



Model Policy Proposal: Environmental and Social Assessment and Management (ESAM) Safeguard Policy

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Note: Bracketed text indicates areas pending agreement

BIC assumes responsibility for any errors, but acknowledges the significant contributions of many persons and partner organizations to this draft.

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ENVIRONMENT AND SOCIAL ASSESSMENT AND MANAGEMENT SAFEGUARD POLICY

Introduction

1. The Bank requires environmental, social and human rights assessment and management (ESAM) of activities (including for example, projects, programs, subprojects, policy loans and country strategies) proposed for Bank financing to help ensure that they are environmentally sound and sustainable, and thus to improve decision making.
2. This policy statement and its appendix and annexes are binding parts of the ESAM safeguard operational policy and apply to all stages of the project cycle, including pre-identification planning, preparation and implementation. ESAM for Bank-related activities must ensure similar treatment for similar risks.

Objectives

3. The objectives of WB's ESAM safeguard policy are to:
 - (i) enable early identification of potential environmental and social/human rights risks; examine project alternatives; identify ways of improving project selection, siting, planning, design, and implementation by a rigorous application of the mitigation hierarchy -- preventing, or when prevention is impossible, minimizing, mitigating, compensating, or ensuring a remedy for adverse environmental, social and human rights impacts and enhancing positive impacts; The Bank favors preventive measures over mitigatory or compensatory measures, whenever feasible.
 - (ii) enhance positive economic, social and environmental impacts of Bank investments
 - (iii) improve predictable, transparent and accountable decision making, including meaningful, informed and accessible participation by affected people and the public.
 - (iv) help borrowers/clients to develop the capacity and strengthen their systems to manage environmental and social risks that provides predictable, transparent and accountable decision making, which result in meaningful, informed and accessible participation by affected people and the public.

Principles

4. Refer to Appendix A for ESAM Principles

Scope of Coverage

6. This policy applies to all WB-financed and/or WB-administered sovereign and non-sovereign projects, planning decisions (including Country Assistance/Partnership Strategies), program and policy operations and their components (including subprojects) and as appropriate, associated facilities or co-financed activities, that may have environmental and social risks or impacts regardless of the source of financing, including investment projects funded by a loan; and/or a grant (including trust funds); and/or other means, such as equity and/or guarantees (**hereafter broadly referred to as projects**).

Roles and Responsibilities

7. **World Bank roles and responsibilities.** WB adheres to the safeguards and ensures their implementation. The WB assumes the responsibility for assessing risk at a strategic level through the country assistance strategy (para. 14) and the preparation of a country environment assessment, screening projects for an initial understanding of potential environmental and social risk to specify WB's safeguard requirements (para 13), for conducting due diligence (para 26), and for reviewing, monitoring, and supervising projects (para 28-30) throughout the WB's project cycle in conformity with the principles

and requirements embodied in the ESAM Operational Policy. The WB ensures that activities, including projects and subprojects, on the presumptive list of Category A activities (see Appendix A, Annex B) are presumed to be classified as Category A. In the event that the borrower rebuts this presumption, the WB reviews and make public such evidence as well as the Bank's final determinations related to the presumption. The Bank conducts independent evaluation of project performance.

8. The Bank reviews the findings and recommendations of the environmental and social management plan/impact assessment (ESMP/ESIA), including proper disclosure and consultation, to determine whether it provides an adequate basis for processing the project for Bank financing, and is responsible for borrower compliance with the Bank's ESAM requirements. When the borrower has completed or partially completed ESAM work prior to the Bank's involvement in a project, the Bank reviews the ESAM to ensure its consistency with this policy. The Bank may, if appropriate, require additional ESAM work for projects that have already advanced prior to the Bank's involvement, including public consultation and disclosure. The Bank provides adequate support to enhance borrower capacity to meet policy requirements. The Bank may, if appropriate, require additional EA work, including further disclosure and consultation.
9. The WB does not finance projects that do not comply with its ESAM policy and procedures, nor does it finance projects that do not comply with the host country's social and environmental laws and regulations, including host country obligations under international law. In addition, WB does not finance activities on the prohibited investment activities list (Appendix A, Annex C).
10. **Roles and Obligations of Borrower/Client.** The borrower/client is responsible for carrying out the ESA to assess proposed projects and their environmental, social [and human rights impacts], preparing safeguard plans, and engaging with affected communities through information disclosure (para 22), meaningful consultation, and informed participation (para19-21) in compliance with all policy principles and safeguard requirements.
11. For Category A projects, the borrower retains independent ESAM experts not affiliated with the project to carry out the ESA.¹ For Category A projects that are contentious or that involve serious and multidimensional environmental and social concerns, the borrower should normally also engage an **advisory panel** of independent, internationally recognized environmental and social specialists to advise on all aspects of the project relevant to the ESA.² The role of the advisory panel depends on the degree to which project preparation has progressed, and on the extent and quality of any ESA work completed, at the time the Bank begins to consider the project.
12. Refer to Appendix A for additional policy requirements on roles and responsibilities of Bank, Borrower, and Third Parties.

Environmental and Social Screening

13. **Screening and Categorization.** WB screens and categorizes all Bank funded projects for social and environmental risks and impacts at the earliest stage of project preparation. Screening identifies assessment requirements necessary to respond to environmental and social risks and impacts. Screening and categorization is undertaken to (i) reflect the significance of potential impacts or risks that a project might present; (ii) identify the level of assessment and institutional resources required for the safeguard measures; and (iii) determine disclosure requirements. A project's category is determined by the category of its most environmentally sensitive or highest risk social component, including direct, indirect, associated, cumulative, and induced impacts in the project's area of influence.³ Each proposed project is scrutinized as to its type, location, scale, and sensitivity and the magnitude of its potential environmental and social impacts. Projects are assigned to one of the following four categories:
 - (i) **Category A.** A proposed project is classified as category A if it may have significant environmental and social impacts within its area of influence. The cumulative impacts of a collection of subprojects may warrant an "A" categorization, although the individual subprojects are of a scale that would place them in a lower category. An environmental and social impact assessment is required. See Appendix A, Annex B for presumptive list of

Category A activities and Section IV for additional requirements for different finance modalities for further categorization requirements.

- (ii) **Category B.** A proposed project is classified as category B if its potential environmental and social impacts within its area of influence are not significant. These impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects. An environmental and social assessment is required. However the ESA scope is typically narrower than for Category A projects, but may vary depending on the project.⁴
- (iii) **Category C.** A proposed project is classified as category C if it is likely to have minimal or no adverse environmental or social impacts. No environmental or social assessment is required although environmental and social implications need to be reviewed.

14. Country Assistance Strategies (CAS/CPS) do not receive a risk categorization, but are otherwise treated like, and comply with the requirements for, Category A operations.

Content of ESAM

- 15. ESAM is a process whose breadth, depth, and type of analysis depend on the nature, scale, and potential environmental and social impact of the proposed activity. **ESAM examines project, program, and policy alternatives** based upon independent, and accountable **cost-benefit analysis that price all relevant externalities**; identifies ways of improving project selection, siting, planning, design, and implementation by rigorous application of the mitigation hierarchy.
- 16. ESAM takes into account the natural environment (air, water, and land); individual human and community health and safety; **social aspects** (involuntary resettlement, indigenous peoples, and physical cultural resources,⁵ and **human rights** related to development, including but not limited to rights associated with indigenous peoples, land, gender, labor, disability, children, and the elderly); ESAM includes direct, indirect, associated facility, **cumulative**, transboundary and **global environmental impacts** such as climate change, ozone-depleting substances, pollution of international waters, and adverse impacts on biodiversity. (**See Appendix A, Section III. Emerging Issues, para. 33-52**)
- 17. The Pollution Prevention and Abatement Handbook⁶ describes pollution prevention and abatement measures and emissions levels that are normally acceptable to the Bank. However, taking into account borrower country legislation, and local conditions, the ESA may recommend alternative, more stringent emission levels and approaches to pollution prevention and abatement. The ESA must provide full and detailed justification for the levels and the approaches chose for the particular project or site.
- 18. ESAM considers environmental and social aspects in an integrated way. It also takes into account the variations in project and country conditions; the findings of country environmental studies; national environmental action plans; the country's overall policy framework, national legislation, and institutional capabilities related to the environment and social aspects; and obligations of the country, pertaining to project activities, under relevant international environmental treaties and agreements. ESA is initiated as early as possible in project processing and is integrated closely with the economic, financial, institutional, social, and technical analyses of a proposed project.
- 19. All ESAs are annexed to the primary ESA tool - an environmental and social management plan (ESMP), and for some projects and programs, an environmental and social management framework (ESMF) or system (ESMS).⁷ An environmental and social post-audit is required for program and framework lending with significant or moderate risks and impacts. All ESAM ensures adequate baseline information, skill mix, budget, and timing. ESMP/ESMF mitigation measures focus on top ranked impacts, agreed upon, scheduled, with identified responsibilities and specified durations. Total social and environmental budget is fully integrated part of overall project cost.
- 20. For additional requirements on EA content see Appendix A

ESAM Instruments:

21. Depending on the project, program, policy, or plan, a range of instruments can be used to satisfy the Bank's ESAM requirement: environmental and social impact assessment (ESIA), regional or sectoral ESA, cumulative impact assessment (CIA), strategic environmental and social assessment (SESA), community-driven ESIA (CDESIA), environmental and social audit, hazard or risk assessment. An environmental ESA applies one or more of these instruments, or elements of them.
22. Selection and application of ESAM instruments for different types of Bank operations is covered in Appendix A, Section IV.

Public Consultation and Participation

23. For all Category A operations,⁸ particularly those requiring an ESMS or ESMF, public consultation begins as part of country dialogue and be consistent with procedures in Appendix A. The borrower prepares a **stakeholder participation plan**, which provides for formal consultation at least twice during project preparation: (a) shortly after environmental and social screening and before the terms of reference for the ESA or SESA (each including an ESMS or ESMF as appropriate) are finalized; and (b) once a full draft ESA report is prepared. For the activity to advance, free, prior, informed consent of indigenous peoples...must exist. Broad community support of other local communities must exist after the for Category A operations to advance.⁹ In addition, the borrower consults communities throughout project implementation as necessary to address ESA-related issues that affect them. For projects with significant adverse environmental or social impacts, WB project teams are to ensure that affected people are aware of World Bank involvement and are to participate in consultation activities to understand the concerns of affected people and ensure that such concerns are addressed in project design and safeguard plans.
24. The Bank requires all stakeholder participation plans to ensure that consultations are meaningful. Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle, as described above; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is inclusive and responsive to marginalized, discriminated-against, and vulnerable groups, with attention to gender; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, grievance mechanisms and implementation issues; (vi) is designed to include persons with disabilities in all consultations, and (vii) includes a comprehensive discussion of environment and social issues, not limited to the harm prevention objective, but also the areas where ESAM can contribute to social, environmental and economic benefits.
25. Meaningful consultation includes the design of loan covenants, results frameworks, the full menu of mitigation hierarchy options, and the sharing of costs and benefits. Such consultation may result in a **Community Development Agreement**, see Appendix A, Annex A for definition, and Annex E for more on ESMP).

Access to Information¹⁰

26. Full and timely public availability of environmental and social/human rights information, in an accessible place and in a language and form understandable to affected people and the public, is essential for meaningful consultation, informed Bank decision making, and the social, environmental, and economic sustainability of Bank operations. Disclosure requirements for each of the different types of Bank actions covered by this policy are set forth in Appendix A

Due Diligence and Review.

27. For projects proposed for financing, WB conducts safeguard reviews, including reviews of the borrower's/client's safeguard documents, as part of its overall due diligence. WB's safeguard due

diligence and review emphasizes environmental and social impact assessments and the planning process, in addition to safeguard documentation. Due diligence and review requires field visits in addition to desk reviews, which provide due consideration of third party information. Through such due diligence and review, WB confirms (i) that all key potential social and environmental impacts and risks of a project are identified through the appropriate ESA; (ii) that effective measures to apply the mitigation hierarchy for the adverse impacts are incorporated into the safeguard plans, project design and implementation;¹¹ (iii) that the borrower/client understands WB's safeguard policy principles and requirements as laid out in **Appendix A** and **has the necessary commitment and capacity to manage social and environmental impacts and/or risks adequately**; (iv) that the role of third parties is appropriately defined in the safeguard plans; (v) that consultations with affected people are conducted in accordance with WB's requirements; and (vi) that the affected communities have been informed of and understand their right to access the World Bank's Inspection Panel at the earliest possible stage in the project cycle.

28. If the Bank is not satisfied that adequate capacity exists for carrying out ESA, including for all Category A subprojects and, **as appropriate**, Category B subprojects--all ESA is subject to prior review and approval by the Bank and the project includes component(s) to strengthen that capacity.¹² In cases where the assessment and planning process, or the safeguard documents, do not meet WB's safeguard requirements, the borrower is required to undertake additional assessment and/or improve the safeguard plans prior to project approval. For projects that are deemed by WB to be **highly complex and sensitive**,¹³ WB requires the borrower/client to engage an independent advisory panel during project preparation and implementation.

Implementation¹⁴

29. Achieving the objectives of this policy require effective, accountable implementation. Both the borrower/client and WB have their own separate monitoring responsibilities. The extent of monitoring activities, including their scope, periodicity and requisite skill mix, is commensurate with the project's risks and impacts and Bank indication of adequate risk management. Borrowers/clients are required to implement safeguard measures and relevant safeguard plans, as provided in the legal agreements, and to submit periodic monitoring reports on their implementation performance. The details of these requirements are outlined and disclosed prior to project approval in the ESMP or ESMF. The Bank adjusts the supervision plan based on assessment of overall project risk management.
30. WB reviews project performance against borrowers' commitments as agreed in the legal documents. The extent of WB's monitoring and supervision activities are commensurate with the project's risks and impacts, as defined in the ESMP or ESMF. Monitoring and supervising of social and environmental safeguards is integrated into the **project performance management system**, which includes social and environmental outcome indicators that enable the tracking of safeguard costs and benefits. WB monitors projects on an ongoing basis until a project completion report is issued.
31. Additional, specific implementation requirements for the Bank are set forth in Appendix A.¹⁵ If a borrower/client fails to comply with legal agreements on safeguard requirements, including those described in the safeguard plans and frameworks, WB seeks corrective measures and work with the borrower/client to bring it back into compliance. If the borrower/client fails to reestablish compliance, then WB may exercise legal remedies, including suspension, cancellation, or acceleration of maturity, that are available under WB legal agreements. Before resorting to such measures, WB uses other available means to rectify the situation satisfactory to all parties to the legal agreements, including initiating dialogue with the parties concerned to achieve compliance with legal agreements.

Accountability

32. **Local Grievance Redress Mechanism.** The borrower/client establishes and maintains an independent grievance redress mechanism to receive and facilitate resolution of affected peoples' concerns and grievances about the borrower's/client's social and environmental performance at project level. The grievance redress mechanism is scaled to the risks and impacts of the project. It addresses affected people's concerns and complaints promptly, using an understandable and transparent process that is gender responsive, responsive to marginalized, discriminated against and vulnerable groups, culturally

appropriate, and readily accessible to all segments of the affected people at no costs and without retribution. The mechanism should not impede access to the country's judicial, administrative, or alternative dispute resolution remedies. The borrower/client maintains a publicly available registry of complaints received, with identifying information of the complainants removed.

33. Inspection Panel. The borrower/client informs project-affected communities of the Inspection Panel and its procedures whereby people adversely affected by WB-financed projects can voice, and seek a resolution of their problems, as well as report alleged violations of WB's operational policies and procedures.¹⁶ Information related to the existence, the role of, and access to the Inspection Panel, including brochures and other resources provided by the Inspection Panel, should be publicly available, including by the local grievance mechanism.

¹ The borrower ensures that when individuals or entities are engaged to carry out EA activities, any conflict of interest is avoided. For example, when an independent ESA is required, it is not carried out by the consultants hired to prepare the engineering design.

² The panel (which is different from the dam safety panel required under [OP/BP 4.37, Safety of Dams](#)) advises the borrower specifically on the following aspects: (a) the terms of reference for the ESA, (b) key issues and methods for preparing the ESA, (c) recommendations and findings of the ESA, (d) implementation of the ESA's recommendations, and (e) development of environmental management capacity. Panelist independence must be based on no conflict of interest regarding past, present or future contractual relationships with the Bank or the client. See Appendix A, Annex I for further panelist criteria and conditions under which a panel is required for projects that have progressed before Bank financing.

³ See Appendix A, Annex A for definitions. The area of influence for any project is determined with the advice of environmental specialists and set out in the ESA terms of reference.

⁴ See Appendix A, Section II.

⁵ See [OP/BP 4.12, Involuntary Resettlement](#); [OP/BP 4.10, Indigenous Peoples](#); and [OP/BP 4.11, Physical Cultural Resources](#).

⁶ "World Bank Group Environment, Health and Safety Guidelines (EHSGs) have replaced the 1998 Pollution Prevention and Abatement Handbook (PPAH). Guidelines as to what constitutes acceptable pollution prevention and abatement measures and emission levels in a Bank financed project can be found in the EHSGs. For complete reference, consult the World Bank Group Environmental Health and Safety Guidelines. Please check the website [\[http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines\]](http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines) for the most recent version."

⁷ These terms are defined in [Appendix A, Annex A](#). See Annexes F & G for ESMP, ESMF, and ESMS requirements.

⁸ This includes all Category A DPOs, P4R, FI, Country Systems, Framework IL or any other operations requiring a SESA and/or ESMF/ESMS.

⁹ For FPIC see OP 4.12.

¹⁰ For a further discussion of the Bank's disclosure procedures, see [The World Bank Policy on Access to Information](#).

¹¹ The Bank assesses proposed mitigation measures on the basis of transparent and fully described estimation of the residual risks, which compares the likelihood, affected population and magnitude of the risk with the likelihood and effectiveness of the remedy, based on evidence from the sector or the borrower's track record.

¹² This includes legal or technical capacity to carry out key ESA related functions (a) screen subprojects, (b) obtain the necessary expertise to carry out ESA, (c) review all findings and results of ESA for **individual subprojects**, (d) ensure implementation of mitigation measures (including, **where applicable**, an ESMP or ESMF), and (e) monitor environmental conditions during project implementation.

¹³ Highly complex and sensitive projects are projects that WB deems to be highly risky or contentious or involve serious and multidimensional and generally interrelated potential social and/or environmental impacts.

¹⁴ [See ILR OP 10.0 for *Project Supervision* and Guidance Note on Implementation Support for investment Lending].

¹⁵ See Appendix A, Sections IIIb, IIIc, and relevant implementation requirements outlined in Section IV.

¹⁶ See BP 17.55 and 1996 Clarification, and 1999 Clarification on the operational procedures for the Inspection Panel.