to the Board of Directors for approval. At the same time, the Policy on PPM would not apply to the operation.

IV. Roles and Responsibilities

4.1. General. The respective responsibilities of the Bank and the Client outlined in the ESP and ESSs for each Project are summarized below.

4.2. The Bank's Roles and Responsibilities.² The Bank: (a) screens each Project to assign an environmental and social category to it; (b) undertakes environmental and social due diligence regarding the Project, which includes a review of the Client's environmental and social assessment and documentation required under this ESP and applicable ESSs, to determine whether appropriate measures are in place to avoid, minimize, mitigate, offset or compensate for adverse environmental

² See also *Operational Policy on Financing*.

and social risks and impacts of the Project in accordance with this ESP and applicable ESSs; (c) determines the feasibility of the Bank's financing for the Project; (d) discloses environmental and social documentation for the Project in a timely manner; (e) monitors the Client's compliance with its environmental and social obligations until completion of the Project, in accordance with the Legal Agreements governing the Project; and (f) in the event of non-compliance by the Client with its environmental and social obligations, consults with the Client on corrective measures to bring the Client back into compliance within a time frame deemed appropriate by the Bank. If the Client fails so to reestablish compliance, the Bank may exercise its available contractual remedies under the Legal Agreements governing the Project.

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

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

A. Screening and Categorization

5.1. General.

- 5.1.1. The Bank screens and categorizes each Project as early as feasible during the Project's preparation in order to determine the nature and level of the required environmental and social assessment, information disclosure and stakeholder engagement required of the Client for the Project.
- 5.1.2. In its categorization, the Bank takes into consideration the type, nature, location, sensitivity and scale of the Project, so that the Client's

³ See also *Procurement Policy*.

assessment is proportional to the significance of the Project's potential environmental and social risks and impacts.

5.1.3. As part of this process, the Bank also screens the Project to determine which of the ESSs applies.

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

5.2. **Categorization.**

5.2.1. The Bank determines the Project's category on the basis of the Project's component presenting the highest environmental or social risk and potential impacts (including direct, indirect, cumulative and induced impacts, as relevant, in the Project area). The Bank reviews these environmental and social risks and impacts, regardless of the categorization being considered.

5.2.2. As an element of the categorization process, the Bank may conduct field-based reviews of the Project to provide for a refined understanding of the environmental and social risks and impacts and to support the Client's preparation of a site-specific approach to assessment of these risks and impacts.

5.2.3. The Bank may adjust the categorization during the life of the Project, if warranted by changes in the environmental and social risks and impacts.

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

5.3.1. **Category A.**

(a) **Categorization.** A Project is categorized A if it is likely to have significant adverse environmental and social impacts that are irreversible, cumulative, diverse or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works and may be temporary or permanent in nature.

(b) **Assessment and Instrument.** The Bank requires the Client to conduct an environmental and social impact assessment (**ESIA**) or equivalent environmental and social assessment, for each Category A Project, and to prepare an environmental and social management plan (**ESMP**) or environmental and social management planning framework (**ESMPF**) (or other similar Bank-approved documentation), which is included in the ESIA report for the Project.

(c) The ESIA for a Category A Project examines the Project's potential environmental and social impacts, both positive and

adverse, compares them with those of feasible alternatives (including the “without Project” situation), and recommends any measures needed to avoid, minimize, mitigate, **offset** or compensate for adverse impacts and improve environmental and social performance of the Project.

5.3.2. **Category B.**

- (a) **Categorization.** A Project is categorized B if: (i) it has a limited number of potentially adverse environmental and social impacts; (ii) the impacts are not unprecedented; (iii) few if any of them are irreversible or cumulative; (iv) they are limited to the Project area; and (v) they can be successfully managed using good practice in an operational setting.
- (b) **Assessment and Instrument.** The Bank requires the Client to conduct an initial review of the environmental and social **risks and impacts** of the Project. On the basis of this review, the Bank, in consultation with the Client, determines the appropriate instrument for the Client to assess the Project’s environmental and social risks and impacts, on a case-by-case basis. The Bank may determine that an environmental and social assessment or another similar instrument is appropriate for the Project.
- (c) The scope of the assessment may vary from Project to Project, but it is narrower than that of the Category A ESIA. As in the case of a Category A Project, the assessment examines the Project’s potentially **adverse** and positive environmental and social impacts and recommends any measures needed to avoid, minimize, mitigate, **offset** or compensate for adverse impacts and improve the environmental and social performance of the Project.

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

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

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

- 5.4. **Strategic, Sectoral and Regional Assessment.** On a case-by-case basis and in consultation with the Client, the Bank may require the Client to undertake a strategic, sectoral or regional assessment, a cumulative impact assessment or other specialized assessment, for the Project.
- 5.5. **Combined Review and Attention to Vulnerability.** The Bank bases its categorization of the Project on a combined review of both environmental and social risks and impacts. In reviewing the social risks and impacts of the Project, it pays special attention to disproportionate gender impacts and the vulnerability⁵ of various types of potentially affected people.

B. Environmental and Social Due Diligence by the Bank

5.6. General.

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

5.6.2. The Bank's due diligence may involve both site visits and desk reviews, which may be supplemented by the use of independent consultants.

5.6.3. The Client is responsible for ensuring that all relevant information is provided in a timely manner to the Bank so that the Bank can fulfill its responsibility to undertake environmental and social due diligence in accordance with the ESP.

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

5.7.1. All key potential environmental and social risks and impacts of the Project, including those relating to climate change, gender and disability, have been identified;

5.7.2. Effective measures to avoid, minimize, mitigate, offset or compensate for the adverse impacts are incorporated into the Project's design and ESMP or ESMPF, or other Bank-approved documentation (as applicable);

5.7.3. The Client understands the requirements of the ESP and applicable ESSs and has the necessary commitment and capacity, or has made arrangements to strengthen its capacity (including the engagement of

⁵ For a definition of vulnerable groups, see ESS 1, Section 2.38, *Vulnerable Groups and Discrimination*.

- suitably qualified and experienced environmental and social experts, as needed), to manage the Project's environmental and social risks and impacts adequately;
- 5.7.4. The role of third parties is appropriately defined in the ESMP or ESMPF or other Bank-approved documentation;
- 5.7.5. Consultations with affected people are conducted in accordance with requirements of the ESP and applicable ESSs;
- 5.7.6. The Project can be implemented in accordance with the ESP, ESSs and ESEL;
- 5.7.7. The costs and responsibilities for mitigation and monitoring measures have been adequately articulated; and
- 5.7.8. The timing of mitigation and monitoring activities in the schedule for implementation of the Project is appropriate.
- 5.8. **Independent Consultants for Due Diligence.** The Bank may retain, or require the Client to retain, independent consultants to assist in its due diligence.
- 5.9. **Review of Information.**
- 5.9.1. The Bank recognizes that Projects may have different levels of information regarding the environmental and social risks and impacts available at the time the Bank carries out its due diligence.
- 5.9.2. In such circumstances, as part of its due diligence, the Bank assesses the risks and impacts of the proposed Project based on the information that is available to it, together with an assessment of: (a) the risks and impacts inherent in projects of the type proposed for financing and the specific context in which the proposed Project will be developed and implemented; and (b) the capacity and commitment of the Client to develop and implement the Project in accordance with the ESP and applicable ESSs.
- 5.9.3. The Bank assesses the significance of the gaps in information, and the potential risk this may present to achieving the objectives of the ESP and applicable ESSs.
- 5.9.4. The Bank reflects this assessment in the Project documents at the time the proposed financing is submitted for approval.
- 5.10. **Supplemental Measures.**
- 5.10.1. The Bank's due diligence responsibilities include, as appropriate: (a) reviewing the information provided by the Client relating to the environmental and social risks and impacts of the Project,⁶ and requesting additional and relevant information where there are gaps that prevent the Bank from completing its due diligence; and (b)

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

providing guidance to assist the Client in developing appropriate measures to address environmental and social risks and impacts in accordance with the ESP, applicable ESSs and ESEL.

5.10.2. If the Bank determines that the assessment and planning processes or the documents require further work to comply with the requirements of the ESP or applicable ESSs, the Bank requires the Client to undertake some or all of the following actions: (a) carry out supplemental environmental and social assessments or studies; (b) strengthen existing assessments or studies; (c) improve the required environmental and social documentation; (d) undertake supplemental consultations; or (e) engage suitably qualified and experienced environmental and social specialists to assist in the preparation and implementation of these actions.

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

5.12. **Due Diligence for Financial Intermediary (FI) Projects.**

5.12.1. **Due Diligence.** The Bank conducts due diligence on the FI and its portfolio relevant to the Project to assess whether the FI is in a position to apply the requirements of the FI's existing or proposed ESMS with respect to the Bank-supported activities. Specifically, the Bank assesses:

- (a) The ESMS, the adequacy of the FI's resources for its application to the Project and the FI's capacity and commitment, including implementation experience, as they pertain to environmental and social risks and impacts;
- (b) Environmental and social risks and impacts associated with the FI's existing and likely future portfolio relevant to the Project;
- (c) Measures necessary to strengthen the FI's existing ESMS, if applicable, and its capacity to implement them; and
- (d) The type of financial instrument extended by the FI using the Bank funds to support beneficiaries.

5.12.2. **Prior Approval of Higher Risk Activities.** The Bank requires the FI to furnish to the Bank for the Bank's prior approval the FI's detailed environmental and social due diligence assessment and instruments for

all Higher Risk Activities.⁷ If, after the Bank has reviewed the FI's assessment and instruments for a suitable number of investments involving Higher Risk Activities the FI has demonstrated to the satisfaction of the Bank, that the its assessment and management of the environmental and social risks of the Bank-supported activities are sufficiently robust not to continue to require the Bank's prior approval of all Higher Risk Activities, the Bank may require the FI to furnish to the Bank only a subset of such activities for approval. Alternatively, the Bank may exclude Higher Risk Activities from Bank support under the Project.

- 5.12.3. **Information on Other Activities.** The Bank requires the FI to furnish to it, at the Bank's request, relevant environmental and social information for all activities for which the Bank does not require prior approval.
- 5.12.4. **Equity Funds.** In FI Projects where the Bank provides financing for a private equity fund that invests in sub-funds, and prior approval of Higher Risk Activities is not feasible, the Bank may instead require that the fund exclude investments in Higher Risk Activities or that the Bank retain an excuse right to decline to participate in such investments.

VI. Environmental and Social Assessment by the Client

A. Scope and Nature of the Environmental and Social Assessment

- 6.1. **Integrated Assessment.** Generally, the Bank requires the Client to adopt an integrated approach to the process of environmental and social assessment, given the complex interrelationships of environmental and social risks and impacts in both public- and private-sector Projects. However, the Bank recognizes that in some countries, legislation and procedures require separate environmental and social documents, making the preparation of an integrated environmental and social assessment difficult to achieve. In such cases, the Bank reviews the environmental and social documentation prepared by the Client so that it provides for assessment of both environmental and social risks and impacts, as well as mitigation and monitoring.
- 6.2. **Application of the Environmental and Social Standards.**
- 6.2.1. **ESS 1 (Environmental and Social Assessment and Management).** When the Bank has determined, in consultation with the Client, that the Project is likely to have adverse environmental and/or social risks and impacts, it requires the Client to conduct an environmental and social assessment relating to these risks and impacts, and design appropriate

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

measures to avoid, minimize, mitigate, offset or compensate for them, all as required under ESS 1.

6.2.2. **ESS 2 (Land Acquisition and Involuntary Resettlement).** If the Project is likely to involve Land Acquisition or Involuntary Resettlement (or both),⁸ the Bank requires the Client to address this in the social section of the assessment report, complemented by more in-depth coverage, as required under ESS 2. The Client covers this in a land acquisition and/or resettlement plan (LARP) or land acquisition and/or resettlement planning framework (LARPF), which is provided to the Bank as a freestanding document, an annex to the assessment report, or incorporated as a recognizable element of the report.

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

6.3. **Elements of the Environmental and Social Assessment.**

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

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

6.4. **Scope of Analysis and Mitigation Hierarchy.**

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

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

- 6.4.1. The scope and depth of the Client's analysis is proportional to the nature and magnitude of the Project's potential environmental and social risks and impacts.
- 6.4.2. The environmental and social assessment applies a mitigation hierarchy to: (a) anticipate and avoid risks and impacts; (b) where avoidance is not feasible, minimize or reduce risks and impacts to acceptable levels; (c) once risks and impacts have been minimized or reduced, mitigate them; and (d) where residual risks or impacts remain, compensate for or offset them, where technically and financially feasible.
- 6.4.3. The Bank requires the Client to make information on the Project available during preparation and implementation, including the environmental and social assessment and ESMP and ESMPF, if applicable (or other Bank-approved document), in accordance with Section 7.1, *Information Disclosure by the Client*, below.
- 6.5. **Addressing Land Acquisition and Involuntary Resettlement.**
- 6.5.1. **General.** As noted above, the Bank screens each Project to determine whether or not it involves Land Acquisition or Involuntary Resettlement, or both (which covers both physical and economic displacement, as defined in ESS 2). Where it is not feasible to avoid Land Acquisition or Involuntary Resettlement, the Bank requires the Client to conceive and execute the Land Acquisition and Involuntary Resettlement activities as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in Project benefits.
- 6.5.2. **Land Acquisition and Resettlement Plan (LARP) and Land Acquisition and Resettlement Planning Framework (LARPF).** If the Project involves Land Acquisition or Involuntary Resettlement, or both, the Bank requires the Client to prepare a LARP or LARPF (as applicable) in accordance with ESS 2, which is proportional to the extent and degree of the impacts. The degree of impacts is determined by: (a) the scope of physical and economic displacement; and (b) the vulnerability of the affected people. The LARP or LARPF complements the broader coverage of social risks and impacts in the environmental and social assessment and provides specialized guidance to address the specific issues associated with the Land Acquisition or Involuntary Resettlement (or both, as applicable), including land acquisition, changes in land use rights, displacement and need for livelihood restoration.
- 6.5.3. **Use of Land Aggregators.** If the Client wishes to use the services of a third party, such as a local land aggregator, to acquire land needed for the Project, the Bank requires the Client to address the proposed process in the LARP and/or LARPF in accordance with this ESP and ESS 2. Any such land acquisition activities are subject to prior Bank approval.

- 6.5.4. **Inhabitants without Title or Recognized Land Rights.** The Bank does not endorse illegal settlement; however, it recognizes that significant populations already inhabit both urban and rural land without title or recognized land rights in its countries of operation. Given this situation, the Bank requires the Client to **make** displaced persons without title to land or any recognizable legal rights to land eligible for and **to provide them with** resettlement assistance and compensation for loss of non-land assets, in accordance with cut-off dates established in the LARP, and to include them in consultation processes.
- 6.5.5. **Land Acquisition and Involuntary Resettlement Prior to the Project.** The Bank requires the Client to address any Land Acquisition and/or Involuntary Resettlement that was undertaken within three years prior to identification of the Project for possible Bank financing and is directly linked to the Project.
- 6.6. **Addressing Impacts on Indigenous Peoples.**
- 6.6.1. **General.** As noted above, the Bank screens each Project to determine whether or not it would have impacts on Indigenous Peoples. In conducting this screening, the Bank seeks the technical judgment of qualified social scientists with expertise on the social and cultural groups in the Project area. The Bank also consults the Indigenous Peoples concerned and the Client.
- 6.6.2. **Indigenous Peoples Plan (IPP) and Indigenous Peoples Planning Framework (IPPF).** If the Project would have impacts on Indigenous Peoples, the Bank requires the Client to prepare an IPP or IPPF, whose level of detail and comprehensiveness is proportional to the degree of the impacts. The degree of impacts is determined by evaluating: (a) the magnitude of the impact on Indigenous Peoples' customary rights of use and access to land and natural resources; socioeconomic status; cultural and communal integrity and heritage; health, education, livelihood systems and social security status; and indigenous knowledge; and (b) the vulnerability of the affected Indigenous Peoples. The IPP complements the broader coverage of social risks and impacts in the environmental and social assessment and provides specialized guidance to address specific issues associated with the needs of affected Indigenous Peoples.
- 6.7. **Addressing Associated Facilities.**
- 6.7.1. **General.** Associated facilities (**Associated Facilities**) are activities that are not included in the description of the Project set out in the Legal Agreements governing the Project, but which, following consultation with the Client, the Bank determines are: (a) directly and materially related to the Project; (b) carried out, or planned to be carried out, contemporaneously with the Project; and (c) necessary for the Project to be viable and would not be constructed or expanded if the Project did not exist.

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

- (a) To the extent the Client controls or has influence over the Associated Facilities: (i) the Client is required to comply with the requirements of the ESP and **applicable** ESSs with respect to such facilities, to the extent of its control or influence; and (ii) if the Associated Facilities are financed by another multilateral development bank, bilateral development organization **or development finance institution**, the Bank may rely on the requirements of such other development partner in place of all or some of the requirements set out in the ESP and ESSs, provided that, in the Bank's judgment, such requirements do not materially deviate from what would otherwise be required under the ESP and ESSs.
- (b) If the Client does not control or have influence over the Associated Activities, it identifies in the environmental and social assessment the environmental and social risks and impacts the Associated Facilities may present to the Project, **as well as potential mitigation measures**. The Client is required to demonstrate, to the Bank's satisfaction, the extent to which it does not exercise control or have influence over the Associated Facilities by providing details of the relevant considerations, which may include legal, regulatory and institutional factors.

6.8. **Support for Quantification of Greenhouse Gas Emissions (GHG).** In order to support reporting on greenhouse gas (GHG) emissions for implementation of the Paris Agreement, the Bank may, at the Client's request, finance measures for the Client to quantify and report to national authorities, in accordance with internationally recognized methodologies and good practice, direct and indirect emissions from Project-related facilities.

6.9. **Client Use of Independent Experts and Advisory Panels.**

6.9.1. In the case of a Project that the Bank deems to be highly risky or contentious because of its potential environmental or social risks and impacts (or both), the Bank may require the Client to engage one or more suitably qualified and experienced internationally recognized independent experts, not affiliated with the Project, to advise the Client during preparation and implementation of the Project.

6.9.2. Such experts may, depending on the Project, form part of an advisory panel or be otherwise employed by the Client, and provide independent advice and oversight to the Project.

- 6.9.3. The Bank reviews and, following consultation with the Client, approves the appointment of each expert and all members of each independent advisory panel before they begin their tasks.

B. Environmental and Social Assessment Documentation and Instruments

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

6.10.1. For Category A Projects, the Bank requires the Client to prepare an ESIA report or other environmental and social assessment report that includes an ESMP or ESMPF (or both), **or other Bank-approved document.**

6.10.2. For Category B Projects, the Bank determines the appropriate environmental and social assessment documentation the Client is required to prepare on a case-by-case basis. The environmental and social assessment for a Category B Project is narrower in scope than that for a Category A Project. If the Bank determines that a Category B Project has limited impacts with well-known mitigation and monitoring measures, it may decide that the only required environmental and social assessment document is an ESMP or ESMPF (or both, as applicable), **or other Bank-approved document.** In such case, potentially adverse environmental and social risks and impacts may be addressed by the use of recognized good management or pollution abatement practices.

6.10.3. For Category C Projects, the Bank requires the Client to prepare a review of the environmental and social aspects of the Project.

6.10.4. For Category FI Projects, the Bank requires the FI to develop and apply an appropriate ESMS that is proportional to the environmental and social risks associated with the Bank-supported portfolio, is consistent with this ESP, excludes from Bank support activities covered in the ESEL and incorporates applicable provisions of the ESSs.

- 6.11. **A Variety of Possible Assessment and Management Instruments.**

6.11.1. The Bank, in consultation with the Client, determines which among a wide variety of assessment **and management** instruments may be used for the Project. A key consideration is the effectiveness of the instrument in the analysis of the environmental and social risks and impacts in the specific setting of the Project. These instruments **may** include, but are not limited to, the following:

- (a) Strategic environmental and social impact assessment on a policy, plan or programmatic level;
- (b) Regional or sectoral environmental and social assessments;
- (c) ESIA for the Project; and

- (d) On a specialized basis, a cumulative impact assessment or other assessment instruments.
- 6.11.2. These instruments are complemented by an ESMP or ESMPF (or both).
- 6.11.3. In some cases, the Bank may determine that in lieu of other instruments, it is appropriate for the Client to use instruments such as physical, spatial and environmental planning, environmental audits, **environmental and social action plans**, hazard and risk assessments, and emergency response plans, among others, as tools for integration of environmental and social measures into the Project.
- 6.11.4. **ESMS.** In some cases, particularly for Category FI Projects or other Projects where the Bank's financing covers all activities of the Client, the Bank may require that the Client use for the Project an environmental and social management system (**ESMS**) consistent with this ESP. The ESMS excludes from Bank support activities covered in the ESEL and incorporates applicable provisions of the ESSs (see ESS 1, *Section 2.13, Environmental and Social Management System (ESMS)*).

C. Environmental and Social Management Plan

- 6.12. **General.** Once the Client has identified the Project's risks and impacts through the environmental and social assessment, the Bank requires it to develop the measures to manage and mitigate the **risks and** impacts and reflect them in an ESMP, all as required under ESS 1. If the Client has inadequate capacity to carry out the ESMP, the Bank requires that the Project include activities to strengthen that capacity.
- 6.13. **Preparation, Disclosure and Consultation.** To enable the Client to prepare the ESMP for the Project, the Bank requires the Client to: (a) identify the Project's potentially adverse impacts; (b) determine requirements **so** that those impacts are addressed in an effective and timely manner; (c) describe the means for meeting those requirements; (d) disclose the draft ESMP in the manner required of it below under *Section 7.1, Information Disclosure by the Client*; and (e) engage in consultation on the ESMP in the manner required of it below under *Section VII. B, Consultation*.
- 6.14. **Elements of the ESMP.** The Bank normally requires the Client to include in the ESMP: (a) mitigation measures; (b) environmental and social monitoring and reporting requirements; (c) related institutional or organizational arrangements; (d) provisions for information disclosure and consultation **during Project preparation and implementation**; (e) **provisions for the Project's grievance redress mechanisms (GRM)**, as well a description of the PPM or other Bank-approved IAM and how it can be accessed; (f) **community health and safety measures applicable to the Project**; (g) capacity development and training measures, **including engagement of any environmental and social experts required for this purpose**; (h) implementation schedule and cost estimates, **including environmental and social mitigation and monitoring costs**, which are integrated into the Project's overall schedule and budget; (j) performance indicators; (k) if required, a LARP or an IPP (or both).

These elements may be presented as one or more separate plans, depending on Client requirements. Recognizing the dynamic nature of Project implementation, the ESMP addresses the need to be responsive to changed circumstances, unforeseen events and the results of Project implementation monitoring (see, below, Section 10.5, Changes Requiring Adaptive Management).

- 6.15. **Implementation Schedule and Cost Estimates.** For mitigation, monitoring and capacity development, the Bank requires the Client to provide in the ESMP:
- 6.15.1. An implementation schedule of measures that are required to be carried out as part of the Project, showing phasing and coordination with overall implementation plans; and
 - 6.15.2. The investment and recurrent cost estimates for developing and implementing the ESMP. These figures are also integrated into the total budget of the Project. Costs of implementation of the ESMP, including environmental and social mitigation and monitoring, capacity building, costs related to land acquisition and resettlement and measures for Indigenous Peoples, are eligible for Bank financing if these activities are included in the Project description and financing plan.
- 6.16. **Proportionality.** The level of detail and the complexity of the ESMP should be proportional to the risks and impacts of the Project. The ESMP takes into account the experience and capacity of the parties involved with the Project.
- 6.17. **Performance Indicators.** The ESMP and its related plans contain a selected set of measurable outcomes and targets or performance indicators that can be monitored on a regular basis by the Client and reviewed by the Bank.
- 6.18. **Integration into the Project and Adaptive Management.** For effective implementation of the Project's ESMP, the Bank requires the Client to: (a) describe specifically in the ESMP individual mitigation and monitoring measures and assignment of institutional responsibilities; (b) integrate these measures into the Project's overall planning, design, budget and implementation schedule; and (c) where appropriate, provide for adaptive management to address issues that may arise as the Project is implemented (see below, Section 10.5, Changes Requiring Adaptive Management).
- 6.19. **Remediation Measures.** If the Project involves rehabilitation, upgrading, expansion or privatization of existing facilities, or a merger or acquisition of a business with existing facilities, remediation of existing environmental and social problems may be more important than mitigation and monitoring of expected impacts. In such cases, the ESMP focuses on cost-effective measures to remediate and manage these problems, including potential compensation for past social grievances.

D. Environmental and Social Management Planning Framework

- 6.20. **General.**
- 6.20.1. The Bank requires the Client to use an ESMPF if: (a) the Project consists of a program or series of activities whose details are not yet

identified at the time the Project is approved by the Bank;¹⁰ or (b) if the Bank authorizes the Client to use a phased approach (see below, *Section VI. E., Special Circumstances*).

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

6.21. **Preparation, Disclosure and Consultation.**

- 6.21.1. The Client agrees with the Bank on the ESMPPF, including the LARPF and IPPF if required, prior to approval of the Bank's financing.
- 6.21.2. The Bank requires the Client to prepare the environmental and social assessment report and ESMP for each of the activities during preparation of the activities in conformity with the ESMPPF.
- 6.21.3. Costs of development and implementation of the ESMPPF and development and implementation of any ESMP required under the ESMPPF, are eligible for Bank financing if these activities are included in the Project description and financing plan.
- 6.21.4. The Bank requires the Client to disclose the draft ESMPPF in the manner required of it below under *Section 7.1, Information Disclosure by the Client* and engage in consultation on the ESMPPF in the manner required of it below under *Section VII. B, Consultation*.

6.22. **Elements of the ESMPPF.**

- 6.22.1. The Bank requires the Client to set forth the following in any ESMPPF, LARPF and IPPF: (a) description of the applicable principles, rules, guidelines and procedures to be followed to assess and address: (i) environmental and social risks and impacts of the activities; (ii) any Land Acquisition and Involuntary Resettlement that are likely to result from such activities; and (iii) any impacts on Indigenous Peoples that are likely to result from such activities; (b) an explanation of the anticipated environmental and social risks and impacts; (c) screening and assessment activities; (d) provisions for disclosure of and consultation on the ESMPPF, and the LARPF and IPPF (as applicable); (e) provisions for the Project's grievance redress mechanisms (GRM),

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

as well a description of the PPM or other Bank-approved IAM and how it can be accessed; (f) community health and safety measures applicable to the Project; (g) implementation and monitoring requirements; (h) provisions for estimating and budgeting the costs of implementing any required measures and plans and determining the schedule for implementation of these measures and plan; and (i) roles and responsibilities of the agency or agencies involved.

6.22.2. If the Bank authorizes the Client to use a phased approach in accordance with *Section VI. E, Special Circumstances*, below, the Bank requires the Client to describe with specificity in the ESMPF the phased approach, including the activities covered by this approach, the environmental and social planning and assessment activities, their phasing and their timing.

6.23. ***Appropriateness and Conditions of Use of ESMPF.***

6.23.1. To determine whether the application of an ESMPF, LARPF or IPPF is appropriate, the Bank assesses the Client's capacity to manage environmental and social risks and impacts and to implement relevant national laws, the ESP, applicable ESSs and ESEL. If gaps exist between the ESP and ESSs on the one hand and the laws of the Member in whose territory the Project is located on the other, or where gaps in Client capacity are apparent, the Bank requires the Client to include in the relevant document details of the specific gap-filling requirements so that the Client complies with the provisions of the applicable ESSs.

6.23.2. In determining the appropriateness of the use of an ESMPF, the Bank takes into account: (a) the proposed Project's overall risks, impacts and benefits; (b) an initial review of environmental and social implications of the Project; and (c) the Client's capacity, commitment and track record in managing environmental and social risks and impacts and in implementing relevant national laws, the ESP and applicable ESSs.

6.23.3. Except in situations of urgent need of assistance described below in *Section 6.25, Projects in Situations of Urgent Need of Assistance*, the Client may not carry out any Project activity covered by the phased approach until the required ESIA, including information disclosure and consultation, has been conducted and related management measures for such activity, including LARPs and IPPs, as applicable, have been approved by the Bank and implemented as required. This is reflected in the ESMPF and the Legal Agreements for the Project.

E. Special Circumstances

6.24. ***Use of a Phased Approach.***

6.24.1. In exceptional circumstances, duly justified by the Client, the Bank may determine that the timing of the Client's environmental and social assessment of identified activities under the Project, and the timing of

the Bank's environmental and social due diligence, may follow a phased approach that takes place following the Bank's approval of the **financing for the** Project.

- 6.24.2. In making its determination, the Bank considers: (a) the proposed Project's overall risks, impacts and benefits; (b) an initial review of environmental and social implications of the Project; and (c) the Client's capacity, commitment and track record in managing environmental and social risks and impacts and in implementing relevant national laws, the ESP and applicable ESSs.
- 6.24.3. Where **the Client** proposes such a phased approach, a description of the approach (including actions and their timing) is provided in an ESMFP (**or ESAP or other Bank-approved document**).
- 6.24.4. Except in situations of urgent need of assistance described below in *Section 6.25, Projects in Situations of Urgent Need of Assistance*, the Client may not carry out any Project activity covered by the phased approach until the required environmental and social impact assessment, including information disclosure and consultation, has been conducted and related management measures for the **specified** activity, including LARPs and IPPs, as applicable, have been approved by the Bank and implemented as required. This is reflected in the ESMFP and the Legal Agreements for the Project.

6.25. ***Projects in Situations of Urgent Need of Assistance.***

- 6.25.1. An example of when the Bank may determine that a phased approach is warranted would be in a case where the Client is deemed by the Bank to be in urgent need of assistance because of a natural or man-made disaster or conflict.
- 6.25.2. In such a case, and if the Client so requests, the Bank may approve a deferral of certain environmental and social requirements in this ESP and ESSs to the Project implementation phase. The nature and timing of the requirements to be met by the Client are set out in the ESMFP and Legal Agreements for the Project.

F. Use of Country and Corporate Systems

- 6.26. ***Review and Determination of Appropriateness of Use of the Client's Systems.*** The Bank may, if requested, decide to offer the Client (whether public or private) the option to use all or part of the Client's existing environmental and social management system for all or part of the Project, **on the basis of the following review and determination by the Bank:**
 - 6.26.1. The Client's existing environmental and social management system relevant to the Project, including its scope and effectiveness, is adequate to address the environmental and social risks and impacts of the Project in a manner materially consistent with the objectives of the ESP and relevant ESSs; and

- 6.26.2. The performance of the Client's environmental and social management system proposed for use in the Project demonstrates both the Client's ability to apply the system, and the system's capacity to enable the Project to achieve the desired environmental and social outcomes. An element of this review is an assessment of the Client's implementation practices, capacity and commitment.
- 6.27. The Bank conducts the review in consultation with the Client and Project stakeholders. The Bank may conduct the review alone or with development partners. It may also rely on studies prepared by other development partners if it is satisfied with the quality and relevance of such studies. The Bank discloses its findings in accordance with the provisions below of *Section 7.2, Information Disclosure by the Bank*.
- 6.28. **Applicability of ESEL.** Notwithstanding the Bank's agreement to enable the Client to use all or part of the Client's existing environmental and social management system for all or part of the Project, the ESEL continues to apply to the entire Project.
- 6.29. **Elements of the Client's System.**
- 6.29.1. The Client's environmental and social management system includes those aspects of the legal, policy and institutional framework of the Member in whose territory the Project is located, which are relevant to the environmental and social risks and impacts of the Project. This includes national, subnational, sectoral or corporate implementing institutions; applicable laws, regulations, rules and procedures; and implementation capacity; as well as the international agreements to which the relevant Member is a party.
- 6.29.2. The aspects of the Client's existing system that are relevant may vary between the public and private sectors, from project to project, depending on such factors as the type, scale, location and environmental and social risks and impacts of the Project, and the role and authority of different institutions involved.
- 6.30. **Scope of Use of the Client's System; Access to the PPM.**
- 6.30.1. The Bank may, on the basis of its review, determine that one or more specific parts of the Project qualify for the use of all or part of the Client's system in lieu of one or more of the ESSs or elements of the ESP.
- 6.30.2. The Bank reviews and approves the environmental and social documentation for the Project and maintains its monitoring role in Project implementation.
- 6.30.3. Use of a Client's systems (including in situations described below in *Section 6.32, Adoption by the Client of a Development Partner's Environmental and Social Policy*) does not preclude access of Project-affected people to the Project-level GRM or to the PPM.
- 6.31. **Gap Filling.**

- 6.31.1. If the Bank determines that the Client may use all or part of the Client's environmental and social management system for one or more specific parts of the Project, the Bank, in consultation with the Client, identifies actions required to address gaps **so** that the system is materially consistent with the objectives of the ESP and relevant ESSs, and that the Project can achieve its development objectives.
- 6.31.2. The Bank requires the Client to describe the parts of the system proposed to be used for the Project in the ESMP or ESMPF (as applicable) **or other Bank-approved document**. To the extent actions to address gaps are necessary **for** the system **to be** materially consistent with the objectives of the ESP and relevant ESSs, the Bank requires the Client to detail these actions, together with the time frames for their completion, the reporting requirements of the Client and the monitoring approach of the Bank, in the ESMP or ESMPF (as applicable). **The Bank satisfies itself of the adequacy of the Client's description of the parts of the system proposed to be used for the Project and gap-filling actions.**
- 6.32. **Adoption by the Client of a Development Partner's Environmental and Social Policy.** If the Client has adopted as part of its own environmental and social management system the environmental and social policies and procedures of an MDB, bilateral development organization, other development finance institution or other international organization, the Bank will permit the use of such policies and procedures, provided that the Bank is satisfied that they are consistent with the Bank's Articles of Agreement and materially consistent with the ESP, ESSs and ESEL, and that appropriate monitoring procedures are in place for the purpose.
- 6.33. **Application of Client's Additional Requirements.** If the Bank determines that relevant aspects of the Client's environmental and social management system are more stringent than the requirements of the ESP, ESSs or ESEL, the Bank will apply those aspects, provided that they are not in violation of the Bank's Articles of Agreement.
- 6.34. **Notification of Changes.** The Bank requires the Client to notify the Bank of any material change in its environmental and social management system that may adversely affect the Project. In such a case, if the Bank determines that the change is not materially consistent with the objectives of the ESP or relevant ESSs or that it is inconsistent with the ESMP or ESMPF, the Bank may: (a) require revisions to the ESMP or ESMPF (or both), as necessary to meet the requirements of material consistency with the objectives of the ESP and relevant ESSs; and (b) require the Client to take such other actions as the Bank deems appropriate to address any potentially adverse impacts on the Project. The Bank may also apply any contractual remedies available to it under the Legal Agreements for the Project.

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

A. Disclosure of Environmental and Social Information

- 7.1. **Information Disclosure by the Client.** The Bank requires disclosure of environmental and social information in accordance with ESS 1, Sections 2.15 through 2.18.
- 7.2. **Information Disclosure by the Bank.** To further enhance access to the environmental and social information related to Projects, the Bank also discloses the Client's documentation referred to above in Section 7.1, *Information Disclosure by the Client*, as follows.
- 7.2.1. **Early Disclosure.** Subject to any deferral of disclosure pursuant to Section 7.3, *Deferral of Disclosure*, below, the Bank discloses:
- (a) The same draft documentation required to be disclosed by the Client pursuant to ESS 1, Sections 2.16.1, *Draft Documentation and 2.17.1, FI Policy Overview*, as early as feasible during the Bank's due diligence assessment of the Project;¹¹ and
 - (b) If applicable, the Bank's review of the use of the Client's systems.
- 7.2.2. **Indicative Disclosure Deadlines.** Indicative deadlines for disclosure by the Bank of the draft documentation required to be disclosed by the Client pursuant to ESS 1, Section 2.16.1, *Draft Documentation* are: (a) for Category A Projects, 45 calendar days prior to consideration of the Bank's financing for approval; and (b) for Category B Projects, 30 calendar days prior to consideration of the Bank's financing for approval. Depending on the nature and scope of the environmental and social risks and impacts, some financings may require longer disclosure times, whereas others may require shorter lead times. The prerogative to require a longer or shorter disclosure time in particular cases is exercised by the Bank's Management, and the disclosure period so approved by Management is reported to the Bank's Board of Directors.
- 7.2.3. **Disclosure of other Documentation.** The Bank discloses the documentation referred to in ESS 1, Sections 2.16.2 through 2.16.6 and in Sections 2.17.2 and 2.17.3 in a timely manner following disclosure by the Client.
- 7.3. **Deferral of Disclosure.** The Bank may defer the timing of disclosure required above under Section 7.1, *Information Disclosure by the Client*, and Section 7.2 *Information Disclosure by the Bank*, because of: (a) legal or other regulatory requirements such as timing requirements relating to securities offerings, equity investments in publicly listed companies or purchases of shares in a private placement; or (b) the commercially sensitive nature of the transaction involving, for example, an acquisition or a financial restructuring, where premature disclosure would compromise the financial worth or competitiveness of a corporate entity or its assets. The prerogative to defer disclosure is exercised by the Bank's

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

Management, and the deferrals so approved by Management are reported to the Bank's Board of Directors.

- 7.4. **Co-financing Considerations.** If the Bank has agreed with a co-financier to apply the co-financier's environmental and social policy to the Project, the disclosure requirements applicable to the Client and the Bank, as set forth above in this Section VII.A, *Disclosure of Environmental and Social Information*, nevertheless apply; provided that, if the co-financier's policy does not allow for disclosure of environmental and social information prior to the deadline for disclosure under this ESP and relevant ESSs, the Bank will disclose such documentation in accordance with the co-financier's policy on timing of disclosure of such information.

B. Consultation

- 7.5. **Overview.** The consultation covers Project design, mitigation and monitoring measures, sharing of development benefits and opportunities on a Project-specific basis, and implementation issues. The Bank requires the Client to engage in meaningful consultation¹² with relevant stakeholders during the Project's preparation and implementation, in a manner commensurate with the risks to and impacts on those affected by the Project.
- 7.5.1. Consultation is required for each Category A Project, and it is normally more elaborate than consultation for a Category B Project.
- 7.5.2. Consultation for each Category B Project is undertaken in a manner proportional to its risks and impacts.
- 7.5.3. For each Project with (a) significant adverse environmental and social impacts, (b) Land Acquisition and Involuntary Resettlement or (c) impacts on Indigenous Peoples, the Bank may participate in consultation activities to understand the concerns of the affected people and to require the Client to address these concerns in the Project's design and ESMP or ESMPF (as applicable) or other Bank-approved documentation.
- 7.5.4. The Bank requires the Client to include a record of the consultations and list of participants in the environmental and social assessment documentation.
- 7.6. **Free, Prior and Informed Consultation (FPIC) with Indigenous Peoples.**
- 7.6.1. **When Required.** Since Indigenous Peoples may be particularly vulnerable to the loss of, alienation from or exploitation of their land and access to natural and cultural resources, the Bank requires the Client to engage in free, prior and informed consultation (FPIC) with the affected Indigenous Peoples if activities under the Project would: (a) have impacts on land and natural resources subject to traditional ownership or under customary occupation or use; (b) cause relocation of Indigenous Peoples from land and natural resources subject to traditional ownership or under customary occupation or use; or (c) have

¹² For a definition of meaningful consultation, see ESS 1, Section 2.19, *Meaningful Consultation*.

significant impacts on Indigenous Peoples' cultural heritage. In these circumstances, the Bank requires the Client to engage suitably qualified and experienced independent experts to assist in the identification of these activities' risks to and impacts on Indigenous Peoples.

7.6.2. **How FPICon is Established.** There is no universally accepted definition of FPICon. For the purpose of this ESP and ESS 3, FPICon is established as follows: (a) the scope of FPICon applies to Project design, implementation arrangements and expected outcomes related to risks to and impacts on the affected Indigenous Peoples; (b) FPICon builds on the process of meaningful consultation and requires good faith negotiation between the Client and the affected Indigenous Peoples; (c) the Client documents: (i) the details of the process by which the support of the affected local indigenous communities will be determined, in a written consultation process agreement with these communities; and (ii) the details of the Project-related matters on which their broad community support has been obtained, in a consultation statement, which includes all agreements reached as well as dissenting views; and (d) FPICon does not require unanimity and may be achieved even when individuals or groups within or among these affected Indigenous Peoples explicitly disagree with support for the Project.

7.6.3. **When FPICon is Not Established.** When the Bank is unable to ascertain that such broad community support has been obtained from the affected Indigenous Peoples, it excludes from the Project those activities that would affect those Indigenous Peoples. In such cases, the Bank requires the Client to redesign the Project so that it will not have adverse impacts on such Indigenous Peoples.

7.7. **Free, Prior and Informed Consent (FPIC).** If the laws of the Member in whose territory the Project is located mandate free, prior and informed consent (FPIC), the Bank may, in accordance with the provisions of *Section 3.3, Additional Member or Client Requirements*, above, and provided that in its view, such application is consistent with the requirements of FPICon as set out above in *Section 7.6, Free, Prior and Informed Consultation*, determine that the Client is required to apply FPIC as defined in those laws.

C. Grievances

7.8. **Project-level Grievance Redress Mechanism (GRM).**

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

7.8.2. The GRM is scaled to the risks and impacts of the Project. The GRM: (a) may utilize existing formal or informal complaint handling mechanisms, provided that they are properly designed and implemented, and deemed by the Bank to be suitable for the Project

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

7.8.3. The Bank also requires the Client to establish a GRM for contracted workers under the Project to address workplace concerns, and reflect this in the tender documents for these contracts. If the Project is a private-sector Project,¹³ the Bank requires the Client to establish a GRM for all Project workers to address workplace concerns.

D. Project-affected People's Mechanism

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

7.10. **Use of Co-financier's Independent Accountability Mechanism.** If the Project is co-financed with another MDB, bilateral development organization or other development finance institution, and AIIB agrees to the application of the environmental and social policies and procedures of the co-financier (in lieu of the ESP) to the Project, the Bank may also agree to rely on the IAM of such co-financier (in lieu of the PPM) to handle submissions of Project-affected people.

¹³ A Project is a private-sector Project if: (a) it is designed, constructed, operated and owned by a private entity; (b) the private entity is fully responsible for identifying, assessing and managing the environmental and social risks and impacts associated with the activity; and (c) the private entity has a generally recognized capacity to identify, assess and manage the environmental and social risks and impacts associated with the Project. A private entity is any natural or legal person, whether privately or publicly owned: (a) which is carrying out or is established for a business purpose, and is operating on a commercial basis; (b) which is financially and managerially autonomous; and (c) whose day-to-day management is not controlled by the government.

E. Retaliation

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

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

VIII. Safety of Dams

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

IX. Decision-making and Legal Provisions

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

9.2 **Information for Bank Decision-making.** The documentation prepared by the Bank for approval of the Project's financing includes: (a) a description of the applicable environmental and social policy and PPM or other Bank-approved IAM; (b) the Project's environmental and social categorization; (c) the Bank's environmental and social due diligence on the Project's environmental and social risks and impacts and mitigation and monitoring measures; (d) a summary of stakeholder engagement (including disclosure of and consultation on the Project's environmental and social documentation); (e) the way in which the identified environmental and social risks and impacts are being or will be addressed by the Client (including, when the Bank agrees to a phased approach under *Section VI. E, Special Circumstances*, above, a description of that approach) and how the

Client has taken the comments and concerns of relevant stakeholders into account as part of assessing the overall environmental and social benefits and risks and impacts of the Project; and (f) the Bank's proposed environmental and social monitoring plan for the Project.

- 9.3 **Coverage of Environmental and Social Requirements in the Project's Legal Agreements.** The Legal Agreements for the Project contain, as applicable:¹⁴ (a) specific provisions reflecting all actions required on the part of the Client during implementation of the Project (and their timing) to be in compliance with the ESP, the applicable requirements of the ESSs and the ESEL, including implementing the Project in accordance with the applicable environmental and social documents and monitoring and reporting on this implementation;¹⁵ (b) provisions regarding any phased approach adopted pursuant to *Section VI. E, Special Circumstances*, above; and (c) contractual remedies available to the Bank in the event the above actions are not taken.

X. Project Implementation, Monitoring and Reporting

- 10.1. **General.** The Bank and the Client have complementary but distinct Project monitoring responsibilities. The extent of monitoring activities, including their scope and periodicity, is proportional to the Project's risks and impacts.
- 10.2. **Monitoring and Reporting by the Client.** The Bank requires the Client to: (a) implement the Project in compliance with the ESMP, ESMPF, LARP, LARPF, IPP and IPPF (as applicable) or other Bank-approved documentation, and any other environmental and social obligations in the Legal Agreements for the Project; and (b) prepare and furnish to the Bank periodic monitoring reports on the Client's performance under the Project, relating to environmental and social risks and impacts. This may include information on health and safety issues as well as implementation phase consultations. To this end, the Bank requires the Client to take the following actions under the Project:
- 10.2.1. Establish and maintain appropriate procedures to enable it to monitor progress on the implementation of the environmental and social measures agreed with the Bank;
 - 10.2.2. Verify the compliance with these specific measures and their progress toward intended outcomes;
 - 10.2.3. Document monitoring results and identify necessary corrective actions in its periodic monitoring reports; the frequency of these reports is proportional to the issues, but not less than annual;
 - 10.2.4. Follow up on these actions in order to progress toward the intended outcomes;
 - 10.2.5. Retain suitably qualified and experienced environmental and social experts to verify the monitoring information on a routine basis if the

¹⁴ See also *Operational Policy on Financing*.

¹⁵ In the case of an FI Project, the Bank also requires the Client to conclude arrangements with its clients to enable the Bank to have access to sites of activities financed by the Bank.

- Project presents significant risks and impacts or if the Client lacks sufficient capacity to do so appropriately;
- 10.2.6. As needed, retain a suitably qualified and experienced third party, including in appropriate situations, nongovernmental or civil society organizations, approved by the Bank to monitor the Project;
- 10.2.7. Use suitably qualified and experienced individual environmental and social experts or independent advisory panels, not affiliated with the Project, to monitor implementation if the Project is very complex or sensitive;
- 10.2.8. Furnish the Bank with periodic monitoring reports on the environmental and social measures agreed with the Bank according to a timeframe agreed with the Bank, but not less than annual; and
- 10.2.9. Disclose the periodic environmental and social monitoring reports in accordance with *Section 7.1, Information Disclosure by the Client*, above.
- 10.3. **Monitoring and Reporting by the Bank.** The Bank reviews Project performance against the Client's obligations set forth in the Legal Agreements for the Project. Monitoring of environmental and social aspects of the Project are integrated into the Bank's monitoring plan for the Project. The Bank monitors the environmental and social aspects of the Project on an ongoing basis during Project implementation.¹⁶ In monitoring implementation of the environmental and social aspects of the Project, the Bank:
- 10.3.1. Conducts periodic site visits if the Project presents adverse environmental or social risks and impacts;
- 10.3.2. Conducts comprehensive field-based reviews if a Project activity presents significant adverse environmental and social risks and impacts;
- 10.3.3. Reviews the periodic monitoring reports furnished by the Client to ascertain whether adverse risks and impacts are mitigated as planned and as agreed with the Bank; and disclose these reports in accordance with *Section 7.2, Disclosure by the Bank*, above;
- 10.3.4. Consults with the Client on corrective measures to rectify any failures to comply with its environmental and social obligations, as documented in the Legal Agreements for the Project; and
- 10.3.5. Prepares a completion report¹⁷ that assesses whether the objective and desired outcomes of the Project's environmental and social measures

¹⁶ The Bank may in particular cases require that environmental and social monitoring extend beyond the Project implementation period. An example of when this would be required under a Sovereign-backed Financing is if completion of the Project's LARP extends beyond the completion of construction of the Project facilities.

¹⁷ The timing of this report may vary depending on whether the Project is supported by a Sovereign-backed Financing or a Non-sovereign-backed Financing, and when the Client's Project-related environmental and social responsibilities under the Legal Agreements are complete. See also *Operational Policy on Financing*, which covers

have been achieved, taking into account the baseline conditions documented in the ESIA, ESMP, ESMPF, LARP, LARPF, IPP or IPPF, or other Bank-approved documentation (as applicable), and the results of its monitoring. The completion report includes lessons learned.

10.4. **Project Changes.**

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

10.5. **Changes Requiring Adaptive Management.**

- 10.5.1. In the case of Project changes, the Bank may require the Client to use adaptive management measures. The adaptive management process is set out in the ESMP or ESMPF (as applicable) or other Bank-approved documentation. The process specifies how such changes or circumstances are to be managed and reported.
- 10.5.2. In such case, the Bank requires the Client to prepare, provide to the Bank for approval and implement the approved adaptive management measures to address proposed Project changes or unforeseen circumstances.
- 10.5.3. If there are material changes to the scope, design, implementation or operation of the Project that are likely to result in additional environmental or social risks or impacts, the Bank requires the Client to: (a) carry out an additional assessment of such changes and stakeholder engagement in accordance with the ESP and applicable ESSs; (b) provide to the Bank for approval mitigation measures, as appropriate, in accordance with the findings of such assessments and consultation; and (c) then implement the approved mitigation measures.
- 10.5.4. The Client and the Bank are each required to disclose the Project changes and mitigation measures in the manner required of it above under *Section 7.1 Information Disclosure by the Client and Section 7.2, Information Disclosure by the Bank*.¹⁸

Project completion reports and the *Policy on the Project-affected People's Mechanism (PPM)*, which provides the timeframe within which submissions may be made to the PPM.

¹⁸ See also, *Operational Policy on Financing* for the approval process for Project changes.

XI. Exclusions

- 11.1. **Environmental and Social Exclusion List.** The Bank will not finance Projects that it determines do not comply with the ESP and applicable ESSs. The Bank will not knowingly finance a Project that: (a) either involves or results in forced evictions;¹⁹ or (b) involves activities or items specified in the list set forth in the Environmental and Social Exclusion List.

¹⁹ Forced eviction is defined as the permanent or temporary removal, against the will of individuals, families and/or communities, from homes or land (or both) which they occupy, without the provision of, or access to, appropriate forms of legal or other protection (such as the provisions of ESS 2: Land Acquisition and Involuntary Resettlement). The exercise of eminent domain, compulsory acquisition or similar powers, is not considered to be forced eviction, providing it complies with the requirements of national law and the provisions of ESS 2: Land Acquisition and Involuntary Resettlement, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeal, and avoidance of the use of unnecessary, disproportionate or excessive force).

Environmental and Social Standards

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

I. Objectives, Scope and Application

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

II. Requirements

- 2.1. After the Bank, in consultation with the Client, has screened the Project to determine the extent and type of environmental and social assessment that will be required, the Client undertakes an environmental and social assessment of the Project in accordance with *Section VI, Environmental and Social Assessment by the Client*, of the ESP, using appropriate studies proportional to the significance of potential risks and impacts. The Client **prepares** an environmental and social assessment report, which contains an executive summary, a main report, and annexes as appropriate, including one on **the nature and findings of consultations undertaken**. In cases where environmental and social assessment work may already have been carried out for the Project, the Bank reviews the work and in consultation with the Client, determines whether any additional environmental or social work is required, **including, if the Bank determines that there are risks of retaliation against relevant Project stakeholders or gender-based violence (GBV) or other threats to the safety of Project-affected people under the Project, whether additional measures may be required to minimize such risks**. This process may also require the Client to undertake supplemental consultations.
- 2.2. The Client is required to conduct the environmental and social assessment for the Project, incorporating those elements described below, which the Bank has determined are required for the Project, based on the Bank's review and screening. The Client is also required to address the identified environmental and social risks and impacts of the Project in accordance with *Sections VI, Environmental and Social Assessment by the Client; VII, Disclosure, Consultation, Grievances, Project-affected People's Mechanism; and X, Project Implementation, Monitoring and Reporting*, of the ESP.

- 2.3. Section A below of this ESS 1 sets out general requirements for **the Client to** assess and manage environmental and social risks under the Project; Sections B, C and D below of this ESS 1 set out more detailed requirements **applicable to the Client** for, respectively: environmental aspects, social aspects, and working conditions and community health and safety aspects of such assessment and management.

A. Assessment and Management Process

2.4. Environmental and Social Assessment.

- 2.4.1. Conduct an environmental and social assessment to identify direct, indirect, cumulative and induced **Project-related** risks to and impacts on physical, biological, socioeconomic and cultural resources in the Project's area of influence; these include **risks to and** impacts on air and water quality, including environmental health; natural resources, including land, water and ecosystems; livelihoods; vulnerable groups;¹ gender; worker and community health and safety;² and cultural resources;
- 2.4.2. Use strategic, sectoral or regional environmental and social assessments and cumulative impact assessments, where appropriate;
- 2.4.3. Assess potential trans-boundary and global impacts, including climate change, as they relate to the Project;
- 2.4.4. **Conduct an** assessment **whose** scope and depth are commensurate with and proportional to the nature and magnitude of the Project's potential risks and impacts and the categorization assigned by the Bank;
- 2.4.5. Apply a mitigation hierarchy **approach** in the environmental and social assessment, by: (a) anticipating and avoiding risks and impacts; (b) where avoidance is not feasible, minimizing or reducing risks and impacts to acceptable levels; (c) once risks and impacts have been minimized or reduced, mitigating; and (iv) where residual risks or impacts remain, compensating for or offsetting them, where technically and financially feasible; and
- 2.4.6. As part of the environmental and social assessment, conduct an assessment of the Project's legal obligations under national law (including international agreements adopted by the Member) applicable to the Project.
- 2.5. **Examination of Alternatives.** Examine, all in a comparative manner: (a) alternatives to the proposed Project that are relevant to the stage of the Project's development; and (b) their potential environmental and social risks and impacts; and document the rationale for selecting the particular alternative proposed.

¹ See below for definition of vulnerable groups.

² **This would include, as appropriate, risks related to pandemics and other forms of transmission of communicable diseases.**

Depending on the type of Project, alternatives examined may include: (a) investment alternatives to address the development objective; and (b) technical alternatives, including Project location, design, technology and operation. As part of examining alternatives, consider and document the “without Project” alternative. Assess the alternatives’ feasibility of mitigating environmental and social risks and impacts, capital and recurrent costs, suitability under local conditions and the institutional, training and monitoring requirements for alternatives. Examine Project alternatives to avoid or minimize physical and economic displacement associated with Land Acquisition and Involuntary Resettlement and impacts on Indigenous Peoples. For existing Projects, the scope of alternatives may be limited.

- 2.6. **Addressing Impacts.** Address environmental and social risks and impacts in accordance with the mitigation hierarchy, with emphasis on avoiding impacts, or where avoidance is not feasible, on minimizing them; and where feasible, enhance positive impacts by means of environmental and social planning and management measures.
- 2.7. **Environmental and Social Management Plan (ESMP).** Once the Project’s risks and impacts are identified and the mitigation hierarchy has been applied, establish the measures to mitigate, monitor and manage the impacts and reflect them in an ESMP (or other document) approved by the Bank. Include in the ESMP the proposed:
- 2.7.1. Mitigation and management measures;
 - 2.7.2. Environmental and social monitoring and reporting requirements, including any third party monitoring and periodicity of monitoring reports;
 - 2.7.3. Related institutional or organizational arrangements;
 - 2.7.4. Provisions for information disclosure and consultation during Project preparation and implementation;
 - 2.7.5. Provisions for the Project’s grievance redress mechanisms (GRM), as well a description of the PPM or other Bank-approved independent accountability mechanism (IAM) and how it can be accessed;
 - 2.7.6. Community health and safety measures applicable to the Project;
 - 2.7.7. Capacity development and training measures, including engagement of any environmental and social experts required for the purpose;
 - 2.7.8. Implementation schedule and cost estimates, including environmental and social mitigation and monitoring costs, which are integrated into the Project’s overall schedule and budget; and
 - 2.7.9. Performance indicators.

Include, as attachments, in the ESMP, when applicable, a LARP in accordance with ESS 2 and an IPP in accordance with ESS 3.

Key considerations for ESMP preparation include mitigation of potentially adverse

impacts to acceptable levels, and the polluter pays principle. Such plan may take a variety of forms, as determined by the Bank.

Address, in the ESMP the need to be responsive to changed circumstances, unforeseen events and the results of Project implementation monitoring.

- 2.8. **Adaptive Management.** In the case of Project changes, use adaptive management measures. Set out the adaptive management process in the ESMP, specifying how such changes or circumstances are to be managed and reported. In such case, prepare and provide to the Bank for approval and then implement the approved adaptive management measures to address proposed Project changes or unforeseen circumstances. If there are material changes to the scope, design, implementation or operation of the Project that are likely to result in additional environmental or social risks or impacts, carry out an additional assessment of such changes and stakeholder engagement in accordance with the ESP and applicable ESSs, provide to the Bank for approval mitigation measures, as appropriate, in accordance with the findings of such assessments and consultation, and then implement the approved mitigation measures. Disclose the Project changes and mitigation measures in accordance with the applicable provisions below of *Sections 2.15 through 2.18* of this ESS 1.
- 2.9. **Environmental and Social Management Planning Framework (ESMPF).** If: (a) the Project consists of a program or series of activities whose details are not yet identified at the time the Project is approved by the Bank; or (b) in exceptional circumstances, duly justified by the Client, the Bank determines that the environmental and social assessment of identified Project activities may be conducted using a phased approach, as described in *Section VI. E, Special Circumstances*, in the ESP, prepare an ESMPF (or ESAP, see below, *Section 2.12*) or other Bank-approved document). The purpose of the ESMPF is to enable the Client to assess and implement the activities covered in conformity with the ESP and applicable ESSs.
- 2.10. Set out in the ESMPF:
- 2.10.1. A description of the principles, rules, guidelines and procedures proposed to be followed to assess and address: (a) environmental and social risks and impacts of the activities; (b) any Land Acquisition and Involuntary Resettlement³ that are likely to result from such activities; and (c) any impacts on Indigenous Peoples⁴ that are likely to result from such activities;
 - 2.10.2. An explanation of the anticipated environmental and social risks and impacts;
 - 2.10.3. Screening and assessment activities;
 - 2.10.4. Provisions for disclosure of and consultation on the ESMPF, and as applicable, the LARPF and IPPF;

³ For a definition of Land Acquisition and Resettlement, see ESS 2.

⁴ For a definition of Indigenous Peoples, see ESS 3.

- 2.10.5. Provisions for the Project's grievance redress mechanisms (**GRM**), as well as a description of the PPM or other Bank-approved IAM and how it can be accessed;
- 2.10.6. Community health and safety measures applicable to the Project;
- 2.10.7. Implementation and monitoring requirements;
- 2.10.8. Provisions for estimating and budgeting the costs of implementing any required measures and plans and determining the schedule for implementation of these measures and plan; and
- 2.10.9. Roles and responsibilities of the agency or agencies involved.
- 2.11. Include, as attachments in the ESMPF, when applicable, a LARPF in accordance with ESS 2 and an IPPF in accordance with ESS 3. Prepare the ESMPs and any other required environmental and social assessment documents during development of the activities, in conformity with the ESP and applicable ESSs and the ESMPF approved by the Bank. Refrain from initiating implementation of activities as they are identified and appraised: (a) unless and until any required ESMP, LARP or IPP has been prepared and approved by the Bank and all actions required prior to commencement of this implementation have been taken; or (b) unless the Bank has approved the initiation of such implementation in situations of urgent need of assistance under *Section VI. E, Special Circumstances* of the ESP, and then implement only those actions that have been so approved.
- 2.12. **Environmental and Social Action Plan (ESAP).** If required by the Bank, prepare (or require the beneficiary under an FI Project, as applicable, to prepare) an ESAP setting out: (a) commitments to implement corrective actions to address these gaps in accordance with an appropriate time-bound action plan, in conformity with the ESP, ESEL and applicable ESSs; (b) estimates of the resources required; and (c) responsibilities for implementation of the actions. If required by the Bank under an FI Project, prepare an ESAP to be agreed with the beneficiaries, in order to mitigate identified risks and impacts within their operations in accordance with the applicable environmental and social requirements.
- 2.13. **Environmental and Social Management System (ESMS).** If the Project is categorized as Category FI, develop and apply an appropriate Environmental and Social Management System (**ESMS**) approved by the Bank that is proportional to the environmental and social risks of the Project, is consistent with the ESP, excludes from Bank support any activities or items covered in the ESEL and incorporates applicable provisions of the ESSs. The ESMS provides for: (a) screening of each Bank-supported activity⁵ against the ESEL and review and categorization of each such activity as Category A, B, C or FI or other similar risk categorization materially consistent with the ESP and acceptable to the Bank; (b) assessment and implementation of all: (i) such activities in accordance with

⁵ For purposes of this ESS 1, the term activity is used generically in the context of FI Projects to refer to a specific subset of tangible activities under the Project that is supported entirely or in part under a Bank Financing, either directly by the FI or indirectly through another FI. The term may, in particular cases, also include investments made for general non-earmarked corporate purposes, such as for liquidity needs.

applicable national laws and consistent with the ESP; and (ii) Higher Risk Activities⁶ in accordance with the applicable ESSs; (c) preparation and disclosure of and stakeholder engagement on environmental and social documentation for Bank-supported activities, as required under Sections 2.15 through 2.18, of this ESS 1; (d) monitoring and reporting to the Bank on the environmental and social performance of Bank-supported activities; (e) measures approved by the Bank to address environmental and social implementation issues under Bank-supported activities; and (f) information at the activity level about the availability of the PPM.

- 2.14. **Additional Considerations for ESMS for an FI Project.** The ESMS applies to activities within the defined scope of the Project that are supported by the Bank's financing, which could be an identified subset of activities under or component of the Project. If the Bank's funds under an FI Project are to be on-lent to or invested in sub-funds, and the Bank is a minority financier (i.e., less than 5% of the sub-fund), it requires the Client to maintain an ESMS for the sub-fund that is broadly equivalent to the ESMS requirements above in Section 2.13, *Environmental and Social Management System (ESMS)*.
- 2.15. **Overview of Information Disclosure.** Make available the information listed below in Sections 2.16, *Environmental and Social Information Disclosed*, and 2.17, *Environmental and Social Information Disclosed under FI Projects*, about the environmental and social risks and impacts of the Project in the Project area during the Project's preparation and implementation. Do so in a timely, accessible, gender inclusive and culturally appropriate manner and location, and in a form and language(s) understandable to the Project-affected people, other relevant stakeholders who may have specific needs (related to disability, literacy and/or language). The objective is to provide these stakeholders with an opportunity to broadly identify and address the Project's environmental and social risks and impacts, including those involving Land Acquisition and/or Involuntary Resettlement and Indigenous Peoples and community health and safety aspects, so they can provide meaningful inputs into the design and implementation of the Project.
- 2.16. **Environmental and Social Information Disclosed.** Disclose as early as feasible:
- 2.16.1. **Draft Documentation.** The draft environmental and social assessment reports and documents required to complement these reports (including the ESMP, ESMPF, LARP, LARPF, IPP, IPPF, and/or other Bank-approved form of documentation), as well as information regarding the Project-level GRM and applicable independent accountability mechanism (IAM);
- 2.16.2. **Final Documentation.** Final versions of these documents, and any updates to them;

⁶ For purposes of this ESS 1, Higher Risk Activities include: (a) all Category A activities; and (b) selected Category B activities, as determined by the Bank, that may potentially result in: (i) Land Acquisition and Involuntary Resettlement (as defined in ESS 2), (ii) risk of adverse impacts on Indigenous Peoples and/or vulnerable groups, (iii) significant risks to or impacts on the environment, community health and safety, biodiversity, and cultural resources, (iv) significant retrenchment of more than 20% of direct employees and recurrent contractors, and/or (v) significant occupational health and safety risks.

- 2.16.3. **Documentation Disclosed during Project Implementation.** Environmental and social documentation required to be prepared during Project implementation under any ESMPF, LARPF, IPPF (or other Bank-approved form of documentation);
- 2.16.4. **Material Changes.** Any material changes to the disclosed environmental or social information for the Project;
- 2.16.5. **Monitoring Reports.** Any environmental and social monitoring reports required to be prepared by the Client under the above documentation; and
- 2.16.6. **Bank Involvement.** If the Project involves a large infrastructure investment financed directly by the Bank, and if required by the Bank, appropriate information at the Project site about the Bank's involvement that is clearly visible and understandable to Project-affected communities and other relevant stakeholders.
- 2.17. **Environmental and Social Information Disclosed under FI Projects:** In the case of an FI Project, disclose:
- 2.17.1. **FI Policy Overview.** An overview of the FI's environmental and social policy and of the ESMS, including information on the IAM applicable to the Project and activities;
- 2.17.2. **Private Equity Funds.** In the case of an FI project involving a private equity fund, the name, location and sector of the Client's portfolio companies supported by the Bank's financing within 12 months following financial closure of the investment; and
- 2.17.3. **Higher Risk Activity Documentation.** Annual environmental and social documentation for Higher Risk Activities funded during the preceding 12 months, unless such disclosure is subject to regulatory constraints, market sensitivities or consent of the sponsor, in which case, disclose the reasons for non-disclosure.
- 2.17.4. The ESMS is normally not disclosed.
- 2.18. **Language and Location of Information Disclosed.** Disclose the environmental and social documentation: (a) in English together with summaries incorporating elements of this documentation that are relevant to stakeholders, including the Project-affected people, in language(s) understandable to them; and (b) on the Client's website, with the summaries disclosed in an accessible manner in the Project area.
- 2.19. **Meaningful Consultation.** Carry out meaningful consultation with Project-affected people and facilitate their informed participation in the consultations. Meaningful consultation is an interactive process to provide information and facilitate informed decision-making that: (a) begins early in the preparation stage of the Project to provide accurate information on the proposed Project, minimize misinformation and unsupported expectations, obtain initial views on the Project; (b) is carried out on an ongoing basis throughout the implementation and life cycle of the Project; (c) is

designed so that all relevant parties have a voice in consultation, including national and subnational governments, the private sector, nongovernmental organizations and people affected by the Project, including, as applicable, Indigenous Peoples; (d) provides additional support as needed so that women, elderly, young, disabled, minorities and other vulnerable groups participate; (e) provides timely disclosure of relevant and adequate information, including availability of the Project's GRMs and of the PPM or other Bank-approved IAM, that is understandable and readily accessible to the people affected by the Project and other relevant stakeholders; (f) is undertaken in an atmosphere free of intimidation or coercion; (g) is gender inclusive, accessible, responsive and tailored to the needs of vulnerable groups; and (h) enables the consideration of relevant views of people affected by the Project and other concerned stakeholders in decision-making. Continue consultation with Project-affected people throughout Project implementation as necessary on issues related to environmental and social performance and implementation of the Project-level grievance mechanism.

2.20. **Project-level Grievance Redress Mechanisms.** Establish a suitable Project-level grievance redress mechanism (GRM) as early as feasible, to receive and facilitate resolution of the concerns of people who believe they have been adversely affected by the Project's environmental and social impacts and inform Project-affected people of its availability. Scale the GRM to the risks and impacts of the Project, and develop it in such a manner that it does not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration or mediation procedures. The GRM may utilize existing formal or informal complaint-handling mechanisms, provided that they are properly designed and implemented, and deemed by the Bank to be suitable for the Project; these may be supplemented, as needed, with Project-specific arrangements. Design the GRM to address promptly Project-affected people's concerns and complaints under the Project, including complaints related to GBV, using an understandable and transparent process that is gender-sensitive, culturally appropriate and readily accessible to all Project-affected people. Include provisions so that the concerns of the Project-affected people are brought to the attention of the GRM, and the GRM records, responds to, and resolves or escalates these concerns in a timely manner. Include provisions: (a) to protect complainants from retaliation, to be granted confidentiality and enable them to remain anonymous, if requested; and (b) to protect those who defend the rights of complainants to make such complaints. Information on the availability of the PPM is provided in an accessible and understandable manner in locally-appropriate language(s), including on the Client's (or beneficiary's) Project-related website. Make the Project-level GRM operational at latest by the time implementation of the relevant Project activities commences and for the duration of the Project. Make provisions for the maintenance of a publicly accessible case register and reports on grievance redress and outcomes to be disclosed in the manner set out above in Section 2.13, *Information Disclosure*, of this ESS 1.

2.21. Establish a GRM for contracted workers to address workplace concerns, and reflect this in the tender documents for these contracts. If the Project is a private-

sector Project,⁷ establish a GRM for all Project workers to address workplace concerns (see below). For FI Projects, establish: (a) procedures for employees (and contractors) to submit grievances, including anonymously; (b) a mechanism to address concerns of relevant Project stakeholders related to the FI's ESMS implementation; and (c) a requirement that a GRM be established for Bank-supported activities as described above in Sections 2.20, *Project-level Grievance Redress Mechanisms*, and 2.21 of this ESS 1.

- 2.22. **Implementation and Monitoring.** Implement the Project in accordance with the ESMPF and ESMP (as applicable) or other Bank-approved environmental and social instrument, and any other environmental and social obligations in the Legal Agreements for the Project; monitor progress on implementation of these instruments and obligations; identify and implement necessary corrective actions; document monitoring results and corrective actions taken; prepare and furnish to the Bank periodic monitoring reports according to a timeframe agreed with the Bank (but not less than annually) on the Client's environmental and social performance under the Project; and disclose the monitoring reports in accordance with the applicable provisions above of Sections 2.15 through 2.18, of this ESS 1.
- 2.23. **Environmental and Social Exclusion List.** Refrain from including in the Project any activity or item listed in the ESEL.

B. Environmental Coverage

- 2.24. **Environmental Risks and Impacts.** Undertake a broad assessment of potential environmental risks and impacts, both positive and adverse, associated with the Project. This includes direct and indirect impacts on the physical and biological environment, recognizing they are closely linked with social and economic conditions.
- 2.25. **Biodiversity Consideration.** Consider direct and indirect Project-related impacts on biodiversity, for example, habitat loss, degradation and fragmentation, invasive species, overexploitation, hydrological changes, nutrient loading, pollution and incidental take, as well as projected climate change impacts. Also take into account the differing values attached to biodiversity by affected communities and other relevant stakeholders.
- 2.26. **Biodiversity Impacts.** Avoid adverse Project impacts on biodiversity. When avoidance of adverse impacts is not feasible, implement measures to minimize adverse impacts and restore biodiversity, including, as a last resort, biodiversity offsets. When applicable, consider risks associated with climate change impacts on biodiversity and ecosystems throughout the Project's design, implementation and operation, and include any measures needed for climate adaptation in the ESMP. Use suitably qualified and experienced biodiversity experts to conduct the

⁷ A Project is a private-sector Project if: (a) it is designed, constructed, operated and owned by a private entity; (b) the private entity is fully responsible for identifying, assessing and managing the environmental and social risks and impacts associated with the activity; and (c) the private entity has a generally recognized capacity to identify, assess and manage the environmental and social risks and impacts associated with the Project. A private entity is any natural or legal person, whether privately or publicly owned: (a) which is carrying out or is established for a business purpose, and is operating on a commercial basis; (b) which is financially and managerially autonomous; and (c) whose day-to-day management is not controlled by the government.

environmental and social assessment, to assist in the development of a mitigation hierarchy and to verify the implementation of mitigation measures. Address biodiversity as an element of the ESMP or ESMPF (or both, as applicable). In the case of complex situations, prepare as appropriate, a biodiversity management plan, which may be included in the ESMP or ESMPF or be self-standing.

- 2.27. **Critical Habitats.** Project activities in areas of critical habitats are prohibited, unless:
- 2.27.1. There are no predicted measurable adverse impacts on the critical habitat that could impair its ability to function;
 - 2.27.2. There is no predicted reduction in the population of any recognized endangered or critically endangered species;
 - 2.27.3. Any impacts are mitigated; and
 - 2.27.4. The factors that have led the area to be classified as a critical habitat are not involved.

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

- 2.28. **Natural Habitats.** If the Project must be implemented in an area of natural habitats, refrain from any activity that would result in significant conversion or degradation; and if feasible alternatives are not available, take all measures required so that: (a) the Project's overall benefits substantially outweigh the environmental costs; and (b) any conversion or degradation is appropriately mitigated through measures acceptable to the Bank. Apply these criteria when proposed actions under the Project could potentially cause deforestation or conversion of natural forests.
- 2.29. **Protected Areas.** Where the Project occurs within or has the potential to adversely affect an area that is legally protected or internationally recognized or designated for protection, identify and assess these potentially adverse impacts and apply the mitigation hierarchy so as to avoid, or when avoidance is not feasible, to mitigate those adverse impacts that would compromise the integrity, conservation objectives or biodiversity importance of the area. Take all measures required so that the Project also complies with any applicable national laws and regulations relating to protected areas.
- 2.30. **Sustainability of Land and Water Use.** Assess the sustainability of land and water use in the area of the Project and in immediately adjacent areas. Where feasible, locate the Project, particularly if it involves land clearing, on land that is already converted or highly degraded, provided that any resulting Land Acquisition and/or Involuntary Resettlement is limited and meets the requirements for an abbreviated LARP, as provided for in ESS 2. Consider co-locating infrastructure investments such as pipelines, transmission lines and roads, when feasible, to minimize land requirements. Review risks to and impacts on the quantity, quality and ecology of surface and groundwater resources, including the use of environmental flow studies as appropriate. Include examination of risks to and

impacts on coastal and marine resources, where relevant.

- 2.31. **Precautionary Approach.** Use a precautionary approach to anticipate, prevent or minimize adverse Project impacts on the environment, including the development and management of renewable natural resources. Where there is a significant risk of **adverse** impacts, promptly adopt measures to avoid or minimize such impacts even if full scientific certainty regarding the optimal measure is lacking.
- 2.32. **Pollution Prevention.** Apply pollution prevention and control technologies and practices under the Project consistent with international good practice, as reflected in internationally recognized standards, such as the World Bank Group's Environmental, Health and Safety Guidelines (**EHSGs**).⁸ Adopt clean production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not **feasible**, minimize or control the intensity or load of pollutant emissions and discharges, including direct and indirect greenhouse gas emissions. Minimize and manage waste generation and release of hazardous materials from production, transportation, handling and storage. Avoid the use of hazardous materials subject to international bans or phase outs. Purchase, use and manage pesticides based on integrated pest management and integrated vector management approaches, and reduce reliance on synthetic chemical pesticides.
- 2.33. **Resource Efficiency.** Implement technically and financially feasible measures under the Project for improving efficiency in consumption of energy and water, as well as other resources and material inputs. Integrate the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy and water. Include measures to minimize and recycle domestic waste. Make use of recycled construction waste and other alternatives to new materials where feasible under the Project.
- 2.34. **Climate Change.** **Assess the proposed Project⁹ with respect to climate change mitigation, adaption, vulnerability and resilience.** Design and implement the Project so as to minimize emissions in accordance with the aims of the Paris Agreement of December 2015, **including the Member's nationally determined contributions (NDC).**¹⁰ Assess the impacts of the Project on climate change, including emissions. Assess the **risks** of climate change to the Project. **In the context of assessing both impacts on and risks of climate change, consider** mitigation or adaptation measures. Identify opportunities for low-carbon use where applicable, and for reducing emissions, enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, incorporating climate-proofing into the Project, and promoting **energy efficiency and** the use of renewable energy, where these are technically and financially feasible.
- 2.35. **Greenhouse Gases (GHG).** Assess alternatives under the Project, and implement technically and financially feasible and cost-effective options that support **Clients in** meeting their NDC. In order to support reporting on GHG emissions for

⁸ <http://www.ifc.org/ehsguidelines>

⁹ Provisions on climate change that apply to the Bank's direct financing also apply to Higher Risk Activities under FIs.

¹⁰ Nationally determined contributions means those contributions referred to as "nationally determined contributions," and as found on the [UNFCCC website](#).

implementation of the Paris Agreement, the Bank may, at the Client's request, finance measures for the Client to quantify and report to national authorities, in accordance with internationally recognized methodologies and good practice, direct and indirect emissions from Project-related facilities. It will also assist the Client to develop an estimation of GHG emissions under a Project, in cases where the Client lacks the necessary capacity to do so.

C. Social Coverage

- 2.36. **Social Risks and Impacts.** Undertake a broad assessment of potential social and economic risks and impacts, both positive and adverse, associated with the Project, not limited to Land Acquisition and Involuntary Resettlement or impacts on Indigenous Peoples. This includes direct and indirect impacts at the community and household level, recognizing they are closely linked with physical and biological conditions.
- 2.37. **Scope of Social Coverage.** Provide in the assessment an overview of the full range of social risks and impacts, as described below, and identify measures for their avoidance or mitigation. If Land Acquisition or Involuntary Resettlement (or both) would occur under the Project, describe this in the assessment and complement it with the preparation of a LARPF or LARP as required by ESS 2. If Indigenous Peoples are present in, or have a collective attachment to, the proposed area of the Project and are likely to be affected by the Project, describe this in the assessment and complement it with the preparation of an IPPF or IPP as required by ESS 3.
- 2.38. **Vulnerable Groups and Discrimination.** Assess social risks and impacts that affect vulnerable groups or individuals, and any discrimination toward groups or individuals in providing access to development resources and Project benefits, particularly toward vulnerable groups. As necessary, incorporate measures to mitigate any discrimination to the extent feasible. The objective of non-discrimination is to enable access of affected people to the benefits of Projects financed by the Bank so that they do not suffer disproportionately from adverse Project impacts. Vulnerable groups or individuals refers to people who, by virtue of factors beyond their control: (a) are more likely to be adversely affected by the Project's environmental and social impacts; and (b) are more likely than others to be limited in their ability to claim or take advantage of Project benefits. Such an individual or group is also more likely to be excluded from or unable to participate fully in the mainstream consultation process and may require specific measures or assistance (or both) to do so.
- 2.39. **Gender.** Identify any potentially adverse gender-specific risks and disproportionate impacts of the Project, and develop mitigation measures to reduce these. Where relevant, use and collect gender-disaggregated baseline data and analysis, and consider enhancing the design of the Project to promote equality of opportunity and women's socioeconomic empowerment, particularly with respect to access to finance, services and employment. During implementation, where relevant, collect gender-disaggregated data for monitoring and evaluation purposes.
- 2.40. **Gender-based Violence.** Manage risks of Project-related GBV to Project-affected

persons and communities. Where appropriate, take measures to address any form of violence and harassment, bullying, intimidation, and/or exploitation, including any form of GBV, and adopt specific measures to mitigate these risks, including providing for confidential channels for reporting incidents and providing support.

- 2.41. **Land and Natural Resource Access.** Assess economic and social risks and impacts relating to the involuntary taking of land or restriction on access to natural resources under the Project;¹¹ risks or impacts associated with land and natural resource tenure and use, including (as relevant) potential Project impacts on local land use patterns and tenure arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources. Take gender into account regarding land ownership and customary rights to natural resources. **Review potential risks and impacts to Indigenous Peoples and forest peoples.**¹²
- 2.42. **Loss of Access to Assets or Resources or Restrictions on Land Use.** If adverse environmental, social or economic impacts from Project activities involving loss of access to assets or resources or restrictions on land use that do not fall within the definition of **Land Acquisition or Involuntary Resettlement** under ESS 2 are identified, such impacts are avoided, or when avoidance is not feasible, they are at least minimized, mitigated, or compensated for, through the environmental and social assessment. If these impacts are found to be significantly adverse at any stage of the Project, develop and implement a management plan to restore the livelihoods of the affected persons to at least pre-Project level or better.
- 2.43. **Cultural Resources.** Conserve cultural resources and avoid destroying or damaging them under the Project by using field-based surveys that employ suitably qualified and experienced experts for the assessment. Address cultural resources as an element of the ESMP or ESMPF (or both, as applicable). In the case of complex situations, prepare, as appropriate, a cultural resources management plan, which may be included in the ESMP or ESMPF or be self-standing. Provide for the use of “chance find” procedures that include a pre-approved management and conservation approach for cultural resources that may be discovered during site preparation or implementation of the Project. Determine, in consultation with the Bank, if disclosure of information regarding cultural resources would compromise or jeopardize the safety or integrity of the cultural **resources**. In such cases, sensitive information may be omitted from public disclosure. Cultural resources include movable or immovable objects, sites, structures, groups of structures and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Cultural resources may be located in urban or rural settings, and may be above or below ground or under water. Their cultural interest may be at the local, provincial or national level, or within the international community.

D. Working Conditions and Community Health and Safety

¹¹ See also ESS 2 for additional requirements relating to Land Acquisition and Involuntary Resettlement.

¹² Forest peoples refers to local communities living in forests and depending on forest resources for their livelihoods

- 2.44. **Safe Working Conditions and Community Health and Safety.** Assess labor and working conditions of Project workers,¹³ as well as health and safety risks to local communities in the area of the Project. Implement measures designed to **provide** Project workers **with** safe and healthy working conditions, and put in place measures to prevent accidents, injuries, and disease caused by the Project. Apply the relevant occupational health and safety provisions of internationally recognized standards, such as the EHSOs and, as appropriate, industry-specific EHSOs, to the Project. Document and report on accidents, diseases and incidents. **Put in place workplace processes for Project workers to report work situations that they believe are not safe or healthy.** Put in place preventive and emergency preparedness and response measures to avoid, or where avoidance is not **feasible**, to minimize adverse risks and impacts of the Project on the health and safety of local communities. **Put in place a system for regular review of occupational safety and health performance and the working environment.** The Client may, at its option, apply the relevant International Labour Organization's Labor Standards, consistent with the requirements of this *Section 2.44*.¹⁴
- 2.45. **Labor Influx.** Assess and appropriately manage the risks of adverse impacts on communities that may result from temporary Project induced labor influx. If such risks are likely to exist, apply the following principles to be implemented by the Client: (a) seek to avoid or minimize the labor influx by tapping into the local workforce whenever feasible; (b) assess and manage labor influx risk based on appropriate instruments, depending on the risk factors and their level; this may require broad requirements in the ESMP if the risks are low, or more specialized instruments, such as a site-specific labor influx management plan, a workers' camp management plan (or other instruments with similar purpose) if the risks are high.
- 2.46. **Child Labor and Forced Labor.** In order to protect children from jeopardy to their health, safety or morals, **take all measures required so** that children under the age of 18 are not employed for work under the Project. However, if the laws or regulations of the **Member in whose territory** the Project is located provide, in conformity with the International Labour Organization's Minimum Age Convention, 1973, that children at least 16 years of age may be employed for such work on condition that their health, safety and morals are fully protected and that they have received adequate specific instruction or vocational training in the relevant branch of activity, such children may be employed, but only in conformity with these laws and regulations. In such cases of employment of children under the age of 18 under the Project, conduct an appropriate risk assessment, together with regular monitoring, of their health, safety, working conditions and hours of work.¹⁵ **Take all measures required**, in connection with the Project **so that** no work or service not voluntarily performed is exacted from an individual under threat of force or penalty (including any kind of forced or compulsory labor, such as indentured labor, bonded

¹³ For the purpose of this ESS, Project workers include: (a) persons engaged directly by the Client (whether full-time, part-time, temporary, seasonal or migrant), to work specifically on the Project; and (b) personnel of contractors engaged by the Client to work on the Project and of subcontractors hired by these contractors to work on the Project. The term does not apply to any other workers of the Client or other entities.

¹⁴ <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/lang--en/index.htm>

¹⁵ See also definition of harmful and exploitative child labor under the ESEL.

labor or similar labor-contracting arrangements, or labor by trafficked persons).¹⁶ Assess the risks of forced labor under the Project, and if applicable, include measures in the ESMP (or other Bank-approved document) to address such risks in accordance with this Section.

- 2.47. **Labor Management Relationships in Private-Sector Projects.**¹⁷ For private-sector Projects, take all measures required so that a labor management system for Project workers, which includes the following, is in place for the Project, consistent with relevant national law: (a) clear and understandable written terms of employment made available to Project workers in an accessible manner; (b) timely payment for Project work; (c) adequate periods of rest; (d) timely notice of termination of the working relationship; (e) employment on the basis of the principle of equal opportunity, fair treatment and non-discrimination; (f) compliance with national law relating to workers' organizations and collective bargaining; (g) an accessible, understandable and transparent grievance redress mechanism for raising Project workplace concerns that: (i) does not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration or mediation procedures, or substitute for grievance mechanisms provided through workers unions or collective agreements; (ii) involves an appropriate level of management and addresses concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retaliation; (iii) is proportional to the nature and scale and the potential risks and impacts of the Project; and (iv) allows for confidential complaints to be raised and addressed and includes measures to protect against retaliation; and (h) a suitable system designed to inform Project workers of the grievance mechanism at the time of hiring, and make it easily accessible to them.
- 2.48. **Building Safety.** Where the Project includes new buildings and structures that will be accessed by members of the public, consider the incremental risks of the public's potential exposure to operational accidents or natural hazards, including extreme weather events. Where technically and financially feasible, apply the principles of universal access¹⁸ to the design and construction of such new buildings and structures.
- 2.49. **Traffic and Road Safety.** Identify, evaluate and monitor traffic¹⁹ and road safety risks to Project workers and affected communities throughout the Project life-cycle, develop measures and plans to address them, and incorporate technically and financially feasible road safety components into Project design, where applicable, to prevent and mitigate potential road safety impacts on the affected communities.

¹⁶ See also definition of forced labor under the ESEL.

¹⁷ This provision does not apply to a Project which is not a private-sector Project or to Project workers who may be employed in their capacity as government civil servants in a public- or private-sector Project. For purposes of this provision: (a) a Project is a private-sector Project if: (i) it is designed, constructed, operated and owned by a private entity; (ii) the private entity is fully responsible for identifying, assessing and managing the environmental and social risks and impacts associated with the activity; and (iii) the private entity has a generally recognized capacity to identify, assess and manage the environmental and social risks and impacts associated with the Project; and (b) a private entity is any natural or legal person, whether privately or publicly owned: (i) which is carrying out or is established for a business purpose, and is operating on a commercial basis; (ii) which is financially and managerially autonomous; and (iii) whose day-to-day management is not controlled by the government.

¹⁸ Universal access means unimpeded access for people of all ages and abilities in different situations and under various circumstances.

¹⁹ Traffic includes all motorized transportation relevant to the Project.

If the Project involves operating construction and other moving equipment on public roads or if the use of Project equipment could have an impact on public roads or other public infrastructure, implement measures to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment. Where appropriate, undertake a road safety audit and implement measures to address identified risks and impacts. Provide appropriate training to Project workers on driver and vehicle safety, and **regularly maintain** all Project vehicles (owned or leased).

- 2.50. **Security Personnel.** When Project workers are assigned to provide security to safeguard the Client's personnel and property (Project security workers), assess risks posed by these security arrangements to persons within and outside the Project site. In making such arrangements, apply the principles of proportionality and good international practice, and comply with applicable law relating to hiring, rules of conduct, training, equipping, and monitoring of Project security workers. Implement measures designed to **limit** the security actions of Project security workers exclusively to preventive and defensive purposes, in proportion to the nature and extent of the threat. The Client discloses security arrangements for the Client's facilities to the public, subject to overriding security concerns.
- 2.51. Make reasonable inquiries **so** that **any** security workers **who have been implicated in past abuses** are excluded from the Project. Train Project security workers **so that they conduct their** security actions **appropriately**, and **conduct themselves** toward Project workers and affected communities appropriately; and require them to act within the applicable law. Review all allegations of unlawful or abusive acts by Project security workers, take appropriate action to prevent recurrence and where necessary, report unlawful acts to the relevant authorities.

E. Safety of Dams

- 2.52. **Dams Generally.** A Project may involve construction of a new dam (**New Dam**) or it may rely on an existing dam or dam under construction (collective, **Existing Dam**). A dam includes, for example, a water storage dam for a hydropower, water supply, irrigation, flood control, or multipurpose project, a tailings or a slimes dam, or an ash impoundment dam. Different requirements apply to these dams, depending on the risks they present. If the Project involves a dam, the Bank requires the Client to implement the applicable measures described below.²⁰
- 2.53. **New Dam.** (a) If the Project involves construction of a New Dam, engage qualified and experienced professionals for the design and construction of the dam, and require the owner of the dam to adopt and implement dam safety measures designed by qualified engineers in accordance with good international industry practice, during the design, tendering, construction, operation and maintenance of the dam and associated works. (b) In addition, if the New Dam meets the criteria specified below in *Section 2.54* of this ESS 1, *Criteria*, implement the measures set out below in *Section 2.55* of this ESS 1, *Measures for New Higher Risk Dam*. The

²⁰ If the Client is not the owner of the dam, the Client requires the owner to take these measures. If the Project is governed by a co-financier's policies that do not address dam safety, the dam safety measures applicable to the Project may need to be determined by the Bank on a case-by-case basis.

risks associated with a dam are design- and situation-specific, and vary depending on structural components, socioeconomic factors and the environment within which the dam is being constructed and will operate. Consequently, implement the measures required, taking into account these considerations and in a manner proportional to the size, complexity and potential risk of the dam.²¹

2.54. Criteria. The dam either: (a) is 15 meters high or more, or between 5 and 15 meters high and impounding more than 3 million cubic meters (the height in either case is measured from the lowest foundation to crest) (**Large Dam**); or (b) is of any size or retention capacity and: (i) could cause safety risks, such as unusually large flood-handling requirement, location in a zone of high seismicity, foundations that are complex and difficult to prepare, retention of toxic materials, or potential for significant downstream impacts; or (ii) is expected to become a Large Dam during its operating life (collectively, the dams meeting the criteria above in either (a) or (b) are referred to as “**New Higher Risk Dams**”).

2.55. Measures for a New Higher Risk Dam. (a) *Panel.* Appoint an independent panel of experts, with expertise in the various technical fields relevant to the safety aspects of the particular dam (the Panel) and whose qualifications, experience and terms of reference are acceptable to the Bank, to: (i) conduct reviews of the investigation, design, and construction of the dam and the start of operations; (ii) advise the Client on matters relative to dam safety and other critical aspects of the dam, its associated structures, the catchment area, the area surrounding the reservoir, and downstream areas; (iii) as appropriate, advise on matters, beyond dam safety, that are related to the dam. Arrange for periodic Panel meetings and reviews to start as early as possible during Project preparation and continue through the start-up phases of the dam, notifying the Bank in advance of each meeting and providing the Bank following each meeting a written report on its conclusions and recommendations, signed by each participating Panel member. The Client may disband the Panel after the filling of the reservoir and start-up of the dam, provided the Bank has reviewed the Panel’s findings and recommendations and no significant difficulties are encountered in the filling and start-up of the dam. (b) *Plans.* Prepare and implement the following detailed plans, under terms of reference acceptable to the Bank and of such scope as the Bank shall require: (i) a plan for construction supervision and quality assurance, to be furnished to the Bank during Project preparation; (ii) an instrumentation plan, to be furnished to the Bank prior to tendering; (iii) an operation and maintenance plan, to be furnished to the Bank during Project preparation and finalized at least three months prior to the start of the initial filling of the reservoir; and (iv) an emergency preparedness plan, for which its broad framework and an estimate of funds needed for its preparation are to be furnished to the Bank during project preparation, and the plan itself to be furnished to the Panel and Bank for review at least one year before the projected date of initial filling of the reservoir; (c) *Prequalification of contractors.* Prequalify tenderers during procurement and tendering; and (d) *Periodic Safety Inspections.* Conduct periodic safety inspections of the dam after

²¹ If a dam does not meet the criteria of a New Higher Risk Dam, confirm, through the environmental and social assessment, that there will be no or negligible risk of significant adverse impacts due to potential failure of the dam structure to local communities and assets, including assets to be financed as part of the proposed Project.

completion, and implement measures required to address safety deficiencies.

2.56. Measures for Existing Dam. If the Project relies on the performance of an Existing Dam within the territory of the Member where the Project is located, the Bank requires the Client to implement the following measures. (a) *Inspection and Evaluation.* Arrange for one or more independent dam specialists to: (i) inspect and evaluate the safety status of the Existing Dam, its associated structures and its performance history; (ii) review and evaluate the owner's operation and maintenance procedures; and (iii) provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade the Existing Dam to an acceptable standard of safety. The Client may use a previously prepared dam safety assessment or recommendations for improvements needed in an Existing Dam, if: (i) an effective dam safety program is already in operation; and (ii) full-level inspections and dam safety assessments of the Existing Dam have already been conducted and documented, and are satisfactory to the Bank. (b) *Additional Dam Safety Measures or Remedial Work.* If the Existing Dam requires additional dam safety measures or remedial work, the Bank requires: (i) that the dam be designed and its construction supervised by competent professionals; and (ii) the reports and plans required above for a New Higher Risk Dam under *Section 2.55 (b), Plans*, of this ESS 1 be prepared and implemented. (c) If significant and complex remedial work is required, the Bank requires the Client to appoint a panel of independent experts on the same basis as for a New Higher Risk Dam under *Section 2.55 (a), Panel*, above of this ESS 1.

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Environmental and Social Standard 2: Land Acquisition and Involuntary Resettlement

I. Objectives, Scope and Application

- 1.1. **Objectives.** To avoid Land Acquisition and Involuntary Resettlement (as defined below) wherever feasible; to minimize Land Acquisition and Involuntary Resettlement by exploring Project alternatives; where avoidance of Land Acquisition and/or Involuntary Resettlement is not feasible, to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-Project levels; to understand and address gender-related risks and differential impacts of land acquisition, restrictions on land use, and involuntary resettlement; to improve the overall socioeconomic status of the displaced poor and other vulnerable groups; and to conceive and implement resettlement activities as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in Project benefits.
- 1.2. **Scope and Application.** ESS 2 applies if the Project's screening process reveals that the Project would involve Land Acquisition and/or Involuntary Resettlement (including Land Acquisition and/or Involuntary Resettlement of the recent past or foreseeable future that is directly linked to the Project).
- 1.3. ESS 2 applies to the following types of displacement, referred to as Land Acquisition and/or Involuntary Resettlement: physical displacement (relocation, loss of residential land or loss of shelter) and economic displacement (loss of land or access to land and natural resources, loss of assets or access to assets or loss of income sources or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers such displacement whether these losses and involuntary restrictions are full or partial, permanent or temporary.
- 1.4. ESS 2 does not apply to voluntary, legally recorded market transactions in which the Client demonstrates to the Bank's satisfaction that the seller has been given a genuine opportunity to retain the land and to refuse to sell it, is fully informed about the Project and available choices regarding the land transaction and their implications, including refusal to sell the land, and there is no evidence of intimidation or abuse of power in connection with the transaction. ESS 2 similarly does not apply to voluntary, legally documented donations of land without payment of full compensation, where the Client demonstrates to the Bank's satisfaction that the donor has been fully informed about the Project and available choices regarding the land and their implications, including refusal to donate the land, and has confirmed in writing their willingness to proceed with the donation; the amount of land is minor and will not reduce the donor's remaining land area below that which is required to maintain the donor's livelihood at current levels; no household relocation is involved; and the donor is expected to benefit directly from the Project. However, where such voluntary land transactions may result in the displacement of persons, other than the seller (or donor), who occupy, use or claim rights to the land in question, ESS 2 applies.

- 1.5. ESS 2 does not apply to management of refugees from, or persons internally displaced by, natural disasters, conflict, crime or violence.
- 1.6. If adverse environmental, social or economic impacts from Project activities involving loss of access to assets or resources or restrictions on land use that do not fall within the scope of ESS 2 are identified, such impacts are avoided, or when avoidance is not feasible, they are at least minimized, mitigated, or compensated for, through the environmental and social assessment under ESS 1. If these impacts are found to be adverse at any stage of the Project, the Client is required to develop and implement a management plan to restore the livelihoods of affected persons to at least pre-Project level or better.
- 1.7. Land acquisition, displacement and/or impacts of the types described in Sections 1.4 through 1.6 above of this ESS 2 are not included in the term "Land Acquisition and/or Involuntary Resettlement."

II. Requirements

- 2.1. The Client is required to undertake the following actions in relation to the Project:
 - 2.1.1. **Planning.** Determine the required scope of Land Acquisition and/or Involuntary Resettlement planning, through a survey of land and assets, a full census of persons to be displaced, an evaluation of socioeconomic conditions specifically related to the risks and impacts of such displacement and an identification of gender-differentiated sources of livelihoods, including informal ones. This establishes baseline information on assets, productive resources and status of livelihoods. Include consideration of customary rights, collective or communal forms of land tenure. Take gender into account in conducting the above. If Indigenous Peoples are affected, follow the requirements of ESS 3. Address any Land Acquisition and/or Involuntary Resettlement that was undertaken during the recent past and is directly linked to the Project.
 - 2.1.2. **Land Acquisition and Resettlement Plan.** Prepare a plan, which may take different forms depending on whether the displacement involves Land Acquisition or Involuntary Resettlement (or both) (referred to generically as Land Acquisition and Resettlement Plan or LARP), elaborating on the displaced persons' entitlements, income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget and time-bound implementation schedule and provisions for grievance redress. Conduct land survey and census as early as feasible during Project preparation to establish clear cut-off dates for eligibility and to prevent encroachment. If claims have been made by these displaced persons that are currently under administrative or legal review, develop procedures to address these situations. Collect data disaggregated by gender and age and include information about vulnerable groups, if present. Involve affected persons in consultation on the LARP and disclose the draft resettlement documentation in accordance with the applicable provisions of ESS 1,

Sections 2.15 through 2.18. The LARP complements the broader coverage of social risks and impacts in the environmental and social assessment and provides specialized requirements to address the specific issues associated with **Land Acquisition or Involuntary Resettlement** (or both, as applicable), including land acquisition; changes in land use rights, including customary rights; physical and economic displacement; and potential design adjustments that may reduce resettlement requirements. In some cases, with the Bank's prior approval, resettlement actions may be part of an overall community development plan, where the Client makes special efforts to provide people who are displaced with appropriate benefits through such a plan. When displacement is only economic, prepare a livelihood restoration plan. Provide for measures to be taken in case of disputes over compensation.

- 2.1.3. **Abbreviated Land Acquisition and Resettlement Plan.** Where impacts on the entire displaced population are minor, or fewer than 200 people are displaced, the Client may, with the prior approval of the Bank, prepare an abbreviated LARP, covering such elements as the Bank may specify. Impacts are considered "minor" if the affected people are not physically displaced and less than 10 percent of their productive assets are lost.
- 2.1.4. **Land Acquisition and Resettlement Planning Framework.** If: (a) the Project is likely to involve **Land Acquisition or Involuntary Resettlement** (or both) but consists of a program or series of activities whose details are not yet identified at the time the Project is approved by the Bank; or (b) in exceptional circumstances, duly justified by the Client, the Bank determines that the environmental and social assessment of identified Project activities involving **Land Acquisition or Involuntary Resettlement** (or both, as applicable) may be conducted using the phased approach under ESP, *Section VI. E, Special Circumstances*: prepare a framework to address such **Land Acquisition or Involuntary Resettlement** (or both, as applicable) (Land Acquisition and Resettlement Planning Framework or **LARPF**). Prepare the LARP or abbreviated LARP, as described in (b) and (c) above, as early as feasible during development of the activities, in conformity with the LARPF approved by the Bank.
- 2.1.5. **Proportionality.** Design and implement the LARP, and if applicable, the LARPF in a manner that is proportional to the extent and degree of the impacts. The degree of impacts is determined by: (a) the scope of physical and economic displacement; and (b) the vulnerability of the persons to be displaced by the Project.
- 2.1.6. **Use of Land Aggregators.** (a) If the Client wishes to use the services of a local land aggregator or other third party to acquire land needed for the Project, address the proposed process in the LARP and/or LARPF. Any such land acquisition activities are subject to prior Bank approval. The Client may require the third party to pay the costs of land acquisition

and compensation; but the Client is required to assume all the other costs associated with the environmental and social impacts of the land acquisition, as required under this ESS 2, including, but not limited to, livelihood restoration and resettlement, and assumes responsibility for establishing and maintaining the GRM.

- 2.1.7. **Consultations.** Carry out meaningful consultations with persons to be displaced by the Project, host communities and nongovernmental organizations, and facilitate their informed participation in the consultations. Consult with all persons to be displaced on their rights within the resettlement process, entitlements and resettlement options, and further participation process. Involve them in planning, implementation, monitoring and evaluation of the LARP. Put in place measures for meaningful participation in any consultations about Land Acquisition and/or Involuntary Resettlement, including appropriate meeting times, transport, childcare support, as well as convening women-only meetings when appropriate. Pay particular attention to the needs of people with disabilities, vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples and those without legal title to land, and take all measures required for them to participate in consultations.
- 2.1.8. **Project-level Grievance Redress Mechanism.** Establish a suitable Project-level grievance redress mechanism (GRM) to receive and facilitate resolution of the concerns of persons displaced by the Project and inform them of its availability. Scale the GRM to the risks and impacts of the Land Acquisition or Involuntary Resettlement (or both, as applicable). The GRM may utilize existing formal or informal GRMs, provided that they are properly designed and implemented, and determined by the Bank to be suitable for the Project; these may be supplemented, as needed, with Project-specific arrangements. Design the GRM to address displaced persons' concerns and complaints promptly, using an understandable and transparent process that is gender-sensitive, culturally appropriate and readily accessible to all affected people. The GRM may take the form of customary dispute-settlement mechanisms, which may entail less reliance on written procedures and more use of verbal reporting channels. Include provisions to protect complainants from retaliation, to be granted confidentiality and to enable them to remain anonymous, if requested. Disclose reports on grievance redress and outcomes in accordance with the applicable provisions of ESS 1, Sections 2.15 through 2.18.
- 2.1.9. **Social Support.** Support the social and cultural institutions of persons displaced by the Project and their host population as part of the LARP. Where the risks and impacts of Land Acquisition or Involuntary Resettlement (or both) are highly complex and sensitive, consider implementation of a social preparation phase to build the capacity of vulnerable groups to address resettlement issues, consisting of consultation with affected people and the host population before key

compensation and resettlement decisions are made. The cost of social preparation is included in the resettlement budget.

- 2.1.10. **Livelihood Restoration.** Improve, or at least restore, the livelihoods of all persons displaced by the Project through: (a) where feasible, land-based¹ resettlement strategies when affected livelihoods are land-based or where land is collectively owned; or cash compensation at replacement value for land, including transitional costs, when the loss of land does not undermine livelihoods; (b) prompt replacement of assets with assets of equal or higher value; (c) prompt compensation at full replacement cost for assets that cannot be restored; and (d) capacity building programs to support improved use of livelihood resources and enhance access to alternative sources of livelihood. **Make equally available to all Project-affected people and in a manner adapted to their respective needs, assistance for livelihood improvement or restoration, such as, skills training, access to credit, entrepreneurship and job opportunities and improvement of existing agricultural activities.** Include transaction costs in determining compensation. Examine the opportunities for provision of additional revenues and services through benefit-sharing, as the nature and objectives of the Project may allow.
- 2.1.11. **Resettlement Assistance.** Provide persons displaced by the Project with needed assistance, including the following, **as applicable**: (a) if there is relocation, security of tenure (with tenure rights that are as strong as the rights the displaced persons had to the land or assets from which they have been displaced) of relocation land (and assets, as applicable), proper housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities and extension of Project benefits to host communities to facilitate the resettlement process; (b) transitional support and development assistance, such as land development, credit facilities, training or employment opportunities; (c) civic infrastructure and community services, as required; and **(d) special assistance to woman-headed households and vulnerable households.**
- 2.1.12. **Standards of Living.** Improve the standards of living of the poor and other vulnerable groups displaced by the Project, including women, children and persons with disabilities, to at least national minimum standards, including access to social protection systems. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.
- 2.1.13. **Persons without Title or Legal Rights.** Make persons displaced by the Project who are without title to land or any recognizable legal rights

¹ The term "land-based" includes livelihood activities such as rotational cropping and grazing of livestock as well as the harvesting of natural resources.

to land, eligible for and provide them with resettlement assistance and compensation for loss of non-land assets, in accordance with cut-off dates established in the LARP. Include them in the consultation process. Do not include compensation to these people for the illegally settled land.

- 2.1.14. **Negotiated Settlement.** Develop procedures in a transparent, consistent and equitable manner if land is acquired, or changes in land use rights are acquired, through negotiated settlement under the Project, so that those people who enter into negotiated settlements maintain the same or better income and livelihood status.
- 2.1.15. **Information Disclosure.** Disclose the draft LARP, including documentation of the consultation process, in the Project area, in a timely manner in accordance with the applicable provisions of ESS 1, *Sections 2.15 through 2.18*.
- 2.1.16. **Implementation.** Design and execute **Land Acquisition or** Involuntary Resettlement (or both, as applicable) as part of the Project. Include the full costs of any land acquisition and resettlement in the presentation of the Project's costs and benefits. For a Project with significant **Land Acquisition or** Involuntary Resettlement impacts (or both), consider implementing the **Land Acquisition component or** Involuntary Resettlement component (or both, as applicable) of the Project as a stand-alone Project.
- 2.1.17. **Compensation and Entitlements.** Pay compensation and provide other **Land Acquisition or** Involuntary Resettlement entitlements (or both, as applicable) before any related physical or economic displacement under the Project. **Take gender issues into account in determining and paying compensation and providing other entitlements. Under circumstances in which national law and tenure systems do not recognize the rights of women to hold or exchange property, make provision, to the extent feasible, for women to gain security of tenure. Include provisions to address loss of livelihood during Project implementation.**
- 2.1.18. **Supervision.** Closely supervise implementation of the LARP throughout Project implementation.
- 2.1.19. **Monitoring.** Using suitably qualified and experienced experts, monitor and assess resettlement outcomes under the Project, their impacts on the standards of living of displaced persons and whether the objectives of the LARP have been achieved, by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports in accordance with the provisions of ESS 1, *Sections 2.15 through 2.18*. Consider the use of suitably qualified and experienced third parties to support monitoring programs.

Environmental and Social Standard 3: Indigenous Peoples¹

I. Objectives, Scope and Application

- 1.1. **Objectives.** To design and implement Projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, economies and cultures, as defined by the Indigenous Peoples themselves, so that they: (a) receive culturally appropriate social and economic benefits; (b) do not suffer adverse impacts as a result of Projects; and (c) can participate actively in Projects that affect them.
- 1.2. **Scope and Application.** ESS 3 applies if Indigenous Peoples are present in, or have a collective attachment to, the proposed area of the Project, and are likely to be affected by the Project. The term Indigenous Peoples is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (a) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (b) collective attachment to geographically distinct habitats or ancestral territories in the Project area and to the natural resources in these habitats and territories; (c) customary cultural, economic, social or political institutions that are separate from those of the dominant society and culture; and (d) a distinct language, often different from the official language of the country or region. In considering these characteristics, national legislation, customary law and any international conventions to which the Member in whose territory the Project is located is a party may be taken into account. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the Project area because of forced severance remains eligible for coverage, as an Indigenous People, under ESS 3.

II. Requirements

- 2.1. If the Project's screening process determines that Indigenous Peoples are present in, or have collective attachment to, the Project area, and are likely to be affected by the Project, the Client is required to prepare an Indigenous Peoples Plan (IPP), as follows:
- 2.2. **Social Assessment.** Undertake a culturally appropriate and gender-sensitive social assessment or use similar methods to assess Project impacts, both positive and adverse, on Indigenous Peoples **and their use of resources**. This may be a stand-alone exercise or part of the Project's overall social assessment. Give full consideration to options the affected Indigenous Peoples communities prefer in relation to the provision of Project benefits and the design of mitigation measures, **including consideration of women's wage and non-wage subsistence activities**.

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

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

- 2.3. **Indigenous Peoples Plan.** Prepare an IPP that is based on the social assessment prepared with the assistance of suitably qualified and experienced experts, that draws on indigenous knowledge and participation by the affected Indigenous Peoples communities, and that takes into consideration differentiated impacts of the Project with respect to gender and different generations. Include in the IPP: (a) a framework for continued consultation with these affected Indigenous Peoples during Project implementation; (b) measures to provide these Indigenous Peoples with gender and culturally appropriate benefits; (c) measures to avoid, minimize, mitigate, offset or compensate for any adverse Project impacts, and actions to address these impacts on the different groups in the community; and (d) culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures. In some cases, the IPP may, if approved by the Bank, be part of an overall community development plan, where the Client takes special efforts to provide the Indigenous Peoples with appropriate benefits through such a plan.
- 2.4. **Indigenous Peoples Planning Framework.** Prepare an Indigenous Peoples Planning Framework (IPPF) if the Project is likely to involve Indigenous Peoples and (a) consists of a program or series of activities whose details are not yet identified at the time the Project is approved by the Bank, or (b) in exceptional circumstances, duly justified by the Client, the Bank determines that the environmental and social assessment of identified Project activities may be conducted using a phased approach under *Section VI. E, Special Circumstances*, of the ESP. Prepare an IPP, as described above in *Section 2.3, Indigenous Peoples Plan*, of this ESS 3, during development of the activities in conformity with the IPPF approved by the Bank.
- 2.5. **Avoidance of Impacts.** Avoid any restricted access to, or physical displacement from, protected areas and natural resources under the Project. Where avoidance is not feasible, take all measures required so that the affected Indigenous Peoples communities participate in the design, implementation and monitoring and evaluation of management arrangements for such areas and natural resources, and that benefits derived from such areas and resources are equitably shared in a culturally appropriate manner.
- 2.6. **Proportionality.** Prepare and implement the IPP or IPPF (as applicable) in a manner such that its level of detail and comprehensiveness are proportional to the degree of the Project's impacts. The degree of the impacts is determined by evaluating: (a) the magnitude of the impacts on the Indigenous Peoples, including: (i) customary rights of use and access to land and natural resources; (ii) socioeconomic status; (iii) cultural and communal integrity and heritage; (iv) health, education, livelihood systems and social security status; and (v) indigenous knowledge; and (b) the vulnerability of the affected Indigenous Peoples. Design and implement the IPP and IPPF (if applicable) so that they complement the

broader coverage of social risks and impacts in the environmental and social assessment and provide specialized guidance to address specific issues associated with the needs of the affected Indigenous Peoples.

- 2.7. **Commercial Development of Natural Resources.** If the Project involves the commercial development of natural resources (such as minerals, hydrocarbons, forests, water, or hunting or fishing grounds) within customary lands under use by Indigenous Peoples, appropriately inform the affected Indigenous Peoples' communities of: (a) their rights to such resources under statutory and customary law; (b) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (c) the potential effects of such development on the Indigenous Peoples' livelihoods, environment, and use of such resources. Include in the IPP arrangements to enable the Indigenous Peoples to receive in a culturally appropriate manner an equitable share of the benefits to be derived from such commercial development that is at least equal to or higher than that of any other affected landowners. This includes the fair and equitable access to and sharing of the benefits arising from the utilization of genetic resources, including the appropriate transfer of relevant technologies. The determination, delivery, and distribution of compensation and other benefit-sharing measures to the Project-affected communities of Indigenous Peoples take account of the laws (including national laws), institutions, and customs of these communities as well as their level of interaction with mainstream society. Eligibility for compensation may either be individually- or collectively-based, or be a combination of both.
- 2.8. **Commercial Development of Cultural Resources.** If the Project involves the commercial development of Indigenous Peoples' cultural resources and knowledge, appropriately inform the affected Indigenous Peoples' communities of: (a) their rights to such resources under statutory and customary law; (b) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (c) the potential effects of such development on the Indigenous Peoples' livelihoods, environment, and use of such resources. Reflect the nature and content of agreements in the IPP and include arrangements so that the Indigenous Peoples receive an equitable share of the benefits to be derived from such commercial development in a culturally appropriate way.
- 2.9. **Indigenous Peoples in Voluntary Isolation.** If the Project involves Indigenous Peoples in voluntary isolation, respect their right to remain in isolation and to live freely according to their culture. If the Project has the potential to directly or indirectly affect these communities of Indigenous Peoples, their lands and territories, or their way of life, include appropriate measures to: (a) safeguard the collective and individual physical, territorial, and cultural integrity of these peoples; (b) recognize, respect and protect their lands and territories, environment, health and culture; and (c) avoid contact with them as a direct or indirect consequence of the Project. To this end, collaborate with responsible governments agencies to regulate the territories of these 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 these peoples.

- 2.10. **Consultations.** Carry out a process of meaningful consultation on the Project with affected Indigenous Peoples communities and concerned Indigenous Peoples organizations, in a culturally appropriate, accessible and inclusive manner, and facilitate their informed participation: (a) in designing, implementing and monitoring measures to avoid adverse impacts or, when avoidance is not feasible, to minimize, mitigate, offset or compensate for such impacts; and (b) in tailoring Project benefits to affected Indigenous Peoples communities in a culturally appropriate manner. To enhance affected Indigenous Peoples' active participation, provide for culturally appropriate, and gender inclusive capacity development in the Project.
- 2.11. **Special Considerations in Consultations.** In addition, design and implement the consultation process so that it: (a) involves Indigenous Peoples' representative bodies and organizations (e.g., councils of elders, village councils or chieftains) and, where appropriate, other community members; (b) provides sufficient time for Indigenous Peoples' decision-making processes; and (c) allows for Indigenous Peoples' effective involvement in the design of Project activities or mitigation measures that may affect them either positively or adversely.
- 2.12. **Project-level Grievance Redress Mechanism.** Establish a culturally appropriate and gender inclusive Project-level grievance redress mechanism (GRM) **as early as feasible**, to receive and facilitate resolution of affected Indigenous Peoples' concerns and grievances regarding the Project's environmental and social risks and impacts, and inform them of its availability. **Make the Project-level GRM operational at latest by the time implementation of the relevant Project activities commence and maintain it for the duration of the Project.** Scale the GRM to the Project's risks to, and impacts on Indigenous Peoples. Design the GRM to address Indigenous Peoples' concerns and complaints promptly, using an understandable and transparent process that is gender-sensitive, culturally appropriate and readily accessible to all affected Indigenous Peoples. The GRM may utilize existing formal or informal GRMs, provided that they are properly designed and implemented, and determined by the Bank to be suitable for the Project; these may be supplemented, as needed, with Project-specific arrangements. **The GRM may take the form of customary dispute-settlement mechanisms, which may entail less reliance on written procedures and more use of verbal reporting channels.** Include provisions: (a) to protect complainants from retaliation and to enable them **to be granted confidentiality and** to remain anonymous, if requested; and (b) **to protect those who defend the rights of complainants to make such complaints.** Make reports on grievance redress and outcomes available, in accordance with the applicable provisions of ESS 1, *Sections 2.15 through 2.18.*
- 2.13. **When Free, Prior and Informed Consultation (FPICon) Is Required.** Since Indigenous Peoples may be particularly vulnerable to the loss of, alienation from, or exploitation of their land and access to natural and cultural resources, engage in free, prior and informed consultation (FPICon) and obtain the broad support of the affected Indigenous Peoples if activities under the Project would: (a) have impacts on land and natural resources subject to traditional ownership or under customary occupation or use; (b) cause relocation of Indigenous Peoples from land and limitations on access to natural resources subject to traditional ownership or under customary occupation or use; or (c) have significant impacts on Indigenous

Peoples' cultural heritage. In these circumstances, engage suitably qualified and experienced independent experts to assist in the identification of the Project's risks to and impacts on Indigenous Peoples.

- 2.14. **Definition of FPICon.** There is no universally accepted definition of FPICon; for the purpose of ESS 3, FPICon is established as follows:
- 2.14.1. The scope of FPICon applies to Project design, implementation arrangements and expected outcomes related to risks to, and impacts on, the affected Indigenous Peoples;
 - 2.14.2. FPICon builds on the process of meaningful consultation and requires good faith negotiation between the Client and these affected Indigenous Peoples;
 - 2.14.3. The Client documents: (a) the details of the process by which the support of the affected local indigenous communities will be determined, in a written consultation process agreement with these communities; and (b) the details of the Project-related matters on which their broad community support has been obtained, in a consultation statement, which includes all agreements reached as well as dissenting views; and
 - 2.14.4. FPICon does not require unanimity and may be achieved even when individuals or groups within or among these affected Indigenous Peoples explicitly disagree with support for the Project. When the Bank is unable to ascertain that such broad community support has been obtained from the affected Indigenous Peoples, exclude from the Project those activities that would affect those Indigenous Peoples. In such cases, redesign the Project so that it will not have adverse impacts on such Indigenous Peoples.
- 2.15. **When Free, Prior and Informed Consent (FPIC) is Required.** If the laws of the Member in whose territory the Project is located mandate free, prior and informed consent (FPIC), and the Bank has determined that the requirements of such FPIC are consistent with those of FPICon as set out above, apply FPIC as defined in those laws.
- 2.16. **Information Disclosure.** Disclose the draft IPP, including documentation of the consultation process and the results of the social impact assessment in a timely manner in accordance with the applicable provisions of ESS 1, Sections 2.15 through 2.18.
- 2.17. **Action Plan.** If the Project involves (a) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied (such as land titling activities) or (b) the acquisition of such lands, prepare and include in the IPP an action plan for the legal recognition of such ownership, occupation, or use.
- 2.18. **Monitoring.** Monitor implementation of the IPP using suitably qualified and experienced experts; adopt a participatory monitoring approach, wherever feasible; and assess whether the plan's objective and desired outcome have been achieved,

taking into account the baseline conditions and the results of monitoring of the plan. Disclose monitoring reports in accordance with the applicable provisions of ESS 1, *Sections 2.15 through 2.18*. Consider use of suitably qualified and experienced third parties to support monitoring programs.

DRAFT

Environmental and Social Exclusion List

1. The Bank will not knowingly finance Projects involving the following:
 - 1.1. Forced laborⁱ or harmful or exploitative forms of child labor;ⁱⁱ
 - 1.2. The production of, or trade in, any product or activity deemed illegal under national laws or regulations of the Member in whose territory the Project is located, or international conventions and agreements, or subject to international phase out or bans, such as:
 - 1.2.1. Production of, or trade in, products containing polychlorinated biphenyl (PCBs).ⁱⁱⁱ
 - 1.2.2. Production of, or trade in, pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase outs or bans (Rotterdam Convention, Stockholm Convention).^{iv}
 - 1.2.3. Production of, or trade in, ozone depleting substances subject to international phase out (Montreal Protocol).^v
 - 1.3. Trade in wildlife or production of, or trade in, wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).^{vi}

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

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

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

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

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

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

- 1.4. Trans-boundary movements of waste prohibited under international law (Basel Convention).^{vii}
- 1.5. Production of, or trade in, weapons and munitions, including paramilitary materials.
- 1.6. Production of, or trade in, alcoholic beverages, excluding beer and wine.^{viii}
- 1.7. Production of, or trade in, tobacco.^{ix}
- 1.8. Gambling, casinos and equivalent enterprises.^x
- 1.9. Production of, trade in, or use of unbonded asbestos fibers.^{xi}
- 1.10. Activities prohibited by legislation of the Member in whose territory the Project is located or by international conventions relating to the protection of biodiversity resources or cultural resources, such as, Bonn Convention, Ramsar Convention, World Heritage Convention and Convention on Biological Diversity.^{xii}
- 1.11. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests.
- 1.12. Production or trade in wood or other forestry products other than from sustainably managed forests.
- 1.13. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.
- 1.14. Shipment of oil or other hazardous substances in tankers that do not comply with IMO requirements (IMO, MARPOL, SOLAS and Paris MOU).^{xiii}

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

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

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

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

^{xi} This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent.

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

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

Glossary

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

- **Cumulative impact assessment.** The assessment of the impact on the environment which results from the incremental impact of an action when added to other past, present or reasonably foreseeable actions regardless of what agency or person undertakes such actions. Cumulative impact can result from individually minor but collectively significant actions taking place over a period of time.
- **Disability.** The term persons with disabilities is used to apply to all persons with disabilities, including those who have long-term physical, mental, intellectual or sensory impairments which, in interaction with various attitudinal and environmental barriers, hinder their full and effective participation in society on an equal basis with others.
- **Ecosystem services** are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (a) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (b) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (c) cultural services, which are the nonmaterial benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreation and aesthetic enjoyment; and (d) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.
- **Environmental and social action plan (ESAP)** is a plan for the Project that sets out measures necessary to strengthen the Client's existing environmental and social policies and procedures and its capacity to implement them under the Project. It defines desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. As appropriate, the plan recognizes and incorporates the role of relevant actions and events controlled by third parties to address identified risks and impacts. The plan may include an overall Environmental and Social Action Plan necessary for carrying out a suite of mitigation measures or thematic action plans, such as a Land Acquisition and Resettlement Plan. Action plans may be plans designed to fill in the gaps of existing management programs for consistency with the ESSs, or they may be stand alone plans that specify the Project's mitigation strategy.
- **Environmental and social impact assessment (ESIA)** is an instrument to identify and assess the potential environmental and social impacts of a proposed Project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures. Projects need ESIA to address important issues not covered by any applicable regional or sectoral assessment.
- **Environmental and social management plan (ESMP)** is an instrument that details: (a) the mitigation and management measures to be taken during the implementation

and operation of a Project to reduce, mitigate and/or offset adverse environmental and social impacts and enhance positive impacts; (b) the environmental and social monitoring and reporting requirements; (c) related institutional or organizational arrangements; (d) provisions for disclosure and consultation during Project preparation and implementation, including **measures for** stakeholder engagement ; (e) capacity development and training measures, including engagement of any environmental and social experts required for the purpose; (f) implementation schedule and cost estimates, which are integrated into the Project's overall schedule and budget; and (g) performance indicators.

- **Environmental and social management planning framework (ESMPF)** is an instrument that examines the issues and impacts associated with the circumstances described in *Section VI, D.* of the ESP. The ESMPF sets out the principles, rules, guidelines and procedures to assess the environmental and social impacts. It contains: (a) measures and plans to reduce, mitigate and/or offset adverse impacts and enhance positive impacts; (b) provisions for estimating and budgeting the costs of such measures and determining the schedule for implementation of the measures and plans; and (c) information on the agency or agencies responsible for addressing Project impacts.
- **Environmental audit** is an instrument to determine the nature and extent of all environmental areas of concern at an existing facility. The audit identifies and justifies appropriate measures to mitigate the areas of concern, estimates the cost of the measures, and recommends a schedule for implementing them. Environmental and social audits follow similar approaches.
- **Environmental, health, and safety guidelines (EHSGs)** are technical reference documents with general and industry-specific statements of Good International Industry Practice. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult the *World Bank Group Environmental, Health, and Safety Guidelines*.
- **FI portfolio** refers to the portfolio of all financial assets (whether loans, guarantees or equity investments or other types of assets) owned by an FI. These assets may include, among others, project finance, long-term (over 36 months) corporate finance, guarantees, operations in capital markets, asset finance/refinancing, small- and medium-enterprise finance, micro-finance, housing finance, leasing, trade finance or equity finance eligible to be financed by FIs using Bank funds.
- **Financial feasibility** is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the Project's investment, operating and maintenance costs, and on whether this incremental cost could make the Project nonviable for the Client.
- **Forced eviction** is defined as the permanent or temporary removal, against the will of individuals, families and/or communities, from homes or land (or both) which they occupy, without the provision of, or access to, appropriate forms of legal or other protection. The exercise of eminent domain, compulsory acquisition or similar powers, is not considered to be forced eviction, providing it complies with the

requirements of national law, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeal, and avoidance of the use of unnecessary, disproportionate or excessive force).

- **Gender-based violence** is an umbrella term for any harmful act that is perpetrated against a person's will and that is based on socially-ascribed gender-related differences between people. It includes acts that inflict physical, sexual or mental harm or suffering, threats of such acts, coercion, and other deprivations of liberty. These acts can occur in public or in private.
- **Good international practice** is defined as the exercise of professional skill, diligence, prudence and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the Project employs the most appropriate technologies in the Project-specific circumstances.
- **Green growth** is growth that is efficient in its use of natural resources, clean in that it minimizes pollution and environmental impacts, and resilient in that it accounts for natural hazards and the role of environmental management and natural capital in preventing physical disasters.
- **Habitat** is defined as a terrestrial, freshwater or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. Habitats vary in their sensitivity to impacts and in the various values society attributes to them.
- **Hazard assessment** is an instrument for identifying, analyzing and controlling hazards associated with the presence of dangerous materials and conditions at a Project site. such as certain inflammable, explosive, reactive and toxic materials when they are present at a site in quantities above a specified threshold level.
- **Higher Risk activity** is any of the following types of activities supported under an FI Project: (a) a Category A activity; and (b) as determined by the Bank, selected Category B activities that may potentially result in: (i) Land Acquisition and/or Involuntary Resettlement; (ii) risk of adverse impacts on Indigenous Peoples and/or vulnerable groups; (iii) significant risks to or impacts on the environment, community health and safety, biodiversity, and cultural resources; (iv) significant retrenchment representing more than 20% of direct employees and recurrent contractors; and/or (v) significant occupational health and safety risks.
- **Inclusion** means empowering people to participate in, and benefit from, the development process in a manner consistent with local conditions. Inclusion encompasses policies to promote equity of opportunity and non-discrimination, by improving the access of poor, disadvantaged and disabled people to education, health, social protection, housing, environmental quality, infrastructure, affordable energy, water and sanitation, employment, financial services and productive assets. It also embraces action to remove barriers against vulnerable groups, who are often excluded from the development process, so that that their voices can be heard.

- **Integrated pest management (IPM)** refers to a mix of farmer-driven, ecologically-based pest control practices that seeks to reduce reliance on synthetic chemical pesticides. It involves (a) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (b) integrating multiple methods (relying, to the extent possible, on nonchemical measures) to keep pest populations low; and (c) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans and the environment.
- **Integrated vector management (IVM)** is a rational decision-making process for the optimal use of resources for vector control. The approach seeks to improve the efficacy, cost-effectiveness, ecological soundness and sustainability of disease-vector control.
- **Invasive species** is defined as a species that is (a) non-native (or alien) to the ecosystem under consideration; and (b) whose introduction causes or is likely to cause economic or environmental harm or harm to human health.
- **Labor influx** is a term that refers to the rapid migration to and settlement of workers and followers in the Project area that occur when the Project involves civil works for which the required labor force and associated goods and services cannot be fully supplied locally for a number of reasons, among them worker unavailability and lack of technical skills and capacity. In such cases, the labor force (total or partial) must be brought in from outside the project area. In many cases, this influx is compounded by an influx of other people who follow the incoming workforce with the aim of selling them goods and services, or in pursuit of job or business opportunities.
- **Land acquisition** refers to all methods of obtaining land for Project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way, and changes in land use rights. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households and (c) Project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. "Land" includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and water bodies legally associated with the land.
- **Land acquisition and involuntary resettlement** covers physical displacement (relocation, loss of residential land or loss of shelter) and economic displacement (loss of land or access to land, loss of assets or access to assets, or loss of income sources or means of livelihood) as a result of: (a) involuntary acquisition of land; or (b) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers such displacement whether such losses and involuntary restrictions are full or partial, permanent or temporary. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

- **Livelihood** refers to the full range of means that individuals, families and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade and bartering.
- **Mitigation hierarchy** is a stepwise approach to addressing risks and impacts as follows: (a) anticipate and avoid risks and impacts; (b) where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels; (c) once risks and impacts have been minimized or reduced, mitigate; and (d) where residual risks or impacts remain, compensate for or offset them, where technically and financially feasible.
- **Natural habitats** are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.
- **Pollution** refers to both hazardous and non-hazardous chemical pollutants in the solid, liquid or gaseous phases, and includes other components such as thermal discharge to water, emissions of short- and long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.
- **Pollution management** includes measures designed to avoid or minimize emissions of pollutants, including short- and long-lived climate pollutants, given that measures which tend to encourage reduction in energy and raw material use, as well as emissions of local pollutants, also generally result in encouraging a reduction of emissions of short- and long-lived climate pollutants.
- **Precautionary approach** means that where there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.
- **Project area of influence** includes the area likely to be affected by the Project, including all its ancillary aspects, such as power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, and construction camps, as well as unplanned developments induced by the Project (e.g., spontaneous settlement, logging or shifting agriculture along access roads). The area of influence may include, for example, (a) the watershed within which the Project is located; (b) any affected estuary and coastal zone; (c) off-site areas required for resettlement or compensatory tracts; (d) the airshed (e.g., where airborne pollution such as smoke or dust may enter or leave the area of influence); (e) migratory routes of humans, wildlife or fish, particularly where they relate to public health, economic activities, or environmental conservation; and (f) areas used for livelihood activities (hunting, fishing, grazing, gathering, agriculture, etc.) or religious or ceremonial purposes of a customary nature.
- **Project workers** include persons engaged directly by the Client (whether full-time, part-time, temporary, seasonal or migrant), to work specifically on the Project; contractors engaged by the Client to work on the Project and subcontractors hired by these contractors to work on the Project. The term does not apply to any other workers of the Client or other entities.

- **Regional environmental and social assessment** is an instrument that examines environmental and social issues and impacts associated with a particular strategy, policy, plan or program, or with a series of projects for a particular region (e.g., an urban area, a watershed or a coastal zone); evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the issues and impacts; and recommends broad measures to strengthen environmental and social management in the region. Regional assessment pays particular attention to potential cumulative impacts of multiple activities.
- **Replacement cost** is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labor for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses and any similar costs imposed on affected persons. In order for compensation to be made at replacement cost, planned compensation rates may require updating in Project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.
- **Restrictions on land use** refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the implementation of the Project. These may include restrictions on access to legally designated parks and protected areas; restrictions on access to other common property resources; or restrictions on land use within utility easements or safety zones.
- **Risk assessment** is an instrument for estimating the probability of harm occurring from the presence of dangerous conditions or materials at a Project site. Risk represents the likelihood and significance of a potential hazard being realized; therefore, a hazard assessment often precedes a risk assessment, or the two are conducted as one exercise. Risk assessment is a flexible method of analysis, a systematic approach to organizing and analyzing scientific information about potentially hazardous activities or about substances that might pose risks under specified conditions.
- **Sectoral environmental and social assessment** is an instrument that examines environmental and social issues and impacts associated with a particular strategy, policy, plan or program, or with a series of projects for a specific sector (e.g., power, transport or agriculture); evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the issues and

impacts; and recommends broad measures to strengthen environmental and social management in the sector. Sectoral assessment pays particular attention to potential cumulative impacts of multiple activities.

- **Security of tenure** means that resettled individuals or communities are resettled to a site that they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate.
- **Sexual exploitation and abuse (SEA)** is any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. Sexual abuse is further defined as “the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.” SEA is not limited to a particular gender. In the context of Bank-supported projects, Project beneficiaries and members of Project-affected communities may experience SEA.
- **Sexual harassment (SH)** includes unwelcome sexual advances, requests for sexual favors, and other unwanted verbal or physical conduct of a sexual nature. SH occurs between personnel/staff working on the Project, and not between such personnel/staff and Project beneficiaries or communities (compare SEA above). SH is not limited to a particular gender.
- **Strategic environmental and social assessment** is an instrument that describes analytical and participatory approaches that aim to integrate environmental and social considerations into policies, plans and programs and evaluate their inter-linkages with economic considerations. The term “Strategic Environmental Assessment” or “SEA” and “Strategic Social Assessment” or “SSA” may also be used.
- **Technical feasibility** is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity and operational reliability.
- **Third party monitoring** refers to (a) an approach to monitoring whereby AIIB contracts an independent agent to verify that Project implementation by the Client complies with the provisions of the Legal Agreements consistent with the ESMP (or other Bank-approved document); and (b) an approach to Project implementation whereby the Client contracts third parties to strengthen monitoring and evaluation systems and obtain additional data on the achievement of progress under the Project. When used for AIIB oversight, AIIB maintains its own oversight responsibilities, but may transfer the implementation of the monitoring to an agent. Monitoring by a third party refers to a party external to the Project, who is neither a direct beneficiary of the Project nor part of the Project’s management structure.
- **Vulnerable groups** or individuals refers to people who, by virtue of factors beyond their control, (a) may be more likely to be adversely affected by the Project’s environmental and social impacts; and (b) may be more limited than others in their ability to claim or take advantage of Project benefits. Such individuals or groups are also more likely to be excluded from or unable to participate fully in the mainstream

consultation process and may require specific measures or assistance (or both) to do so.

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