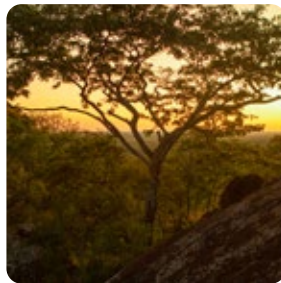


African Development Bank Group's **Integrated Safeguards System**

2023



AFRICAN DEVELOPMENT BANK GROUP



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2023



AFRICAN DEVELOPMENT BANK GROUP

Our motto!

“War game Strategists can plan and live with collateral damages, Development Actors cannot & should not ”

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Abbreviations and acronyms

AESR	Annual Environmental and Social Report	GIIP	Good International Industry Practice
BMP	Biodiversity Management Plan	HVRM	Highly vulnerable rural minorities
CBO	Community-based organization	IFC	International Finance Corporation
CDD	Community-driven development	ILO	International Labour Organization
CITES	Convention on the International Trade in Endangered Species	IPM	Integrated pest management
CSO	Civil society organization	IRM	Independent Recourse Mechanism
DUC	Dam under construction	ISS	Integrated Safeguards System
EHSGs	World Bank Group Environmental, Health and Safety Guidelines	ISTS	Integrated Safeguards Tracking System
EITI	Extractive Industries Transparency Initiative	IVM	Integrated vector management
EPRP	Emergency Preparedness and Response Plan	LMPs	Labour Management Procedures
ERP	Emergency Response Plan	MFI	Multilateral financial institution
E&S	Environmental and social	NGO	Non-governmental organization
ESA	Environmental and Social Assessment	O&M	Operation and maintenance
ESCON	Environmental and Social Compliance Note	OHS	Occupational health and safety
ESDD	Environmental and social due diligence	OS	Operational Safeguard
ESIA	Environmental and Social Impact Assessment	PBO	Programme-based operation
ESP	Environmental and Social Plan	PMP	Pest Management Plan
ESMP	Environmental and Social Management Plan	RAP	Resettlement Action Plan
ESMS	Environmental and Social Management System	RBF	Results-based financing
FI	Financial intermediary	RMC	Regional member country
FPIC	Free, Prior and Informed Consent	SDG	Sustainable Development Goal
GBV	Gender-based violence	SEAH	Sexual exploitation, abuse and harassment
GCF	Green Climate Fund	SEP	Stakeholder Engagement Plan
GHG	Greenhouse gas	SESA	Strategic Environmental and Social Assessment
		TA	Technical assistance



Overview

1. In 2013, the African Development Bank adopted an Integrated Safeguards System (ISS) (also referred to as the “2013 ISS”), which established the Bank Group’s commitment to sustainable development, consolidating and building on the Environment (2004) and Involuntary Resettlement (2003) safeguard¹ policies, as well as cross-cutting policies and strategies on gender (Gender Strategy for 2021–2025, “Investing in Africa’s Women to Accelerate Inclusive Growth”), and then the Civil Society Engagement Framework (2012). The current ISS update has been further informed by the African Development Bank’s Climate Change and Green Growth Strategic Framework: Projecting Africa’s Voice (2021), the Bank’s sector policies such as on forestry (1993), agriculture and rural development (1999), and on the water sector (2021), as well as the Strategy for Quality Health Infrastructure in Africa 2021–2030 (2021), and the Bank Group Policy on Program-Based Operations (2012). This overview does not form part of the ISS and is for information only.

2. The key aims underlying the 2013 ISS were as follows:

- Better align Operational Safeguards (OSs) with the Bank’s new policies and strategies.
- Adopt Good International Industry Practice (GIIP).
- Adapt the OSs to an evolving range of lending and investment products.
- Work towards greater harmonization of safeguards with those of other multilateral finance institutions.
- Tailor OS approaches to the nature and needs of different Borrowers with varying capacities.
- Improve internal processes and resource allocation.

3. The 2013 ISS, which was approved by the Board of Directors in 2013 and became operational in 2014, has four inter-related components:

- an Integrated Safeguards Policy Statement;
- five OSs: environmental and social assessment (ESA); involuntary resettlement – land acquisition, population displacement, and compensation; biodiversity and ecosystem services; pollution prevention and control, hazardous materials and resource efficiency; and labour conditions, health, and safety.

- Environmental and Social Assessment Procedures; and
- Integrated Environmental and Social Impact Assessment (ESIA) Guidance Materials.

4. The ISS was the subject of a review following five years of implementation, as stipulated by the Bank’s Board of Directors, which included an evaluation carried out by the Bank’s Independent Development Evaluation Department (IDEV). This review, completed in August 2019, evaluated the extent to which the ISS meets its safeguards’ objectives. The evaluation report and Management’s Response, which included a commitment to update the ISS, were approved by the Board in late 2019. The aims and objectives of the update are consistent with those that framed the development of the first version of the 2013 ISS. Since then, significant updates and revisions to safeguards frameworks have been carried out by most of the multilateral financial institutions (MFIs), together with a significant number of bilateral development partners and private sector financial institutions. The update will allow for the Bank’s ISS to converge once again with the safeguards of the other MFIs in line with the aim for greater harmonization among development partners.

5. Since the Board of Directors approved the 2013 ISS, policy review and updating have been carried out by the Islamic Development Bank (IsDB), World Bank, European Bank for Reconstruction and Development (EBRD) (twice); review and revision processes are underway in the Inter-American Development Bank (IADB) and Asia Development Bank (ADB). New MFIs such as the Asia Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) have also adopted Environmental and Social Frameworks similar to the World Bank/International Finance Corporation (IFC) model. Many bilateral development agencies, export credit agencies, and the Equator Principles institutions have also made considerable progress in aligning their environmental and social (E&S) governance policies and requirements with those of the MFIs, principally the IFC and the World Bank.

6. The review and update have presented the opportunity to address both new emerging issues and elevated concerns and demands relating to existing issues. Key among these are: (i) the need to enhance governance,

¹ The term ‘safeguards’ is used in this ISS in a generic sense to mean any policy, standard or other document that describes ways in which environmental and social (E&S) risks and impacts can be identified and addressed to ensure sustainability goals.

transparency, accountability and reporting; (ii) stakeholder engagement; (iii) inclusion and discrimination; (iv) sexual exploitation, abuse and harassment (SEAH); (v) gender-based violence (GBV); (vi) the mass influx of labour; (vii) modern slavery; (viii) fragility, conflict, and post-conflict situations; (ix) contextual risks and impacts such as land use conflicts, human rights; (x) the Sustainable Development Goals (SDGs); (xi) natural and man-made climate change events and disasters, such as an increasing frequency of extreme and adverse weather events (e.g. flooding, drought, global warming, ocean warming, polar ice melt and glacier retreat, among others); and (xii) epidemics and pandemics.

7. In common with other MFIs, the Bank's increased focus on many of these issues has resulted in organizational growth and specialization in the way issues such as gender, climate change, conflict, and disaster/emergency response are addressed within the institution in an impactful and resource-efficient manner.

8. The updated ISS:

- continues to mainstream the safeguards approach to the preparation, appraisal, and approval processes of Bank-supported operations;
- provides appropriate safeguard approaches to new Bank policies, strategies, and innovative financing mechanisms;
- further integrates consideration of E&S risks and impacts into Bank operations, promoting sustainability and long-term development in Africa;
- improves the convergence between the Bank's safeguards framework with the approach taken by other MFIs;
- improves the consistency of the Bank's approach to key thematic issues, Environmental and Social Assessment (ESA), and stakeholder engagement activities by adopting 10 OSs;
- clarifies and broadens the coverage of E&S risks and impacts to address recent emerging issues in line with other MFIs;
- differentiates and clarifies the respective roles and responsibilities of the Bank and its Borrowers in meeting the Bank's E&S requirements and standards;
- provides more direction and clarity on the Bank's E&S requirements for the projects, activities, and initiatives of its Borrowers;
- increases the Bank's alignment and support to regional member countries (RMCs) in meeting the Sustainable Development Goals (SDGs); and
- assists RMCs and Borrowers in strengthening their own safeguards systems and their capacity to manage E&S risks.

9. The updated ISS comprises:

- the **African Development Bank Group's Vision for Sustainable Development**, which sets out the Bank Group's approach and aspirations regarding E&S sustainability;
- the **African Development Bank Group's Environmental and Social Policy**, which sets out the Bank's commitments and the relevant principles and requirements that the Bank must follow regarding projects, activities, and initiatives that it supports;
- ten **OSs**, together with supporting annexes, which set out the mandatory requirements that apply to the projects, activities, and initiatives of Borrowers;
- the **Environmental and Social Guidance Notes (ISS Guidance Notes)**, which are tools that provide technical guidance for the Bank and its Borrowers on specific methodological approaches, Good International Industry Practice (GIIP) and standards relevant to meeting the requirements of the OSs. The Bank's ISS Guidance Notes are supplemented where necessary by the World Bank Group Environmental, Health and Safety (EHS) Guidelines, which were adopted by the MFI Working Group on Environmental and Social Standards. The Guidance Notes provide advisory information.²

10. The **ten E&S OSs** set out the requirements for Borrowers relating to the identification and assessment of E&S risks and impacts associated with operations supported by the Bank. The Bank believes that the application of these safeguards, by focusing on the identification and management of E&S risks and impacts, will support the Borrowers' goal of protecting communities and the environment from unintentional harm, as well as sustainably reducing poverty and increasing prosperity for the benefit of the environment and communities. The E&S OSs will support Borrowers towards: (i) achieving good GIIP relating to E&S sustainability; (ii) fulfilling their national and international E&S obligations; (iii) enhancing non-discrimination, transparency, participation, accountability, and governance; and (iv) enhancing the sustainable development outcomes of projects, activities, and other initiatives through ongoing stakeholder engagement.

11. The **ten E&S OSs** establish the standards that Borrowers shall meet, as appropriate, in projects, activities, and initiatives supported through Bank financing throughout the life cycle of operations, as follows:

- **E&S OS 1 (OS1): Assessment and Management of Environmental and Social Risks and Impacts**

² See the disclaimer that prefaces all guidance materials.

- **E&S OS 2 (OS2): Labour and Working Conditions**
- **E&S OS 3 (OS3): Resource Efficiency and Pollution Prevention and Management**
- **E&S OS 4 (OS4): Community Health, Safety and Security**
- **E&S OS 5 (OS5): Land Acquisition, Restrictions on Access to Land and Land Use, and Involuntary Resettlement**
- **E&S OS 6 (OS6): Habitat and Biodiversity Conservation and Sustainable Management of Living Natural Resources**
- **E&S Operational Safeguard 7 (OS7): Vulnerable Groups**
- **E&S Operational Safeguard 8 (OS8): Cultural Heritage**
- **E&S Operational Safeguard 9 (OS9): Financial Intermediaries.**
- **E&S Operational Safeguard 10 (OS10): Stakeholder Engagement and Information Disclosure.**

12. **OS1** applies to all projects, activities, and other initiatives for which Bank financing is sought. OS1 establishes the importance of: (i) the Borrower's existing Environmental and Social Framework in addressing the risks and impacts of the project; (ii) an integrated ESA to identify the risks and impacts of a project, activity, or other initiative; (iii) effective stakeholder engagement through the disclosure of relevant information, consultation, and effective feedback; and (iv) the management of E&S risks and impacts, including climate risk and adaptation, by the Borrower throughout the lifecycle of operations. The Bank requires that all E&S risks and impacts including climate vulnerability and adaptation of the operations be addressed as part of the ESA conducted in accordance with OS1.

13. **OS2 to OS10** complement **OS1** and set out the obligations of the Borrower in identifying and addressing E&S risks and impacts that may require particular attention. These OSs establish objectives and requirements to maximize positive impacts and to avoid, minimize, reduce, and mitigate risks and adverse impacts, and where significant residual impacts remain, to compensate for or offset such impacts. OS5 covers involuntary resettlement (previously covered by OS2 under the 2013 ISS, which had replaced and superseded the Involuntary Resettlement Policy of 2003).

14. The Bank will incorporate all procedural requirements related to its commitments and responsibilities under the Environmental and Social Policy into Bank operational activities and processes.

15. The **Bank's Policy on Disclosure and Access to Information** reflects its commitment to transparency, accountability, and good governance, and applies to the entire ISS. It includes the disclosure obligations that relate to the Bank Group's operations.

16. **The ISS includes provisions on grievance redress and accountability.** Project-affected parties will have access, as appropriate, to project grievance mechanisms, local grievance mechanisms, and the Independent Recourse Mechanism (IRM). Project-affected people will utilize the available project grievance redress mechanism (GRM) as the first step in seeking resolution for their grievances; they may also bring their concerns directly to the Bank's attention. The Bank will engage with the Borrower to address the concerns. Stakeholders may also submit their complaint to the IRM to request an independent review to determine whether harm has occurred as a direct result of the Bank's non-compliance with its own policies and procedural requirements.



A large, vertical photograph on the left side of the page shows a young boy in profile, looking down and working in a field. He is wearing a blue t-shirt and appears to be handling some plants or soil. The background is a soft-focus green field under bright light.

A.

An African Vision for Sustainable Development

1. In 2013, the African Development Bank Group reached an important milestone with the approval by the Bank's Board of Directors of the Bank's Integrated Safeguards System (also referred to as the "2013 ISS"). For the first time, this established a comprehensive framework to address the wide variety of environmental and social (E&S) challenges faced by member countries on their pathways to economic development. Much has changed since then; climate change, continued biodiversity and habitat loss, natural disasters, extreme poverty, social inclusion, and pandemics have brought additional challenges. These challenges are being targeted in many ways, and in particular, by the establishment of the Sustainable Development Goals (SDGs) under the auspices of the United Nations, which frame development interventions. The African Development Bank, together with its development partners, continues to evolve and progress in its assistance to both the public and private sector while also tackling these global E&S problems. The Bank's Strategy for 2013–2022, by the African Centre for Economic Transformation, sets out the corporate goals of inclusive growth and green growth. Inclusive growth seeks to break down barriers to inclusion, bringing prosperity to all by unlocking the potential of the private sector, championing gender equality, and increasing the engagement and access of communities to the benefits of development. Through green growth, the Bank seeks pathways to a more sustainable development that eases pressure on natural assets and better manages E&S risks and impacts. Green growth priorities include building resilience to climate change, adverse climate events, and natural disasters, providing sustainable infrastructure, supporting and creating ecosystem services, and rendering the use of natural resources more efficient and sustainable.

2. To intensify its efforts to meet these goals and address the SDGs more directly, in 2015 the Bank began to take additional steps by introducing the five operational priorities (or 'the High 5s'), the Gender Strategy (2021–2025), the Climate Change and Green Growth Strategic Framework (2021), and in subsequent years, new lending and investing instruments, such as the revised Policy on Non-sovereign Operations in 2018 and the Private Sector Development Strategy, 2021–2025.

3. The Bank's updated Integrated Safeguards System (ISS) provides a stronger, broader framework to support its efforts in realizing its strategy, aims, and goals in a sustainable and integrated manner. It responds directly to new challenges that have arisen such as those witnessed in fragile and conflict states and small countries, and provides pragmatic and risk-based approaches to addressing the E&S risks, impacts, and opportunities presented by Bank operations. The updated ISS also provides a framework for addressing challenges related to the application of E&S safeguards in situations of disasters and emergencies, such

as during Ebola outbreaks and the COVID-19 pandemic, when addressing the full requirements of the ISS is not possible.

4. The Bank values working with other development partners to help realize the SDGs and their respective targets. It is committed to maximizing operational efficiency and minimizing costs for its Borrowers in complying with E&S safeguards. Accordingly, the Bank supports harmonizing the implementation of its safeguards with other development partners in the context of co-financing. The updated ISS aligns well with the policies and requirements of its development partners in Africa, thus offering the potential for a leaner, more efficient appraisal of co-financed operations based on a common approach.

5. The Bank recognizes that the achievement of sustainable development is dependent on effective collaboration with all stakeholders towards the development outcomes of projects, other activities, and initiatives, including with public and private sector development partners. The Bank is committed to the use and development of member countries' and Borrowers' Environmental and Social Frameworks to avoid unnecessary duplication of effort, build national capacity, and achieve development outcomes that are materially consistent with the objectives of the ISS. The Bank is committed to open dialogue, safe public consultation free of reprisal, timely and full access to information, and responsive grievance mechanisms.

6. Inspired by this vision, the African Development Bank Group is globally committed to environmental sustainability, including stronger collective action to support climate change mitigation and adaptation, recognizing this as essential in a world of finite natural resources. This is reflected in the various Bank Group sector strategies¹ for the coming decade. These strategies recognize that all economies, particularly developing ones, still need to grow but to do so sustainably in order to pursue development interventions and income-producing opportunities in ways that do not limit or close off opportunities for future generations. The African Development Bank recognizes that climate change is a fundamental threat to development. The Bank Group operations will support lower carbon emissions, climate resilience, and adaptation in the RMCs. Even more importantly, the Bank is committed to supporting its borrowing countries in managing their economies by investing in climate resilience while ending poverty and boosting shared prosperity.

7. Social development and inclusion are also critical for all of the African Development Bank's development interventions and for achieving sustainable development. For the Bank Group, inclusion involves empowering all people to participate in, contribute to, and benefit from, the development process. Inclusion also encompasses policies to promote equality and non-discrimination by improving access of all people, including those who are impoverished or disadvantaged, to services and benefits such as education, health, social protection, infrastructure, affordable energy, employment, financial services, and productive assets. It also embraces action to remove barriers against those who are often excluded from the development process and to ensure that the voice of all can be heard. The Bank recognizes that poverty, environmental degradation, and gender inequalities are often strongly interrelated; hence, it pays special attention to reducing gender inequality and poverty by carrying out an assessment of gender issues for every project. It uses the findings as the basis for project design and inclusive development that lead to enhanced gender equality.

8. In this regard, the Bank's activities support the realization of human rights expressed in the Universal Declaration of Human Rights, the United Nations Charter, and the African Charter of Human and Peoples' Rights. Through the projects, activities, and initiatives it finances, and in a manner consistent with the Agreement establishing the African Development Bank, in particular, Article III, Section 5 (b) and IV, Section 10, the Bank seeks to avoid adverse impacts, and will continue to support its member countries as they strive to progressively achieve their human rights commitments.

9. The African Development Bank's uses its convening ability, financial and technical instruments, and human resources to embed this commitment to E&S sustainability across all its activities. These range from the Bank's global engagement in issues such as climate change, disaster risk management, and gender equality, to ensuring that E&S considerations are reflected in all sector strategies, operational policies, and country dialogues.

10. At the operational level, institutional aspirations translate into enhancing development opportunities for all, particularly the poor and vulnerable, and into promoting the sustainable management of natural and living resources. Therefore, within the parameters of a project, the Bank seeks to:

- avoid or mitigate adverse impacts on people and the environment;

¹ See, for example, *Toward a Green, Clean and Resilient World for All: An African Development Bank Group Environment Strategy 2012–2022*.

- conserve biodiversity and habitats that support it, and promote the efficient and equitable use of natural resources and ecosystem services;
- promote worker and community health and safety;
- ensure that there is no prejudice or discrimination against project-affected individuals or communities, and give particular consideration to vulnerable groups, including highly vulnerable rural minorities (HVRM) groups, especially where adverse impacts may arise or development benefits are to be shared;
- address project-level impacts on climate change and consider the impacts of climate change on the selection, siting, planning, design, implementation, and decommissioning of operations; and
- enhance stakeholder engagement through meaningful consultation, participation, and accountability.

11. The Bank Group's vision and actions go beyond a 'do no harm' approach and towards enhancing development gains. Where the Borrower's ESA has identified potential development opportunities associated with a project or activities, the Bank will discuss with the Borrower the feasibility of including these opportunities in the operation. Where appropriate, these opportunities may be utilized to promote further development.

12. The Bank is also committed to working with Borrowers to identify strategic initiatives and goals to address national development priorities, where appropriate, as part of country engagement. In supporting such development priorities, the Bank Group will seek cooperative relationships with Borrowers, donors, and other international organizations. The Bank continues to place value on maintaining dialogue on E&S issues with donor governments, international organizations, countries of operation, and civil society. The updated ISS provides a strong basis for this dialogue, together with the Bank's policies on disclosure, consultation, and engagement with civil society.

13. The Bank recognizes the importance of the extractive industries in African economies and their evident linkages to E&S sustainability. The Bank has also mainstreamed the Extractive Industries Transparency Initiative (EITI) in its own sectoral operations since 2006 and has supported RMCs' participation in the EITI process to ensure sound extractive industry practices and sustainable development. The Bank Group will continue to catalyse multiple stakeholder engagement in the EITI process, using the Bank-hosted Africa Legal Support Facility to provide legal assistance to RMCs to negotiate complex extractive resource contracts.



A close-up photograph of a person's hand, showing the texture of the skin and the lines on the palm. A large, white, bold letter 'B.' is overlaid on the left side of the image, partially covering the hand.

The African Development Bank Group's Environmental and Social Policy

I. Objectives and principles

1. Mindful of the Bank's long-term strategic approach to inclusive and green growth, the Bank Group² is committed through its operations³ to supporting Borrowers⁴ in the development and implementation of projects, other activities, and initiatives that are environmentally and socially sustainable. In addition, the Bank is committed to enhancing the capacity of member countries' and Borrowers' Environmental and Social Frameworks to assess and manage the environmental and social (E&S) risks⁵ and impacts⁶ of their projects.⁷ To this end, the Bank has defined the E&S Operational Safeguards (OSs), which are designed to maximize positive impacts and to avoid, minimize, reduce, mitigate or compensate for the adverse E&S risks and impacts of projects, including those related to climate change. The Bank will assist Borrowers in their application of the OSs to projects, in accordance with this Environmental and Social Policy (Policy).

2. To implement this Policy, the Bank will:

- a. mainstream environmental, social and climate change considerations into Country Strategy Papers (CSPs) and Regional Integration Strategy Papers (RISPs);

2 'Bank Group' refers to the constituent member entities of the African Development Bank, which include the Bank and the African Development Fund. Here, the term 'Bank' is used to refer to the Bank or other entities within the African Development Bank Group. However, both 'Bank' and 'Fund' may be used separately where a distinction between the two needs to be made.

3 'Operations' is used to refer to projects, programmes, and other operations financed by the Bank Group (the Bank's Operations Manual). An African Development Bank 'operation' is the financial and/or non-financial assistance provided by the Bank in support of a Borrower towards the realization of their projects, programmes, or other activities or initiatives.

4 In this Policy, unless the context requires otherwise, the term 'Borrower' refers to a borrower (sovereign and non-sovereign), a private sector client, or a grant recipient of Bank support (financing or other forms of assistance).

5 Environmental and social (E&S) risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from them.

6 'E&S impacts' refer to: any quantitative and/or qualitative, positive or negative, direct or indirect modification of the physical, natural, socio-economics, and cultural features of the project's receiving environment; and the impacts on the health and well-being of the community and workers in the project influence area and the impact resulting from the implementation of the activities of the project to be supported.

7 'Project' refers to the Borrower's activities and initiatives supported through all Bank financial and non-financial assistance.

- b. screen all projects against the Environment and Social Exclusion List;⁸
- c. undertake its own due diligence of proposed projects, proportionate to their nature and the potential significance of the E&S risks and impacts associated with them;
- d. as and where required, support the Borrower in carrying out early and continuing engagement and meaningful consultation with stakeholders,⁹ in particular affected communities, and in providing project-based grievance mechanisms;
- e. assist the Borrower in identifying and developing their capacity needs, including the use of appropriate methods and tools to assess and manage the potential environmental, social and climate-related¹⁰ risks, impacts, and opportunities of the project;
- f. agree with the Borrower on the conditions under which the Bank is prepared to provide support to a project as set out in all applicable E&S documents, provisions and the financing agreement; and
- g. monitor the E&S performance of a project in accordance with all applicable E&S documents, provisions, and the financing agreement.
3. The E&S risks and impacts that the Bank will take into account in its due diligence shall be those associated with the projects, including the following:
- a. Environmental risks and impacts, including: (i) those identified in the E&S OSs, cross-cutting policies and strategies, and the World Bank Groups' Environmental, Health, and Safety Guidelines (EHSGs), such as noise, vibration, pollution, wastes, soil integrity, hydrogeology, visual, and landscape impacts;¹¹ (ii) those related to community safety (including dam safety and safe use of pesticides and other chemicals); (iii) those related to climate change¹² and other transboundary or global risks and impacts; (iv) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services and the use of living natural resources, such as fisheries and forests; and
- b. **Social risks and impacts**, including: (i) impacts on peoples' way of life, their culture and communities (including from a legacy perspective); (ii) threats to human security¹³ through the escalation of personal, communal or inter-state conflict, crime or violence including sexual exploitation, abuse and harassment (SEAH); (iii) risks that project impacts may fall disproportionately on individuals or groups who may be vulnerable due to their particular circumstances;¹⁴ (iv) any prejudice or discrimination toward individuals or groups in providing access to development resources and (project) benefits, particularly in the case of those who may be vulnerable; (v) negative economic and social impacts relating to the involuntary land acquisition or restrictions on land access and use; (vi) risks or impacts associated with land and natural resource tenure and use, including, as relevant, potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security, and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (vii) impacts on the health, safety, and well-being of workers and project-affected communities; and (viii) risks to cultural heritage.
4. Projects supported by the Bank shall meet the requirements of all the following E&S OSs, as applicable:
- **OS 1:** Assessment and Management of Environmental and Social Risks and Impacts
 - **OS 2:** Labour and Working Conditions
 - **OS 3:** Resources Efficiency and Pollution Prevention and Management
 - **OS 4:** Community Health, Safety, and Security
 - **OS 5:** Land Acquisition, Restrictions on Access to Land and Land Use, and Involuntary Resettlement
 - **OS 6:** Habitat and Biodiversity Conservation, and Sustainable Management of Living Natural Resources
 - **OS 7:** Vulnerable Groups

8 The Policy on Expenditure eligible for Bank Group Financing includes a list of items. These and additional ones are listed in OS1 Annex 4.

9 Further requirements for Borrowers on stakeholder engagement are set out in OS10.

10 Climate risks, mitigation, and adaptation objectives are dealt with comprehensively within the Bank Group strategy on climate change.

11 The Bank prepares guidance and technical notes on environmental, health, safety, social, security, gender and climate issues. It may also refer to guidance and guidelines prepared by other multilateral financial institutions such as the World Bank Group Environmental, Health, and Safety Guidelines (EHSGs). These Bank and other documents provide general and industry-specific statements of Good International Industry Practice (GIIP). The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost.

12 The Bank Group requires an assessment of vulnerability to climate change as part of its project appraisal process for public and private sector operations; any mitigating measures that result from this assessment are included in the operation, with measures that result from the larger ESA.

13 Threats to human security include reprisal risks.

14 A '**vulnerable group**' refers to a population of individuals who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. This group is also more likely to be excluded from, or unable to participate fully in, the mainstream consultation process and as such may require specific measures and/or assistance to do so. Depending on the specific context of the project, vulnerable groups may include, among others, female-headed households, the landless, the elderly, youth and children, persons with disabilities, groups who are marginalized on the basis of ethnicity, religion, language, as well as sexual orientation and gender identity, and highly vulnerable rural minorities (HVRM), including groups referred to as indigenous peoples in some contexts. Vulnerability is not an inherent characteristic of people and does not occur in a vacuum. Women, for instance, are not inherently more vulnerable than men, but discrimination, entrenched social roles and attitudes, poverty, and lack of access to decision-making can weaken their resilience and render them vulnerable to project risk and adverse impacts. Vulnerability is thus context-specific and is to be understood through the interplay of three factors: (i) exposure to risk and adverse impacts; (ii) sensitivity to risks and impacts; and (iii) adaptive capacity.

- **OS 8:** Cultural Heritage
- **OS 9:** Financial Intermediaries
- **OS 10:** Stakeholder Engagement and Information Disclosure.

5. The OSs are designed to help Borrowers to manage the risks and impacts of their projects, and improve their E&S performance through a risk- and outcomes-based approach. The desired outcomes are described in the objectives of each OS, followed by specific requirements to help Borrowers achieve these objectives through the means that are appropriate to the nature and scale of the project, and proportionate to the level of E&S risks and impacts.

II. Scope of application

6. This corporate Policy and the OSs apply to all Bank Group's funded operations regardless of the type¹⁵ and source of financing. The Bank will only support operations that are consistent with, and within the boundaries of, the Bank's Articles of Agreement, and are expected to meet the requirements of the OSs in a manner and within a time frame acceptable to the Bank. If the Bank finds that the environmental or social impacts of any operations proposed for its financing are not likely to be addressed adequately, it may choose not to proceed with them.

7. For the purpose of this Policy, the term 'project' refers to the Borrower's activities and initiatives supported through all Bank financial and non-financial assistance, as defined in the relevant financing agreement(s) between the Borrower and the Bank. Projects may include new and/or existing facilities or activities. Projects may include subprojects.

8. Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies, it will cooperate with such agencies and the Borrower in order to agree on a common approach for the assessment and management of E&S risks and impacts of the project. A common approach will be acceptable to the Bank, provided that it will enable the project to achieve objectives materially consistent with those of the OSs.¹⁶ The Bank will require the Borrower to apply the common approach to the project. The Bank will also coordinate

with the multilateral or bilateral funding agencies so that the Bank and the Borrower may be able to disclose one set of operation-related materials for stakeholder engagement.

9. This Policy also requires the application of the OSs to associated facilities to the extent that the Borrower has control or influence over such associated facilities.¹⁷

10. For the purpose of this Policy, the term 'associated facilities' refers to facilities or activities that are not funded by the Bank but which in its judgment are carried out or are planned to be carried out as a necessary requirement for the project financed by the Bank to be viable.

11. Where:

- a common approach has been agreed for the project, the common approach will apply to the associated facilities; and
- associated facilities are being funded by other multilateral or bilateral funding agencies, the Bank may agree to apply the requirements of these other agencies for the assessment and management of their E&S risks and impacts, provided that such requirements will enable the project to achieve objectives materially consistent with those of the ISS.

III. The Bank's commitments, requirements and responsibilities

III.1. The Bank's general commitments and responsibilities

12. The Bank will conduct environmental and social due diligence (ESDD) on all operations proposed for support. The purpose of the ESDD is to assist the Bank in deciding whether to provide support for the proposed operation and, if so, the way in which E&S risks and impacts will be addressed in the assessment, development, and implementation of the operations. Where the Bank deems

¹⁵ This includes technical assistance (TA) activities supported by the Bank whether provided through a stand-alone operation or as part of an operation/project. The requirements set out in paras. 11 to 15 of OS1 will be applied to TA activities as relevant and appropriate to the nature of the risks and impacts. The terms of reference, work plans and other documents defining the scope and outputs of TA activities will be drafted so that the advice and other support provided is consistent with the OSs. Activities implemented by the Borrower following the completion of the TA that are not financed by the Bank, or activities that are not directly related to the TA, are not subject to this Policy.

¹⁶ In determining whether the common approach is acceptable, the Bank will take into account the policies, standards, and implementation procedures of the multilateral or bilateral funding agencies. The measures and actions that have been agreed under the common approach will be included in the Environmental and Social Management Plan (ESMP).

¹⁷ The Bank will require the Borrower to demonstrate the extent to which it cannot exercise control or influence over the associated facilities by providing details of the relevant considerations, which may include financial, legal, regulatory, and institutional factors.

necessary, it may undertake a contextual risk assessment¹⁸ to complement its ESDD on projects.

13. The Bank's ESDD will be appropriate to the nature and scale of the operation, and proportionate to the level of E&S risks and impacts, with due regard to the mitigation hierarchy.¹⁹ It will assess whether the operation is capable of being developed and implemented in accordance with the OSs.

14. The Bank will require Borrowers to conduct ESAs of projects proposed for Bank support in accordance with OS1.

15. The Bank's due diligence responsibilities will include, as appropriate: (i) reviewing the information provided by the Borrower relating to the direct, indirect, cumulative, and residual risks and impacts of the project, including any associated facilities' E&S risks and impacts of the operations (e.g. pre-feasibility studies, scoping studies, national ESAs, licences, and permits), and sourcing or requesting additional and relevant information where there are gaps that prevent the Bank from completing its due diligence; and (ii) providing guidance to assist the Borrower in developing appropriate measures consistent with the mitigation hierarchy to address E&S risks and impacts in accordance with the OSs. The Borrower is responsible for ensuring that all relevant information is provided to the Bank so that the Bank can fulfill its responsibility to undertake ESDD in accordance with this Policy.

16. Where the Bank is approached to provide support for a project that is under implementation, where the project has already received national permits, including the approval of Environmental and Social Impact Assessments (ESIAs), or where existing enterprises, activities, and initiatives are to be supported, the Bank's due diligence will include a gap analysis against the OSs to identify whether any additional studies, mitigation measures or requirements are necessary to meet Bank requirements.

17. Depending on the potential significance of E&S risks and impacts, the Bank will determine whether the Borrower shall be required to retain independent third-party specialists to assist them in the ESDD on the project.

18. The Bank recognizes that the total cost of the project includes E&S mitigation costs and the full cost of all resettlement activities, factoring in the loss of livelihood and earning potential among the affected population. The Bank will support the Borrower's efforts regarding projects that involve involuntary resettlement including

direct financing of the investment costs of resettlement, either as a component of the project or as a stand-alone project. In exceptional circumstances, the Bank may also provide assistance to the executing agencies in formulating and implementing resettlement policies, strategies, and specific plans.

19. For large-scale or complex Resettlement Action Plans (RAPs), the Bank may require the Borrower to retain an independent third-party resettlement specialist to support the latter in implementing the RAP.

20. Where groups are identified as vulnerable, the Bank will require the Borrower to implement appropriate differentiated measures so that adverse impacts do not fall disproportionately on these vulnerable groups, and so that they are not disadvantaged in sharing development benefits and opportunities such as roads, schools, and health care facilities.

21. The Bank will require the Borrower to prepare and implement projects so that they meet the requirements of the OSs in a manner and a time frame acceptable to the Bank. In establishing the manner and an acceptable time frame, the Bank will take into account the nature and significance of the E&S risks and impacts, the timing for development and implementation of the project, the capacity of the Borrower and other entities involved in developing and implementing the specific measures, and actions to be taken by the Borrower to address such risks and impacts.

22. Where the Bank has agreed that the Borrower may plan or take specific measures or actions to avoid, minimize, reduce, mitigate, or compensate for specific risks and impacts of the project over a specified time frame, it will require that the Borrower commits to not carrying out any activities or taking any actions that may cause material adverse environmental or social risks or impacts until the relevant plans, measures or actions to address them have been completed as agreed with the Bank.

23. If the project comprises or includes existing facilities or activities that do not meet the requirements of the OSs at the time of approval by the Bank, the latter will require the Borrower to adopt and implement measures satisfactory to the Bank so that the material aspects of such facilities or activities meet the requirements of the OSs within a time frame acceptable to the Bank. In determining satisfactory measures and an acceptable time frame, the Bank will take into account the nature and scope of the project and the technical and financial feasibility of the proposed measures.

¹⁸ See section G, Annex 1 of OS1.

¹⁹ The mitigation hierarchy is defined in OS1, para. 23.

24. Where relevant, the Bank will require the Borrower to apply the Bank's *ISS Guidance Notes*.²⁰ When host country requirements differ from the levels and measures presented in the EHSGs, the Bank will require the Borrower to achieve or implement whichever is more stringent. If less stringent levels or measures than those provided in the EHSGs are appropriate in view of the Borrower's limited technical or financial constraints, or other specific project circumstances, the Bank will require the Borrower to provide full and detailed justification for any proposed alternatives through the ESA. This justification must demonstrate, to the Bank's satisfaction, that the choice of any alternative performance level is consistent with the objectives of the OSs and the applicable EHSGs, and is unlikely to result in any significant environmental or social harm.

25. The Bank encourages the application of the Borrower's Environmental and Social Framework in the assessment, development, and implementation of Bank-supported projects, provided that this is likely to address the risks and impacts of the project and enable it to achieve objectives materially consistent with those of the OSs.²¹ The application of all or part of the Borrower's Environmental and Social Framework will be agreed on between the Bank and the Borrower, following completion of the Bank's assessment.

26. Where the Bank becomes aware of a change in the Borrower's Environmental and Social Framework that may materially adversely affect the project, it will discuss it with the Borrower. If, in the opinion of the Bank, the change is inconsistent with the financing agreement between both parties, the Bank will have the right to require the necessary remedial revisions to meet the requirements of the OSs and will take such other measures as it deems appropriate, including applying its remedies.

27. The Bank is committed to ensuring, at any time during the operations' life cycle, the protection of all stakeholders against reprisals, SEAH, GBV or discrimination on the grounds of sexual orientation and gender identity. Specific directives to Bank staff will be issued on application of these commitments.

28. Project documents can be submitted to the Board only when accompanied by the Environmental and Social Compliance Note (ESCON)²² cleared by the Bank's E&S Safeguards and Compliance function.

III.2. The Bank's environmental and social due diligence

III.2.1. Environmental and social risk classification

29. The Bank Group will classify all operations, including those involving financial intermediaries (FIs) and non-sovereign entities, into one of three E&S classifications:²³ *High risk (Category 1)*, *moderate risk (Category 2)* or *low risk (Category 3)*. In determining the appropriate project's E&S risk classification, the Bank will take into account relevant issues, such as: the project's E&S categorization as per national legislation, the project's type, location, sensitivity, and scale; the nature and magnitude of the potential E&S risks and impacts; and the capacity and commitment of the Borrower (including any other entity responsible for the implementation of the project) to manage the E&S risks and impacts in a manner consistent with the OSs. Other areas of risk may also be relevant to the delivery of E&S mitigation measures and outcomes, depending on the specific project and the context in which it is being developed. These could include: legal and institutional considerations; the nature of the mitigation and technology being proposed; governance structures and legislation; and considerations relating to stability, conflict or security. The Bank will then prepare a categorization memorandum to reflect the project risk classification, and the types and number of the E&S documents²⁴ that the Borrower shall prepare and disclose prior to appraisal.

30. The Bank shall regularly review the risk classification assigned to operations, including during implementation,²⁵ and will change the classification where necessary in order to ensure that it continues to be appropriate. Any change to the classification will be disclosed on the Bank's website.

III.2.2. Special project types

Single project undertakings

31. The Bank may finance specific activities and undertakings by eligible private or public sector enterprises with senior or subordinated debt, lines of credit, agency lines, partial credit guarantees, partial risk guarantees, special purpose vehicles, capital market products, trade finance instruments, equity participation

20 Environmental and Social Guidance Notes (ISS Guidance Notes) include specific methodological approaches, GIIP, and standards relevant to meeting the requirements of the OSs. Bank Guidance Notes are supplemented where necessary by the World Bank Group Environmental, Health and Safety Guidelines (EHSG), which were adopted by the Multilateral Financial Institutions' Working Group on Environmental and Social Standards (MFI-WGESS), and contain the performance levels and measures that are normally acceptable and applicable to projects.

21 The decision to use all, or parts, of the Borrower's Environmental and Social Framework will not relieve the Bank of any of its due diligence obligations set out in Section III of this Policy.

22 **Approach to compliance.** The ISS is closely tied to the Bank's business processes and products through compliance checkpoints that generate key safeguard information that are integrated into project documentation and used in requests and clearance processes. The Environmental and Social Compliance Note (ESCON) is the superseding reference for all matters directly linked to E&S compliance and for the management of E&S risks associated with operations.

23 See definitions of each category in the Glossary.

24 Typical E&S documents are listed in OS1, Annex 1. More specialized assessments and planning documents may also be included.

25 This is part of adaptive management of E&S risk along the project cycle.

and quasi-equity (i.e. subordinated, mezzanine, and convertible debt) instruments, etc. Where Bank support is sought for a Borrower's undertaking that involves a single project or defined use of proceeds (including restructuring, retroactive financing), the Borrower shall carry out E&S studies on the undertaking in accordance with OS1.

32. If the project involves new activities, such as construction of a dam or processing facility, the E&S studies will assess the existing baseline conditions and potential risks and impacts as described in OS1. The assessment will address all the requirements of the OS1 to OS10 as relevant.

33. If Bank support is sought for a project that involves existing facilities or business activities, and/or associated facilities, the assessment will consider the E&S risks and impacts associated with such facilities and activities. This may take the form of an Environmental and Social Audit, which will, inter alia, identify and consider legacy issues.

34. In reviewing a request for support for *retroactive finance or restructuring*, the Bank will need to review the following information provided by the Borrower: (i) its Environmental and Social Management System (ESMS) and/or its Environmental and Social Management Plan (ESMP) and associated capacity; (ii) the E&S risks, impacts, and liabilities associated with the project and new elements associated with restructuring; (iii) its regulatory compliance status; (iv) the progress made in addressing the requirements of project approval and permitting agencies or other financiers; and (v) a gap analysis of the project's E&S performance against OS1 to OS10.

Undertakings involving multiple projects, subprojects or programmatic undertakings

35. For undertakings that involve initiatives directed at achieving specific, well-defined objectives, based on the execution of a set of activities, the Bank will require the Borrower to:

- develop and implement an ESMS that is satisfactory to the Bank in form and substance;
- ensure that all activities, subprojects, and other initiatives of the undertaking co-financed by the Bank comply with the Environmental and Social Exclusion List (Annex I of OS1) as complementary to the overall Bank Group's *Negative List*;

- as part of the ESMS, conduct ESDD on projects, subprojects, and other activities that the Borrower considers supporting or investing in;
- require that subprojects, investee companies, and other activities co-financed by the Bank *comply with local and national requirements, and with the relevant requirements of OS1–10*, as determined during ESDD or specified by the Bank;
- *monitor and manage E&S risks and impacts* associated with the loans, investments, and other activities supported by the Borrower;
- *report to the Bank promptly²⁶ any materially significant adverse events* that arise (e.g. accidents, emergencies, spills, legal action, civil unrest, reprisal incidents, human rights abuses) regarding any projects, subprojects, investments or other activities supported by the Bank Group.

Public projects involving multiple subprojects

36. For Bank operations involving multiple subprojects²⁷ that are identified, prepared, and implemented during operations, the Bank will approve the project subject to the commitment²⁸ of the Borrower. This commitment shall be disclosed within the time frame stipulated in para.59 of this Environmental and Social Plan (ESP) and reflected in the financing agreement in order to carry out the required due diligence and take appropriate steps for each subproject for the E&S risk mitigation and stakeholder engagement before the commencement of the physical works. The Bank will require the Borrower to carry out an appropriate ESA of *high risk and moderate risk* subprojects, and prepare and implement them in accordance with the national laws and the OSs.

37. If the E&S risk rating of a subproject increases to a higher risk rating, the Bank will require the Borrower to apply the relevant requirements of the OSs²⁹ in a manner agreed with the Bank. The agreed measures and actions will be included in the appropriate action or management plan, and will be monitored by the Bank.

Intermediated financing

38. Where the Bank is providing support to a financial intermediary (FI),³⁰ the Bank will require the FI to put in place and maintain an ESMS to identify, assess, manage, and monitor the E&S risks and impacts of FI subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of E&S risks and impacts

26 This is specified in the financing agreements between the Bank and the Borrower but shall be no more than three calendar days.

27 Paras. 36 to 37 apply to a Bank-supported public operation or project with multiple subprojects, as in community-driven development projects, projects involving matching grant schemes, or similar activities whose locations will not be known by the Bank's Board approval date.

28 The commitment refers to the ESMP as defined in section III.2.3 and will include at minimum the findings of ESA documents for the earliest scheduled investment(s) that involve(s) physical works.

29 The 'relevant requirements of the OSs' will be based on the reasons for which the risk rating has increased.

30 This support may be provided directly by the Bank to the FI, or from the Borrower to the FI. Financial intermediation also includes the provision of financing or guarantees by FIs to other FIs.

of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level. The Bank will review the adequacy of the ESMS.³¹

39. The FI is required to have in place an adequately resourced ESMS, reviewed and cleared by the Bank, prior to conducting activities supported by Bank finance.

40. If the risk profile of an FI subproject increases significantly, the Bank will require the FI to: (i) notify the Bank; (ii) apply relevant requirements of the OSs³² in a manner agreed with the Bank as set out in the ESMS; and (iii) monitor the agreed measures and actions, and report to the Bank as appropriate.

41. The Bank will review a sample of ESIs produced for subprojects categorized as *high risk* early in the project's life and thereafter, as and when required by the Bank.

Results-based financing

42. When the Bank provides financial support using the results-based financing (RBF) mechanism in support of objectives agreed with the Bank, the Bank will conduct an environmental and social (E&S) system assessment of the programme/project, in collaboration with the Borrower. The Bank's approach will focus on Borrower country frameworks (often termed 'country systems'³³), benchmarking relevant Borrower agencies against the objectives and outcomes of the OSs to ensure that they have the competency and resources to carry out RBF activities in a manner consistent with these objectives and outcomes. The report will be consulted on by stakeholders and disclosed by the Bank prior to appraisal. High risk (Category 1) operations are not eligible for RBF.

43. If the risk rating of subprojects or activities increases to a higher risk rating, the Bank will require the Borrower to apply relevant requirements of the OSs³⁴ in a manner agreed with the Bank. The agreed measures and actions will be included in the appropriate action or management plan, and will be monitored by the Bank.

Programme-based operations

44. Where the Bank provides support for programme-based operations (PBOs), the E&S provisions of this ISS apply. Specifically, the Bank will identify in consort with the Borrower how the specific provisions of the OSs may be applied appropriately at the programme and sector level, taking into account that such operations do not have the same granularity of E&S risks and impacts that are manifest in investment or project financing. Any actions to address identified risks and effects will necessarily be in the form of high-level actions and policy directions rather than the granular approach expected of projects or investment finance. Technical guidelines on the ESDD in PBOs and similar operations will be adopted for use by Bank E&S officers.

Projects with transboundary environmental and social risks

Project on international waterways

45. Projects on international waterways³⁵ may affect relations between the Bank and its Borrowers, and between states (whether members of the Bank or not). The Bank recognizes that the cooperation and goodwill of riparian states is essential for the efficient use and protection of the waterway. Therefore, the Bank attaches great importance to riparian states making appropriate agreements or arrangements for these purposes for the entire waterway or any part thereof. The Bank will assist riparian states in achieving this end. In cases where differences remain unresolved between the Borrower (beneficiary state) and the other riparian states, prior to financing the project, the Bank will urge the beneficiary state to offer to negotiate in good faith with the other riparian states to reach appropriate agreements or arrangements.

46. The Bank ensures that the international aspects of a project on an international waterway are dealt with at the earliest possible opportunity. If such a project is proposed, the Bank will require the beneficiary state, if it has not already done so, to formally notify the other riparian states of the proposed project and its details (risks, impacts and measures). If the prospective Borrower indicates to

31 Where the FI has already developed an Environmental and Social Management System (ESMS) with support of another financier, the Bank will review its adequacy against the requirements of the OSs of the ISS and require gap filling measures as necessary.

32 The 'relevant requirements of the OSs' will relate to the reasons for which the risk profile of the FI subproject has increased.

33 A country's 'Environmental and Social Safeguard System' refers to the country's own policies, procedures, and institutional mechanisms for applying safeguards. Core environmental management functions of public agencies include policy and law formulation, integration of E&S policies, greening of development policies, the establishment of E&S standards, compliance and quality assurance, support to public and private entities on E&S management, and application of decision-making procedures for mainstreaming climate change into development interventions.

34 The 'relevant requirements of the OSs' will relate to the reasons for which the risk rating has increased.

35 These projects include: (i) hydroelectric, irrigation, flood control, navigation, drainage, water and sewerage, coastal zone protection infrastructures, industrial, and similar projects that involve the use, erosion or potential pollution of international waterways as defined in the Glossary of this policy; and (ii) detailed design and engineering studies of projects under (i) above, including those to be carried out by the Bank as executing agency or in any other capacity.

the Bank that it does not wish to give notification,³⁶ the Bank will do so. If the Borrower also objects to the Bank's doing so, the Bank will discontinue the processing of the project.

47. The Bank ascertains whether the riparian states have entered into agreements or arrangements, or have established any institutional framework for the international waterway concerned. In the latter case, the Bank ascertains the scope of the institution's activities and functions, and the status of its involvement in the proposed project, bearing in mind the possible need for notifying the institution.

48. Following notification, if the other riparian states raise objections to the proposed project, the Bank in appropriate cases may appoint one or more independent experts to examine the issues in accordance with the objective of this policy and the requirements of the OSs. Should the Bank decide to proceed with the project despite the objections of the other riparian states, it shall inform them of its decision.

Projects in disputed areas

49. Projects located in disputed areas may raise a number of sensitive issues that affect relations not only between the Bank and its Member States, but also between the country in which the project is carried out, and one or more of the neighbouring countries. In order not to compromise the position of the Bank or of the countries concerned, any dispute concerning the location of the planned project should be settled as soon as possible.

50. The Bank can support a project in a disputed area if the concerned states agree that, pending the settlement of the dispute, the project envisaged in country A must proceed, subject to the contestation of country B.

51. For any project located in a disputed area, the Bank will study the nature of the dispute. The appraisal report for any project located in a disputed area will analyse the nature of the dispute and indicate that the Bank has examined the issue and ensured that:

- a. the other parties to the dispute concerning the area have no objection to the project; or

- b. in any other case, the project has particular characteristics that justify its support by the Bank, regardless of any objection or non-consent of other parties to the dispute. These characteristics are that the project does not harm the interests of other parties to the dispute, or that a contradictory claim has not been the subject of international recognition or scrutiny.

52. The Bank shall not proceed with support to projects in disputes areas except where all parties involved reach an agreement regarding the settlement of the dispute or modalities on the continuation of the proposed project. Appropriate legal safeguards shall be provided in financing agreements for such projects.

53. In all cases, the financing agreement will contain a declaration stipulating that the Bank's support to the project does not imply that it takes a position on the legal or other status of the territories in question, nor that it prejudices the final settlement of requests of the involved parties.

III.2.3. The Environmental and Social Management Plan

54. The Bank will agree on an Environmental and Social Management Plan (ESMP)³⁷ with the Borrower. The ESMP will set out the material measures and actions required for the project to meet the OSs over a specified time frame. The ESMP will be binding and referred to in the financing agreement. The ESMP cost is an integral part of the total cost of the project.³⁸

55. The Bank will require that the Borrower implement the measures and actions identified in the ESMP diligently, in accordance with the time frames specified in the ESMP, and review the status of implementation of the ESMP as part of its monitoring and reporting.

56. Where circumstances arise during the implementation of operations such as changes in the project scope or unforeseen circumstances that have a material effect on E&S risks and impacts and their management, the Bank will require the Borrower to develop and implement an

36 Notification is not required in the following situations: (i) for any ongoing schemes, projects involving additions or alterations that require rehabilitation, construction, or other changes that in the judgment of the Bank will not adversely change the quality or quantity of water flows to the other riparian states, and will not be adversely affected by the other riparian states' possible water use; (ii) for water resource surveys and feasibility studies on or involving international waterways. However, the state proposing such activities includes in the terms of reference for the activities an examination of any potential riparian issues; and (iii) for any project that relates to a tributary of an international waterway where the tributary runs exclusively in one state and the state is the lowest downstream riparian, unless there is concern that the project could cause appreciable harm to other states.

37 The 'Environmental and Social Management Plan' (ESMP) refers to all the E&S risks, impacts, and measures, as approved in all the disclosed E&S documents and agreed between the Bank and Borrower. For projects involving multiple subprojects that are identified, prepared, and implemented during the course of the project, the Borrower must demonstrate to the Bank, before the project appraisal, through the preparation of E&S documentation of a sample of subprojects, that it has the capacity to carry out appropriate ESAs of subprojects, and prepare and implement them in accordance with the national laws and the OSs. For high-risk projects, the Bank will clear the Contractor's ESMP (C-ESMP) before the commencement of works.

38 The resettlement and compensation costs, which are part of the ESMP costs, and which are included in the overall project cost, is available: (i) as part of the Bank financing (loan, grant, etc.); (ii) as a co-financing from another donor; or (iii) as counterpart funding, which is the less preferable option to consider, due to lessons learned based on the Borrowers' systematic failures to mobilize liquidity in time, thereby resulting in project delays and cost overrun. In the event of this latter option (counterpart funding) to finance the resettlement cost, the availability of the total resettlement cost amount in a dedicated project account is set as a condition for the effectiveness or the first disbursement in the financing agreement. Any operation inducing the resettlement of people and that does not clarify at least one of the above-mentioned three financial liquidity options is not ready for implementation.

adaptive management plan and/or process. This will become an integral part of the ESMP and the financing agreement.

III.2.4. Information disclosure

57. The Bank will apply its *Policy on Disclosure and Access to Information* regarding all documents provided to it by the Borrower, subject to the confidentiality concerns described therein.

58. For all projects, the Bank will require the Borrower to provide sufficient information to its stakeholders about the potential risks and impacts of a project or programme during consultations. This information will be disclosed in a timely manner, in an accessible place, and in a form and language understandable to project-affected parties and other interested parties, as set out in OS10, so that they can provide meaningful input into project design and mitigation measures.

59. For all projects, upon review and clearance³⁹ of the E&S documentation, the Bank will require the Borrower to disclose this documentation prior to appraisal and then authorize the Bank to do so within the same time frame, regardless of the E&S category. The documentation will adequately address the key risks and impacts of the proposed project and project alternatives and the E&S management cost as an integral part of the project cost, and will provide sufficient detail to inform stakeholder engagement and Bank decision-making. For *high-risk* projects, the Bank will disclose ESA documentation prior to project appraisal, and at least one hundred and twenty (120) days before Board consideration.

60. When an assessment of the Borrower's Environmental and Social Framework has been completed, the Bank will disclose a summary of the assessment on its website.

61. The Bank will ensure that project E&S implementation reports are made available to the public in accordance with the Bank's Policy on Disclosure and Access to Information.

62. The Bank will maintain an Integrated Safeguards Tracking System (ISTS) as a mechanism through which E&S documentation of all operations is made accessible to the public at relevant stages of the project cycle. The basic purpose of the ISTS is to facilitate the verification of project compliance with the requirements set out in the OSs, over the course of the project cycle. More specifically, the ISTS has several key functions:

- a. *Repository function.* The ISTS acts as a repository for key Environmental and Social Assessment (ESA) information generated over the lifetime of the project. At each stage of the project cycle, relevant fundamental E&S information is inserted into the ISTS so that over the project lifetime, the required information is compiled into one document, to be used to facilitate periodic compliance checks.
- b. *Tracking function.* The ISTS is linked to the Bank's project management system and is thus used to directly monitor project compliance and performance. It is used to ensure that a project can advance from the project preparation phase to the project appraisal phase only if the OS requirements have been adequately fulfilled—a step that is verified by the Bank's E&S Safeguards and Compliance function. The ISTS is also used to ensure that project documentation can be submitted to the Board only after the relevant OS requirements have been adequately fulfilled. The appraisal reports in the documentation are accompanied by the Environmental and Social Compliance Note (ESCON) issued by the Bank's E&S Safeguards and Compliance function.
- c. *Access to information function.* The ISTS provides a mechanism through which the public can access ESA information. It contains links to the E&S documents over the project cycle, including all the reports reviewed and cleared during the implementation of the project. ESA documents are made public at relevant stages of the project cycle through the ISTS and the Bank's website.

III.3. Consultation and participation

63. The Bank recognizes the importance of early and continuing engagement and meaningful consultation with stakeholders. The Bank will require the Borrower to engage with stakeholders, including communities, vulnerable groups, or individuals affected by proposed projects, and with other interested parties, through information disclosure, safe consultation free of reprisal, and informed participation in a manner proportionate to the risks to and impacts on affected communities. The Borrower shall provide documentary evidence to the Bank on how these requirements have been met. The Bank will have the right to participate in consultation activities to understand the concerns of affected people, which will be addressed by the Borrower as part of project design and in mitigation measures in accordance with OS10. The Bank will monitor, as part

³⁹ Bank clearance of the Borrower's E&S documentation in this context confirms that the Bank has exercised its due diligence in following its requirements in supporting the Borrower, and in obtaining and analysing available information to determine that the project is materially consistent with the requirements of the Bank's ISS.

of its due diligence, the implementation of consultation and stakeholder engagement by the Borrower.

64. In order to determine the applicability of OS7, the Bank will require the Borrower to undertake a screening for vulnerable groups in accordance with OS7. Where *highly vulnerable rural minorities*⁴⁰ (HVRM) may be present, the criteria in paras. 18 and 19 of OS7 will be used to determine whether the groups or peoples in question are present in, or have collective attachment to, the proposed project area(s). In conducting its due diligence, the Bank may seek the technical advice of specialists with expertise on the social and cultural groups in the project area. The Bank will also consult the Borrower and all people concerned. The Bank may follow the Borrower host country's national processes during its screening for the identification⁴¹ of HVRM, where these processes meet the requirements of OS7. Where HVRM are present in, or have a collective attachment to, the proposed project area, the Bank will require the Borrower/s to undertake a process of meaningful consultation tailored to HVRM in accordance with OS7.⁴² The outcome of the meaningful consultation will be documented. The Bank will undertake the necessary due diligence and ascertain the outcome of the meaningful consultation, which will contribute to the Bank's decision making as to whether or not to proceed with the proposed project.

65. The Bank recognizes that HVRM (some of whom are referred to as 'indigenous peoples' by their national legislation) may be particularly vulnerable to the loss of, alienation from, or exploitation of, their land and access to the natural and cultural resources. In recognition of this vulnerability, the Bank will require that the Borrower obtain the Free, Prior and Informed Consent (FPIC)⁴³ of the affected HVRM when such circumstances described in OS7 are present.⁴⁴ There is no universally accepted definition of FPIC; it does not require unanimity and may be achieved even when individuals or groups within or among affected HVRM explicitly disagree. For the purposes of OS7, consent refers to the collective support of affected HVRM communities for the project activities that affect them, reached through a culturally appropriate consultation process. This consent may be confirmed even if some individuals or groups object to such project activities. When the Bank is unable to ascertain that such consent is obtained from the affected HVRM, it will

not proceed further with the aspects of the project, activities or initiatives that are relevant to the HVRM for which FPIC cannot be ascertained. In such cases, the Bank will require the Borrower to ensure that the project, activities, and initiatives will not cause adverse impacts on the HVRM.

III.4. Monitoring and implementation support

66. The Bank will provide implementation support regarding the E&S performance of the project, which will include reviewing the Borrower's monitoring reports on the compliance of the project with the requirements of the financing agreement, carrying out implementation support visits, and providing capacity-building support where appropriate. The Bank will monitor the E&S performance of the operations in accordance with the requirements of the financing agreement, including the ESMS and/or the ESMP, and design changes or unforeseen circumstances. The extent and mode of Bank monitoring with respect to E&S performance will be proportionate to the potential E&S risks and impacts. The Bank monitors implementation through monthly or quarterly E&S implementation reports, prepared by the Borrowers, and annual Environmental and Social Audits prepared by an independent consultant of the Borrower, and during its own implementation support visits. The Bank will carry out regular implementation support field missions. The frequency of these missions may also be increased for riskier operations.

67. For projects presenting high E&S risks, the Bank will require the Borrower to appoint an independent third-party monitoring team to the project if there is a serious risk of non-compliance with Bank E&S requirements, where conflicts may arise, or in other cases that the Bank deems appropriate.

68. For large-scale or complex RAPs, the Bank will require the Borrower to retain an independent third-party resettlement specialist to monitor and evaluate the implementation of the RAP, with an obligation to report back to both parties.

69. Projects that include large-scale resettlement will be subjected to monthly reporting and in-depth annual reviews in a manner consistent with overall operation

40 *Highly vulnerable rural minorities* (HVRM) refers to specific socio-cultural minority groups in rural areas whose culture and life are vitally and sustainably dependent on natural resources and/or landscapes of their living environments, and whose cultures and quality of life are under threat whenever the features of these resources or landscapes are substantially deteriorated. This includes minorities qualified as indigenous people under national legislation, forest dwellers, traditional pastoralists, hunter-gatherers, nomadic groups, etc.

41 In accordance with paras. 18 and 19 of OS7.

42 See OS7, para. 32.

43 *Free* refers to being free of intimidation or coercion; *Prior* refers to being timely in relation to the assessment process, allowing sufficient time to access and understand information and prepare responses; and *Informed* refers to the advanced provision of relevant, understandable, and accessible information, in the appropriate language. *Consent* does not imply a right of veto or require unanimity on the project before the Board's consideration.

44 Further details are set out in OS7, Section C.

implementation support activities. The monitoring and implementation support will also consider the effectiveness and performance of the projects' grievance mechanism and progress towards achieving compliance with the projects' resettlement plans.

70. Compliance with the main E&S measures and actions set out in the financing agreement may constitute conditions precedent to either effectiveness or disbursement, if they need to be fulfilled before or during the implementation period, and may give rise to default or other remedies, if they have not been implemented and/or complied within the time frame(s) agreed upon. To the extent that the Bank's evaluation at the time of project completion determines that such measures and actions have not been fully implemented, the Bank will make this a condition to continuing its support to the Borrower in the same sector, or apply any other remedies that the Bank deems appropriate, until the case is resolved.

71. Where appropriate and as set out in the ESMP, the Bank will require the Borrower to engage stakeholders and third parties, such as independent experts, local communities, civil society organizations (CSOs) or non-governmental organizations (NGOs), to complement or verify the monitoring information collected about the operation. Where other agencies or third parties are responsible for managing specific risks and impacts, and implementing mitigation measures, the Bank will require the Borrower to collaborate with such agencies and third parties to establish and monitor these measures.

72. Where the Bank has identified and agreed with the Borrower, and as relevant, other agencies,⁴⁵ on corrective or preventive measures and actions, all material measures and actions will be included in the ESMP. These measures and actions will be addressed in accordance with the time frame set out in the ESMP, or, if they are not included in the ESMP, in a reasonable time frame, in the opinion of the Bank. The Bank will have the right to apply remedies⁴⁶ if the Borrower fails to implement such measures and actions in the time frames specified.

III.5. Grievance mechanisms and accountability

73. The Bank will require the Borrower to provide a grievance mechanism, process or procedure to receive and facilitate the resolution of concerns and grievances

of project-affected parties and other interested parties arising in connection with the project, in particular regarding the Borrower's E&S performance. The grievance mechanism will be proportionate to the risks and impacts of the project.⁴⁷

74. The Bank's grievance provisions comprise the following elements: (i) the Borrower's project-level grievance mechanisms that enable tracking, management, and monitoring of grievances and their resolutions at the project level; and (ii) the Bank's IRM, which enables the investigation of complaints regarding the Bank's failure to comply with its own policies and procedures. There is no hierarchy between the two mechanisms, but the complainants may engage with both the project-level grievance mechanism and the IRM as appropriate. However, complaints unresolved by the project's grievance mechanism may be submitted at any time to the IRM after concerns have been brought directly to the Bank Management's attention and after Management has been given an opportunity to respond.

75. *The independent recourse mechanism.* The aim of the Bank's IRM is to enable people who are, or are likely to be, adversely affected by a project financed by the Bank Group as a result of the violation of the Bank Group's policies and procedures to request the Bank to comply with its own policies and procedures. The requestors first seek to resolve their complaints with Bank Management; however, if in their opinion, Bank Management has not adequately handled their complaints, they may submit their requests to the IRM.

III.6. Strengthening of the Borrower's capacity for environmental and social risk management

76. To support the increasing use of the Borrower's Environmental and Social Framework, the Bank may, at the request of the Borrower and where the Bank deems this to be feasible, conduct an overview assessment of the Borrower's existing policy, legal, and institutional framework, and human and financial resources for addressing E&S risks and impacts, and related implementation capacity. The overview assessment will identify aspects of the existing framework that can be strengthened, and the capacity building needed to support this. The overview assessment will not be a prerequisite for the use of all or part of the Borrower's Environmental and Social Framework for a specific Bank operation. However, where the overview

⁴⁵ Where the Bank has agreed on a common approach with other multilateral or bilateral funding agencies, it will review any corrective or preventive measures and actions agreed with the Borrower in accordance with para. 8.

⁴⁶ In situations of persistent non-compliance with the requirements of this policy, the Bank reserves the right to apply sanctions, which may include suspension of works, disbursement, or cancellation of its support to the operation.

⁴⁷ The grievance mechanism or grievance redress mechanism may utilize existing formal or informal grievance redress mechanisms (GRMs), provided that they are properly designed and implemented, and deemed suitable for the purposes of the project; these may be supplemented as needed with project-specific arrangements.

assessment has been completed, it will inform the Bank's assessment of the Borrower's Environmental and Social Framework.

IV. Institutional and implementation arrangements

77. The Bank will allocate responsibilities and appropriate resources to support an effective implementation of this OS Policy.

78. Projects receiving initial approval by Bank Management prior to the entry into force of this Policy will be subject to the 2013 ISS.

79. The Bank will develop and maintain directives and appropriate guidance and information tools to assist in implementing this Policy.

80. Without prejudice to para. 78 above, this Policy abrogates the 2013 ISS Policy and supersedes the provisions of all prior instruments to the extent of any inconsistency.

81. This Policy will be reviewed every five years on an ongoing basis as per the procedure for the review of Bank policies, and will be amended or updated as appropriate, subject to approval by the Board of Directors.

V. Waiver and deferral of the Bank environmental and social requirements

82. The Bank may waive⁴⁸ or defer requirements of the OSs, in whole or in part, with no prejudice to the objectives of this policy, hereunder subject to approval by the Bank's Board of Directors:

- a. where a Borrower is deemed by the Bank to: (i) be in urgent need of assistance due to a natural or man-made disaster, large-scale epidemic, pandemic or conflict; or (ii) experience capacity constraints due to fragility or specific vulnerabilities; or
- b. on account of justifications, reasons and/or circumstances provided by the Borrower and to be evaluated on a case-by-case basis.

⁴⁸ The request and granted waiver would be included in the Board documents and disclosed either at pre-Board or post-Board as applicable, in accordance with the Disclosure and Access to Information and these ISS disclosure requirements.

C.

**African
Development Bank's
Environmental and
Social Operational
Safeguards
requirements for the
Bank's Borrowers**



Environmental and Social Operational Safeguard 1: Assessment and Management of Environmental and Social Risk and Impact

Introduction

1. The aim of this overarching Operational Safeguard (OS), together with the OSs that complement it, is to mainstream environmental and social (E&S) considerations, including those related to climate change vulnerability, into Bank operations and thereby contribute to sustainable development in the continent.

2. Environmental and Social Assessment (ESA) work carried out under this OS helps to determine the scope and extent to which other OSs are addressed. It sets out the Borrower's responsibilities for assessing, managing, and monitoring E&S risks and impacts associated with each stage of an operation supported by the Bank Group. The Bank reviews and discloses all documentation related to an operation's ESA in accordance with this OS, OS10, and the Bank's *Policy on Disclosure and Access to Information*, prior to presenting an operation to the Bank's Board of Directors.

3. The OSs are designed to help Borrowers manage the risks and impacts of their projects, activities or other undertakings, and improve their E&S performance through a risk- and outcomes-based approach. The desired outcomes are described in the objectives of each OS, followed by specific requirements to help Borrowers achieve these objectives through means that are appropriate to the nature and scale of the project, activities or other undertakings, and proportionate to the level of E&S risks and impacts.

4. This OS, together with OS10 (*Stakeholder Engagement and Information Disclosure*), provide the overall process framework for the ESA and management of Bank-financed operations at the level of the project,

activities or other undertakings⁴⁹ supported through Bank financing.

Objectives

5. The objectives of OS1 are as follows:

- Identify and assess the E&S risks and impacts including those related to gender inequalities, climate change, and vulnerability of Bank lending, investment, and grant-supported operations, in their areas of influence in a manner consistent with the OSs.
- Provide opportunity for stakeholder engagement and consultation in assessing and managing the E&S risks and impacts.
- Adopt a mitigation hierarchy approach as follows:
 - anticipate and avoid risks and impacts;
 - where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;
 - once risks and impacts have been minimized or reduced, mitigate them; and
 - where significant residual impacts remain, compensate for or offset them, where technically⁵⁰ and financially⁵¹ feasible.
- Adopt differentiated measures so that adverse impacts do not fall disproportionately on the vulnerable⁵² to prevent them from being disadvantaged in sharing development benefits and opportunities resulting from the project.
- Utilize national E&S institutions, systems, laws, regulations, and procedures in the assessment,

⁴⁹ Bank operations may support projects, sets of activities, or other undertakings under various financial instruments. Unless stated otherwise, the term 'project' refers to any project, set of subprojects, activities, or other undertakings supported by the Bank Group through its operations.

⁵⁰ 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.

⁵¹ Financial feasibility is based on relevant financial considerations, including the 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 Borrower.

⁵² Vulnerability is not an inherent characteristic of people and does not occur in a vacuum. Women, for instance, are not inherently more vulnerable than men; however, discrimination, entrenched social roles and attitudes, poverty and lack of access to decision-making can weaken their resilience and render them vulnerable to project risk and adverse impacts. Vulnerability is thus context-specific and is to be understood through the interplay of three factors: (i) exposure to risk and adverse impacts; (ii) sensitivity to those risks and impacts; and (iii) adaptive capacity.

development and implementation of projects, whenever appropriate.

- Contribute to strengthening regional member countries' (RMC) systems for E&S risk management by assessing and building their capacity to meet Bank Group requirements set out in the ISS.

Scope of application

6. This OS applies to all Bank Group's funded operations, including programme-based operations (PBOs), programme lending that leads to individual subprojects, lending to or investing in financial intermediaries (FIs), and project activities funded through other financial instruments managed by the Bank, except for short-term, exceptional circumstances and emergency relief, which is specifically exempted.⁵³

7. Where the Bank is jointly financing a project with other multilateral or bilateral agencies, the Borrower shall cooperate with the Bank and such agencies in order to agree on a common approach to the assessment and management of E&S risks and impacts of the project. A common approach will be acceptable provided that it will enable the project to achieve objectives materially consistent with the OSs.⁵⁴ The Borrower shall be required to apply the common approach to the project.

8. OS1 also applies to all associated facilities, which will meet the requirements of the OSs, to the extent that the Borrower has control or influence over them.⁵⁵

9. For the purposes of this OS, the term 'associated facilities' refers to facilities or activities that are not funded by the Bank but which, in its judgment, are carried out or are planned to be carried out as a necessary requirement for the project financed by the Bank in order to be viable.

Where:

- a common approach has been agreed for the project, the common approach will apply to the associated facilities; and
- associated facilities are being funded by other multilateral or bilateral funding agencies, the Borrower may agree with the Bank to apply

the requirements of these funding agencies to the associated facilities provided that such requirements will enable the project to achieve objectives materially consistent with those of the OSs.

10. Where the Bank is financing a project involving a FI, and other multilateral or bilateral funding agencies have already provided financing to the same FI, the Borrower may agree with the Bank to rely on the requirements of such other agencies for the assessment and management of E&S risks and impacts of the project, activities or other undertakings. These requirements include the institutional arrangements already established by the FI, provided that such requirements will enable the project, activities or other undertakings to achieve objectives materially consistent with those of the OSs.

Requirements

A. General

11. The Borrower shall assess, manage, and monitor the E&S risks and impacts of the project throughout the project life cycle so as to meet the requirements of the OSs in a manner and within a time frame acceptable to the Bank.⁵⁶

12. The Borrower shall:

- conduct an ESA of the proposed project, including stakeholder engagement;
- undertake stakeholder engagement and disclose appropriate information in accordance with OS10;
- develop an Environmental and Social Plan (ESMP) and implement all measures and actions set out in the financing agreement including the ESMP; and
- conduct monitoring and reporting on the E&S performance of the project against the OSs.

13. Where the ESMP requires the Borrower to plan or take specific measures and actions over a specified time frame to maximize positive impacts and avoid, minimize, reduce, mitigate, or compensate specific risks and adverse impacts of the project, the Borrower shall not carry out any activities regarding the project that may

⁵³ The categorization memorandum and ESCON will be prepared, and E&S measures proposed for consideration during implementation when relevant. However, preparation of E&S documents by the Borrower is not required under these short-term, exceptional circumstances, and emergency relief.

⁵⁴ In determining whether the common approach or the requirements referred to are acceptable, the Bank will take into account the policies, standards, and implementation procedures of the multilateral or bilateral funding agencies. The agreed measures and actions will be included in the Environmental and Social Management Plan (ESMP).

⁵⁵ The Borrower shall be required to demonstrate the extent to which it cannot exercise control or influence over the associated facilities by providing details of the relevant considerations, which may include legal, regulatory, and institutional factors.

⁵⁶ In establishing the manner and an acceptable time frame, the Bank will take into account the nature and significance of the potential E&S risks and impacts, the timing for project development and implementation, the capacity of the Borrower and other entities involved in developing and implementing the project, and the specific measures to be put in place and actions to be taken by the Borrower to address such risks and impacts.

cause material adverse E&S risks or adverse impacts until the relevant plans, measures or actions have been completed in accordance with the ESMP.

14. If the project comprises or includes existing facilities or activities that do not meet the requirements of the OSs at the time of Board approval, the Borrower shall adopt and implement measures satisfactory to the Bank so that specific aspects of such facilities and activities meet the requirements of the OSs in accordance with the ESMP.

15. The project, activities, and initiatives will be guided by the relevant requirements of the ISS Guidance Notes. When host country requirements differ from the levels and measures presented in the ISS Guidance Notes, the Borrower shall be required to implement project activities, whichever is more stringent. If less stringent levels or measures than those provided in the ISS Guidance Notes are appropriate in view of the Borrower's limited technical or financial constraints, or other specific project circumstances, the Borrower shall provide full and detailed justification for any proposed alternatives through the ESA. This justification must demonstrate, to the satisfaction of the Bank, that the choice of any alternative performance level is consistent with the objectives of the OSs and the applicable ISS Guidance Notes, and is unlikely to result in any significant environmental or social harm.

B. Use of the Borrower's Environmental and Social Framework

16. If the Borrower and the Bank propose to use all or part of the Borrower's Environmental and Social Framework for the management of proposed project E&S risks and impacts, the Bank will review the Borrower's Environmental and Social Framework⁵⁷ in accordance

with the requirement of para. 19. The Borrower shall provide information to the Bank in connection with the assessment.⁵⁸

17. If the assessment identifies gaps in the Borrower's Environmental and Social Framework, the Borrower shall work with the Bank to identify measures and actions to address them. Such measures and actions may be implemented during project preparation or project implementation, and will include, where necessary, measures and actions to address any capacity development issues pertaining to the Borrower, any relevant national, subnational or sectoral implementing institution, and any implementing agency. The agreed measures and actions, together with the time frames for their completion, will form part of the ESMP.

18. The Borrower shall take all actions necessary to maintain its Environmental and Social Framework, as well as acceptable implementation practices, track record, and capacity, in accordance with the measures and actions identified in the ESMP, throughout the project life cycle. The Borrower shall notify and discuss with the Bank any significant changes in the Borrower's Environmental and Social Framework that may affect the project.⁵⁹ If the Environmental and Social Framework is changed in a manner inconsistent with the requirement of para. 19 and the ESMP, the Borrower shall carry out, as appropriate, an additional assessment and stakeholder engagement in accordance with the OSs, and propose changes to the ESMP for approval by the Bank.

C. The Environmental and Social Assessment

19. The Borrower shall carry out an ESA⁶⁰ of the project proposed for Bank support to assess its E&S risks and impacts throughout the project life cycle.⁶¹ The assessment shall be proportionate to the potential risks

57 The Borrower's Environmental and Social Framework will include aspects of the host country's policy, legal and institutional framework, consisting of its national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules, and procedures, and implementation capacity relevant to the E&S risks and impacts of the project. Where there are inconsistencies or lack of clarity within the Borrower's Environmental and Social Framework regarding relevant authorities or jurisdiction, they will be identified and discussed with the Borrower. The aspects of the Borrower's existing Environmental and Social Framework that are relevant will vary from project to project, depending on such factors as the type, scale, location, potential E&S risks and impacts of the project, and the role and authority of different institutions.

58 The information provided by the Borrower shall assist in determining whether and to what extent the Borrower's Environmental and Social Framework can be used to enable the project to address the risks and impacts of the project, and achieve objectives materially consistent with the OSs. The Borrower shall provide to the Bank recent studies and assessments conducted by the Borrower or reputable third parties, including on other projects developed in the country, to the extent that they are relevant to the proposed project.

59 If, in the opinion of the Bank, such changes serve to improve the Borrower's Environmental and Social Framework, the Borrower shall apply them to the project.

60 The Borrower, in consultation with the Bank, will identify and use appropriate methods and tools, including scoping, E&S analyses, investigations, audits, surveys, and studies, to identify and assess the potential E&S risks and impacts of the proposed project. These methods and tools will reflect the nature and scale of the project, and will include, as appropriate, a combination or elements of the following: an environmental and social impact assessment (ESIA); an environmental and social audit; a hazard or risk assessment; a social and conflict analysis; a resettlement action plan; a vulnerable group plan, etc. Specific features of a project may require the Borrower to utilize stand-alone specialized methods and tools for assessment, for example, a cultural heritage management plan, a biodiversity compensation plan, a pest and/or vector management plan, and a hazardous waste management plan. Where the project is likely to have significant sectoral or regional impacts, a sectoral or regional strategic environmental and social assessment (SESA) may be required to be completed during the implementation of the project in support to the country's strategy for the sector or region.

61 This may include preconstruction, construction, operation, decommissioning, closure, and reinstatement/restoration.

and impacts. Accordingly, it will assess, in an integrated manner, all relevant direct,⁶² indirect,⁶³ and cumulative⁶⁴ E&S risks and impacts throughout the project life cycle, including those specifically identified in OS2 to OS10, as well as contextual issues such as the prevailing political economy, which may affect how risks and impacts manifest themselves.

20. The ESA will be based on recent and current information, including an accurate description and delineation of the project, activities or other initiatives, and any associated aspects, and E&S baseline data at an appropriate level of detail sufficient to inform the risk classification and the identification and thorough assessment of the risks, impacts, and mitigation measures. The assessment will: identify and evaluate the project's E&S risks and impacts; examine project alternatives; identify ways to improve project selection, siting, planning, design, and implementation in order to apply the mitigation hierarchy for adverse E&S impacts; and identify opportunities to enhance the positive impacts of the project. The ESA will include stakeholder engagement as an integral part of the assessment, in accordance with OS10.

21. The ESA will be an adequate, accurate, and objective assessment and presentation of the risks, impacts, and measures, and will be prepared by qualified and experienced persons. For high-risk (Category 1) projects, as well as situations in which the Borrower has limited capacity, the Borrower shall retain independent specialists to carry out the ESA.

22. The Borrower shall ensure that the ESA takes into account in an appropriate manner all issues relevant to the project, including: (i) the host country's applicable policy framework, national laws, and regulations, and

institutional capabilities (including implementation) relating to E&S issues; variations in country conditions and project context; country environmental or social studies; national environmental or social action plans; and obligations of the country directly applicable to the project under relevant international treaties and agreements; (ii) applicable requirements under the OSs; and (iii) the EHSGs, and other relevant Good International Industry Practice (GIIP).⁶⁵ The assessment of the project and all proposals contained in the assessment will be consistent with the requirements of this paragraph.

23. The ESA will always apply the mitigation hierarchy,⁶⁶ as follows:

- anticipate and avoid risks and negative impacts;
- where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;
- once risks and impacts have been minimized or reduced, mitigate them;⁶⁷ and
- where significant residual impacts remain, compensate for, or in the case of biodiversity and habitat losses, offset them,⁶⁸ where technically and financially feasible.⁶⁹

24. The ESA, informed by the scoping of the issues, will take into account all relevant E&S risks and impacts of the project, as follows:

- **Environmental risks and impacts**, including:
 - (i) those identified in the E&S Operational Safeguards (OSs), cross-cutting policies and strategies, and in the EHSGs, such as impacts related to noise, vibrations, pollution, wastes, soil integrity, hydrogeology, as well as visual and landscape impacts;⁷⁰ (ii) those related to community safety (including dam safety and safe use of

62 A direct impact is one that is caused by the project and occurs contemporaneously in the project location.

63 An indirect impact is one that is caused by the project and that occurs later or farther than a direct impact but that is still reasonably foreseeable. Indirect effects may include growth-inducing effects and other effects related to induced changes in the pattern of land use, population density or growth rate, as well as the related effects on air and water, and other natural systems, including ecosystems. When analysing greenhouse gas (GHG) emissions, indirect impacts include the end use of the development; for example, the burning of fossil fuel is an indirect impact of a pipeline construction.

64 The cumulative impact of the project is the incremental impact of the project when added to impacts from other relevant past, present, and reasonably foreseeable developments, as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. Cumulative impacts can result from individually minor but collectively significant activities taking place over a period of time. The ESA will consider cumulative impacts that are recognized as important on the basis of scientific concerns and/or reflect the concerns of project-affected parties. The potential cumulative impacts will be determined as early as possible, ideally as part of project scoping.

65 'Good International Industry Practice' (GIIP) is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of this exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

66 The mitigation hierarchy is further discussed and specified in the context of OS2 to OS10, where relevant.

67 The requirement to mitigate impacts includes resettlement as well as measures to assist affected parties in improving or at least restoring their livelihoods as relevant in a particular project setting.

68 The Bank has reservations regarding the long-term success of biodiversity offsets, and since during due diligence there are often material uncertainties, the Bank will exercise a precautionary approach in considering biodiversity offsets.

69 The Borrower shall make reasonable efforts to incorporate the costs of compensating and/or offsetting for the significant residual impacts as part of project costs. The Environmental and Social Assessment (ESA) will consider the significance of such residual impacts, their long-term effects on the environment and project-affected people, and the extent to which they are considered reasonable in the context of the project. Where it is determined that it is not technically or financially feasible to compensate or offset for such residual impacts, the rationale for this determination (including the options that were considered) will be set out in the ESA, and may be a basis for the implicated project component/activity not proceeding.

70 The Bank prepares guidance and technical notes on environmental, health, safety, social, security, gender, and climate issues. It may also refer to guidance and guidelines prepared by other multilateral financial institutions (MFIs) such as the World Bank Group Environmental, Health, and Safety Guidelines (EHSGs). These Bank and other documents provide general and industry-specific statements of Good International Industry Practice (GIIP). The EHSGs contain the performance levels and measures that are generally considered achievable in new facilities by existing technology at reasonable cost.

pesticides and other chemicals); (iii) those related to climate change⁷¹ and other transboundary or global risks and impacts; (iv) any material threat to the protection, conservation, maintenance, and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services and the use of living natural resources, such as fisheries and forests.

- **Social risks and impacts**, including: (i) impacts on people's way of life, their culture, social structure, and their community (including from a legacy perspective); (ii) threats to human safety and security (including reprisal risks) through the escalation of personal, communal or inter-state conflict, crime or violence including sexual exploitation, abuse, and harassment (SEAH); (iii) risks that project impacts fall disproportionately on individuals and groups who, because of their particular circumstances, may be vulnerable;⁷² (iv) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly for those who may be vulnerable due to their particular circumstances; (v) negative economic and social impacts relating to the involuntary taking of land or restrictions on land access and use; (vi) risks or impacts associated with land and natural resource tenure and use,⁷³ including, as relevant, potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (vii) impacts on the health, safety, and well-being of workers and project-affected communities; and (viii) risks to cultural heritage.

25. Where the ESA of the project identifies specific individuals or groups as vulnerable, the Borrower, in consultation with members of vulnerable groups, will propose and implement differentiated measures so that

adverse impacts do not fall disproportionately on the vulnerable, and to prevent them from being disadvantaged in sharing any development benefits and opportunities resulting from the project.

26. The Bank may assist Borrowers in screening, identifying, and assessing vulnerability in project areas upon their request and within the limits of available resources. The presence of factors that cause vulnerability, project impacts, and the capacity to cope with, or adapt to, such impacts, as well as the potential for such impacts to be mitigated in a way that takes into account the specific vulnerabilities or marginalization status in question should all be analysed.

27. For projects involving multiple subprojects⁷⁴ that are identified, prepared, and implemented during the course of the project, the Borrower shall need to demonstrate to the Bank, before project appraisal, through the preparation of E&S documentation of a sample of subprojects, that it has the capacity to carry out an appropriate ESA of subprojects, and prepare and implement them in accordance with the national laws and the OSs.

28. The ESA will also identify and assess, to the extent appropriate, the potential E&S risks and impacts of the associated facilities, which the Borrower shall address in a manner proportionate to its control or influence over them. To the extent that the Borrower cannot control or influence the associated facilities to meet the requirements of the OSs, the ESA will also identify the risks and impacts that they may present to the project.

29. For projects that are *high risk* (Category 1) or contentious, or that involve serious multidimensional environmental or social risks or impacts, the Borrower may be required to engage one or more internationally recognized independent experts. These experts may, depending on the project, form part of an advisory panel or be otherwise employed by the Borrower, and will provide independent advice and oversight to the project.⁷⁵

71 The Bank Group requires an assessment of vulnerability to climate change as part of its project appraisal process for public and private sector operations; any mitigating measures that result from that assessment are included in the operation with measures that result from the larger ESA.

72 See OS7 for a full details. *Vulnerable group* refers to individuals or a group of individuals who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. This individuals or group is also more likely to be excluded from, or unable to participate fully in, the mainstream consultation process and as such may require specific measures and/or assistance to do so. Depending on the specific context of the project, vulnerable groups may include, among others, female-headed households, the landless, the elderly, youth and children, persons with disabilities, groups who are marginalized on the basis of ethnicity, religion, language as well as sexual orientation and gender identity, and HVRM including groups referred to as indigenous peoples in some contexts. Vulnerability is not an inherent characteristic of people and does not occur in a vacuum. Women, for instance, are not inherently more vulnerable than men; however, discrimination, entrenched social roles and attitudes, poverty, and lack of access to decision-making can weaken their resilience and render them vulnerable to project risk and adverse impacts. Vulnerability is thus context-specific and is to be understood through the interplay of three factors: (i) exposure to risk and adverse impacts; (ii) sensitivity to those risks and impacts; and (iii) adaptive capacity.

73 Due to the complexity of tenure issues in many contexts and the importance of secure tenure for livelihoods, careful assessment and design are needed to help ensure that projects do not inadvertently compromise existing legitimate rights (including collective rights, subsidiary rights and the rights of women) or have other unintended consequences, particularly where the project supports land titling and related issues. In such circumstances, the Borrower shall, at a minimum, demonstrate to the Bank's satisfaction that the applicable laws and procedures, together with project design features: (i) provide clear and adequate rules for the recognition of relevant land tenure rights; (ii) establish fair criteria and functioning, transparent and participatory processes for resolving competing tenure claims; and (iii) include genuine efforts to inform affected people about their rights and provide access to impartial advice.

74 Paragraphs 30 to 31 do not apply to a Bank-supported project with multiple small subprojects, as in the case of community-driven development projects, projects involving matching grant schemes, or similar projects designated by the Bank.

75 This requirement relates to independent advice and oversight of such projects, and is not related to circumstances in which the Borrower shall be required to retain independent specialists to carry out an ESA, as set out in paras. 19 to 25.

30. The ESA shall also consider the risks and impacts associated with the primary suppliers,⁷⁶ as required by OS2 and OS6. The Borrower shall address such risks and impacts in a manner proportionate to the Borrower's control or influence over its primary suppliers, as set out in OS2 and OS6.

31. The ESA shall consider potentially significant project-related transboundary and global risks and impacts, such as impacts from effluents and emissions, the increased use or contamination of international waterways, emissions of climate pollutants, including greenhouse gases (GHGs) and black carbon, and impacts on threatened or depleted migratory species and their habitats. The ESA will also incorporate assessments of climate change mitigation, adaptation, and resilience issues, as appropriate.⁷⁷

D. The Environmental and Social Management Plan

32. The Borrower shall develop and implement an ESMP,⁷⁸ which will set out measures and actions required for the project to achieve compliance with the OSs over a specified time frame.⁷⁹ The ESMP will be agreed on with the Bank, will be binding, and will be referred to in the financing agreement.

33. The ESMP shall take into account the findings of the ESA, the Bank's ESDD, project-related risks associated with climate change and gender inequality and impacts, and the results of engagement with stakeholders. It will be an accurate summary of the material measures and actions required to maximize the positive impacts and to avoid, minimize, reduce, mitigate or compensate for the E&S risks and adverse impacts of the project.⁸⁰ A performance indicator, human and financial resources for implementation, and a completion date for each action will be specified in the ESMP.

34. Where a common approach⁸¹ has been agreed, the ESMP will include all measures and actions that have been agreed by the Borrower to enable the project to adopt the common approach.

35. The ESMP will include a process that allows for adaptive management of proposed project changes or unforeseen circumstances. The process will set out how they will be managed and reported on, and any necessary changes will be made to the ESMP and relevant management tools.

36. The Borrower shall diligently implement the measures and actions identified in the ESMP in accordance with the time frames specified, and will review the status of implementation of the ESMP as part of its monitoring and reporting.⁸² All contractors, sub-contractors, and primary suppliers are required contractually to comply with the ESMP. Bidding documents and invitations to tender should provide information in this respect so that bidders will internalize the costs associated with the objective of meeting the requirements of the ESMP and the financing agreement.

37. The ESMP will describe the different management tools⁸³ that the Borrower shall use to implement the agreed measures and actions. These management tools will include, as appropriate, operational manuals, management systems, procedures, practices, and capital investments. All management tools will apply the mitigation hierarchy and incorporate measures so that the project will meet the requirements of applicable laws and regulations, and the OSs (including the relevant GIIP) in accordance with the ESMP throughout the operation life cycle.

38. Recognizing the dynamic nature of the project development and implementation process, the management tools will take a long-term and phased approach, and be designed to be responsive to changes in project circumstances, unforeseen events, regulatory changes, and the results of monitoring and review.

76 'Primary suppliers' are those that provide directly to the project goods or materials essential for the core functions of the project, a set of activities or other initiatives, including during the implementation phase. 'Core functions' of a project constitute these production and/or service processes essential for a specific project activity without which the project, activities or other initiatives cannot continue.

77 Climate risk/vulnerability assessments and climate risk management plans, as part of the ESA.

78 The ESMP is the summary of the project's E&S risks and impacts, and the set of all the E&S measures necessary for the adequate management of those project-associated risks and impacts, including resettlement measures. In addition, it can be simple or include several sub-plans (waste, biodiversity, emergency preparedness, etc.) depending on the scope and nature of the project. All international finance institutions and regional member countries (RMCs) have requirements for a project-level plan to address E&S risks and impacts of projects; they may have different terminology and titles such as ESA Procedures, the Environmental and Social Commitment Plan, ESMP, or Environmental and Social Management System (ESMS), but they essentially have the same purpose and constituent parts. See the annexes to this OS for further information.

79 The Bank will assist the Borrower in identifying appropriate methods and tools to assess and manage the E&S risks and impacts of the project and developing the ESMP. For high-risk projects, the Borrower shall share the Contractor's ESMP (C-ESMP) for clearance before commencement of works.

80 This will include: any mitigation and performance improvement measures and actions already developed; actions that may be completed prior to approval by the Bank's Board of Directors; actions required by national law and regulation that satisfy the requirements of the OSs; actions to address gaps in the Borrower's Environmental and Social Framework; and any other actions that are considered necessary for the project to achieve compliance with the OSs. The gaps will be assessed by reference to what would be required in the relevant OS.

81 See paras. 7 and 9.

82 See Section D.

83 The level of detail and complexity of the management tools will be proportionate to the project's risks and impacts, and the measures and actions identified to address such risks and impacts. They will take into account the experience and capacity of the parties involved in the project, including the implementing agencies, project-affected communities, and other interested parties, and will aim to support improved environmental and social performance.

39. The Borrower shall notify the Bank promptly of any proposed changes to the scope, design, implementation or operation of the project that are likely to cause an adverse change in the environmental or social risks or impacts of the project. The Borrower shall carry out, as appropriate, an additional assessment and stakeholder engagement in accordance with the OSs, and propose changes, for approval by the Bank, to the ESMP and relevant management tools, as appropriate, in accordance with the findings of such assessments and consultation. Any significant changes will be disclosed.

E. Project implementation support and reporting

40. The Borrower shall monitor the E&S performance of the operation in accordance with the financing agreement (including the ESMP and OSs). The extent and mode of monitoring will be agreed upon with the Bank, and will be proportionate to the nature of the operation, its E&S risks and impacts, and compliance requirements. The Borrower shall ensure that adequate institutional arrangements, systems, resources, and personnel are in place to carry out monitoring. Where appropriate and as set out in the ESMP, the Borrower shall engage stakeholders and third parties, such as independent experts, local communities or non-governmental organizations (NGOs), to complement or verify its own monitoring activities. Where other agencies or third parties are responsible for managing specific risks and impacts, and implementing mitigation measures, the Borrower shall collaborate with them to establish and monitor these measures.

41. Monitoring will normally include recording information to track performance and establishing relevant operational controls to verify and compare compliance and progress. Monitoring will be adjusted according to performance experience, as well as actions requested by relevant regulatory authorities and feedback from stakeholders such as community members. The Borrower shall document monitoring results.

42. The Borrower shall provide regular reports, as set out in the ESMP, to the Bank of the results of the monitoring (in any event, no less than quarterly, and for high-risk projects, monthly). These reports will provide an accurate and objective record of operation implementation, including compliance with the ESMP

and will include information on stakeholder engagement conducted during implementation in accordance with OS10. The Borrower and the agencies implementing the project will designate senior officials to be responsible for reviewing the reports before submission to the Bank.

43. Based on the results of the monitoring, the Borrower, in consultation with relevant stakeholders, will identify any necessary corrective and preventive actions, and will incorporate them in an updated ESMP or the relevant management tool, in a manner acceptable to the Bank. The Borrower shall implement the agreed corrective and preventive actions in accordance with the updated ESMP or relevant management tool, and monitor and report on them.

44. The Borrower shall facilitate site visits by Bank staff or consultants acting on the Bank's behalf.

45. The Borrower shall notify the Bank promptly of any incident or accident relating to the project that has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers. The notification will provide sufficient detail regarding the incident or accident, including any fatalities or serious injuries. The Borrower shall take immediate measures to address the incident or accident, and to prevent any recurrence, in accordance with national law and the OSs.

F. Special considerations

46. **Knowledge-based operations** include advisory services and technical assistance (TA). TA undertakings will be assessed in accordance with OS1. The Borrowers' due diligence and requirements will reflect the activities to be supported by the TA and not the potential Borrower's undertakings in the future or investment operations that the Bank may support.⁸⁴

47. The terms of reference, work plans or other documents defining the scope and outputs of TA activities shall be drafted so that the advice and other support provided is consistent with OSs. Activities implemented by the Borrower following the completion of the project that are not financed by the Bank, or activities that are not directly related to the TA, are not subject to the Bank's Environmental and Social Policy.

⁸⁴ Where TA supports studies that may ultimately lead to an investment project, such as pre-feasibility or feasibility studies, or other studies that support project preparation, the scope of the TA should include E&S considerations. These considerations should allow for the framing of any subsequent investment project in a manner that is consistent with the ISS. The nature and scope of future due diligence should be outlined, as well as the E&S standards that the future investment project would be required to meet should the Bank be requested to consider financing such a project. While TA projects will be categorized on the basis that their outcomes are studies, the Bank will note in its assessment of the TA if the future investment project may be likely to lead to significant adverse impacts even though preparatory TA studies are not the appropriate vehicle for assessing such impacts in a manner consistent with the ISS.

Public projects involving multiple subprojects

48. For public operations involving multiple subprojects⁸⁵ that are identified, prepared, and implemented during the course of the operation, the Borrower shall prepare an ESMP,⁸⁶ which will be disclosed within the time frame stipulated in para. 59 of the ESP and reflected in the financing agreement; this ESMP will include the required due diligence and appropriate steps for each subproject's E&S risk management and stakeholder engagement before the commencement of the physical works. The Borrower shall carry out appropriate ESAs of *high-risk* and *moderate-risk* subprojects, and prepare and implement them in accordance with the national laws and the OSs.

49. If the E&S risk rating of a subproject increases to a higher risk rating, the Borrower shall apply relevant requirements of the OSs⁸⁷ in a manner agreed with the Bank. The agreed measures and actions will be included in the appropriate action or management plan, and will be monitored by the Bank.

Single project undertakings

General requirements

50. Where Bank support⁸⁸ is sought for a Borrower's undertaking that involves a single project or defined use of proceeds (including restructuring or retroactive financing), the Borrower shall carry out E&S studies on the undertaking in accordance with OS1 and its Annexes.

51. If the undertaking involves new activities (e.g. construction of a dam or processing facility), the studies will assess the existing baseline conditions and potential risks and impacts, as well as potential (future) risks and impacts in an ESIA as described in OS1. The assessment will address all the requirements of OS1 to OS10.

52. If Bank support is sought for a Borrower's undertaking that involves existing facilities or business activities, and/or associated facilities, the assessment will consider the associated E&S risks and impacts. This may take the form of an Environmental and Social Audit.

Specific requirements

53. For **corporate financing**, where the use of the Bank's proceeds is fungible (e.g. working capital, balance sheeting lending, and some types of equity investment), the Borrower shall provide: (i) an assessment of the risks and impacts typical of the particular sector and the context of the business activity; and (ii) a plan describing how the Borrower shall build the capacity and commitment to meet obligations and requirements of the OSs, including applying the OSs to its future activities related to specific physical assets.

54. Where Bank support is sought for general **corporate finance for a multi-site company** and where the use of proceeds is not directed at specific physical assets, the Borrower shall be required to align its corporate E&S systems with the OSs, and develop measures at the corporate level (e.g. an ESMS if one is lacking) to manage the E&S risks and impacts of the business activity in a manner consistent with the OSs.

55. A Borrower seeking support for retroactive finance or restructuring will need to provide information on and/or an assessment of: (i) its ESMS and associated capacity; (iii) the E&S risks, impacts, and liabilities associated with the project and new elements associated with the operation; (iv) its regulatory compliance status; (vi) the progress made in addressing the requirements of project approval and permitting agencies or other financiers; (vii) a gap analysis of the project's E&S performance against OSs1 to 10; and (viii) an ESMP to bring the project into compliance with Bank's requirements to the extent possible.

Undertakings involving multiple projects, subprojects or programmatic undertakings

General requirements

56. For undertakings that involve initiatives directed at achieving specific well-defined objectives, based on the execution of a set of activities, the Borrower shall:

- develop and implement an ESMS that is satisfactory to the Bank in form and substance;

⁸⁵ Paras. 48 and 49 apply to a Bank-supported public operation or project with multiple subprojects, as in the case of community-driven development projects, projects involving matching grant schemes, or similar activities whose locations will not be known by the approval date of the Bank's Board

⁸⁶ Here, the ESMP is defined in section D of this OS1, and will include, at minimum, the findings of ESA documents for the earliest scheduled investment(s) that involve(s) physical works.

⁸⁷ The 'relevant requirements of the OSs' will relate to the reasons for which the risk rating has increased.

⁸⁸ The Bank may finance specific projects by eligible private or public sector enterprises with senior or subordinated debt, lines of credit, agency lines, partial credit guarantees, partial risk guarantees, trade finance instruments, equity participation and quasi-equity (e.g. subordinated, mezzanine and convertible debt) instruments.

- ensure that all activities, subprojects, and other initiatives of the undertaking, co-financed by the Bank, comply with the Environmental and Social Exclusion List as complementary to the Bank Group's Negative List;
- as part of the ESMS, conduct environmental and social due diligence (ESDD) on projects, subprojects, and other activities that the Borrower considers supporting or investing in;
- ensure that subprojects, investee companies, and other activities, co-financed by the Bank, comply with local and national requirements, and with the relevant requirements of OS1 to OS10 as determined during ESDD or specified by the Bank;
- monitor and manage E&S risks and impacts associated with the loans, investments, and other activities supported by the Borrower;
- provide to the Bank an Annual Environmental and Social Report (AESR) that covers the activities of the undertaking. The report will be in form and substance satisfactory to the Bank (with no prejudice to the quarterly and monthly environmental and social reports); and
- promptly report to the Bank⁸⁹ any materially significant adverse events that arise (e.g. accidents, emergencies, spills, legal action, civil unrest, human rights abuses and/or reprisals) in relation to any projects, subprojects, investments, and other activities supported by the Bank Group.

Specific requirements

57. **Capital market transactions** such as support to bond markets, privatization, or mass privatization are often characterized by a paucity of information prior to process completion due to capital market rules and regulations. The Borrower shall assess potential risks and impacts of the transaction on the basis of publicly available information and knowledge of the inherent E&S risks, impacts, and liabilities of the business activity or economic sector concerned, and the capacity of regulatory agencies to carry out their responsibilities. Once the transaction has been concluded, the Borrower shall conduct studies (e.g. assessment, audits or risk assessments) to characterize E&S risk, impacts, and liabilities, and prepare an action plan to address them in accordance with relevant parts of the OSs.

58. **Trade finance operations** use the following instruments: (i) Risk Participation Agreements, (ii) Trade Finance Lines of Credit, (iii) the Soft Commodity

Finance Facility, and (iv) Trade Finance Guarantees. The Borrowers/Participating Bank(s) are required to:

- develop and implement an ESMS satisfactory to the Bank;
- screen all transactions to be funded (directly or indirectly, in all or in part) or participated in or guaranteed by the Bank against the Environmental and Social Exclusion List;
- risk rate the transactions based on an assessment of E&S risks and impacts, the transaction amount and duration/tenor:
 - a. for short-term (less than two years) and low-risk transactions, compliance with national requirements and against the Environmental and Social Exclusion List;
 - b. for medium and high risk, and terms over two years, compliance with relevant aspects of the OSs, in addition to national requirements and against the Environmental and Social Exclusion List; and
 - c. The Borrower shall not roll over a short-term transaction so that it is a hidden project loan or whatever;
- promptly report to the Bank⁹⁰ any materially significant adverse events that arise (e.g. accidents, emergencies, spills, legal action, civil unrest, human rights abuses) regarding any projects, subprojects, investments of other activities supported by the Bank; and
- provide to the Bank an Annual Environmental and Social Report (AESR) that covers the activities of the undertaking. The report will be satisfactory to the Bank in form and substance.⁹¹

59. **Insurance companies and their products** vary significantly in terms of the associated E&S risks and opportunities. Life insurance products are exempted from environmental or social requirements. In all other respects, Borrowers in the insurance sector must carry out the following actions:

- Develop and implement an ESMS satisfactory to the Bank.
- Screen all transactions to be funded (directly or indirectly, in all or in part), participated in, or guaranteed by the Bank against the Environmental and Social Exclusion List.
- Risk rate the proposed cover based on the E&S risk associated with the applicant's business activities and the type of insurance product.

⁸⁹ This shall be specified in the financing agreements between the Bank and the Borrower, but no more than three calendar days.

⁹⁰ This shall be specified in the financing agreements between the Bank and the Borrower, but no less than five calendar days.

⁹¹ There may be other E&S reporting requirements.

- Carry out ESDD on proposed insurance cover in accordance with the requirements of OS1,⁹² and make decisions on an offer of cover incorporating appropriate risk management (e.g. limitations and exclusions).
- Report to the Bank promptly⁹³ of any materially significant adverse events that arise (e.g. accidents, emergencies, spills, legal action, civil unrest, human rights abuses and/or reprisals) in relation to any projects, subprojects, investments or other activities supported by the Bank Group.
- Provide to the Bank/Fund an AESR that covers the activities of the undertaking. The report will be in form and substance satisfactory to the Bank.⁹⁴

Passive equity investment entities

60. Passive investment funds are those where: (i) the investor takes a small stake (less than 5%) in an investee company; and (ii) the investor is unlikely to have influence over the investee company; (iii) the amount of E&S information available to the investor is typically limited to publicly available information; and (iv) the fund plays no executive or active role in the management of the investee company at any level. Examples of passive investment funds include pension funds, mutual funds, and funds investing in listed securities for which the Fund Manager will:

- establish investment exclusion criteria based at a minimum on the Bank Group's Negative List;
- conduct an internet and media search to determine if there are any material environmental or social issues associated with the investment;
- engage in focused due diligence on the issues concerned, where issues have identified;
- decide whether to invest;
- monitor investee companies by internet and other media and divest should significant adverse impacts arise of a financial or reputational risk perspective.

The Fund is required to report annually to the Bank on its portfolio and the E&S performance of its investee companies.

Commodity exchange entities

61. E&S risks and impacts associated with commodity exchange and clearing house entities depend on the nature of the commodities being traded and the role of the entity in commodity trading (e.g. whether it is involved in investment and speculation). Most current commodity exchanges in Africa deal in agricultural products (coffee, cocoa, palm oil, etc.), with a few facilitating trade in metals, oil, gas, minerals, and foreign exchange. There are E&S risks associated with the production, processing, transport, and trading of most of these commodities. Many of these commodity supply chains can also have significant reputational risk associated with them.

62. Commodity exchanges will establish effective internal governance and operational processes and policies to incorporate sustainability issues within the exchange (building), and its operational activities, such as those within the five World Federation of Exchanges Sustainability Principles, shall include:

- the promotion of the adoption of good environmental and social governance by commodities companies trading at the Centre; and⁹⁵
- the preparation of an Annual Sustainability Report satisfactory to the Bank.

Capital markets and capital market support institutions

63. Capital markets deal in a range of tradable assets such as bonds, derivatives,⁹⁶ commodities, and stocks through entities such as stock markets, which trade in shares of corporations, and other trading forums. Some capital markets are open to all investors (e.g. retail investing at stock exchanges and mutual funds), while others are only for large institutional investors (termed 'primary markets') such as pension funds, hedge funds, mutual funds, and insurance companies, for example, for the purchase of shares direct from companies that have a public offering.

64. Where the purpose of an undertaking is to establish a mutual fund, the investment objectives should include E&S considerations such as:

⁹² For high-risk activities, this may involve ESA, auditing, and hazard risk assessment.

⁹³ To be specified in the financing agreements between the Bank and the Borrower but no less than five calendar days.

⁹⁴ There may be other E&S reporting requirements.

⁹⁵ See, for example, the International Finance Corporation's (IFC) Good Practice Handbook on Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain.

⁹⁶ Derivatives trading involves options, forwards, futures, swaps, and other debt instruments.

- investment exclusion criteria based at a minimum on the Bank Group Environmental and Social Exclusion List as complementary to the Bank Group's Negative List;
- the inclusion of positive investment criteria to foster ethical investing, impact investing, socially responsible investment or green growth;
- agreed divestment criteria incorporated into the Fund and the Fund Manager's financing agreements in the event that an investee's E&S performance becomes unacceptable;
- effective internal governance and operational processes and policies established by the Fund in order to incorporate sustainability issues within its building and operational activities; and
- the preparation of an Annual Sustainability Report on the sustainability performance of the Fund satisfactory to the Bank.

65. Where trading transactions take place electronically, based on publicly available (and usually limited)

information through computer systems at high speed, E&S risks and impacts associated with the transactions are not amenable to E&S risk management. E&S performance issues in such undertakings are therefore limited to internal performance issues, such as energy efficiency, building design, housekeeping, occupational health and safety (OHS), and labour standards. As a result:

- exchanges will establish effective internal governance and operational processes and policies to incorporate sustainability issues within the exchange (building) and its operational activities such as those within the five World Federation of Exchanges Sustainability Principles; and
- an annual sustainability report on the sustainability performance of the capital market institution that is satisfactory to the Bank will be prepared.

Annex 1: Environmental and Social Operational Safeguard 1: Environmental and Social Assessment

A. General considerations

1. The Borrower shall undertake an Environmental and Social Assessment (ESA) to assess the environmental and social (E&S) risks and impacts of a project throughout the project life cycle. The 'ESA' is a generic term that describes the process of analysis and planning used by the Borrower to ensure that the E&S risks and negative impacts of a project, activities or other initiatives are identified, avoided, minimized, reduced, mitigated or compensated for, and the positive impacts enhanced.

2. The ESA is the primary means of ensuring that projects are environmentally and socially sound and sustainable, and will be used to inform decision making. The ESA is a flexible process that can use different tools and methods depending on the details of the project and the circumstances of the Borrower (see para. 5 below).

3. The ESA will be conducted in accordance with Operational Safeguard (OS)1, and will consider, in an integrated manner, all relevant direct, indirect, and cumulative E&S risks and impacts of the project, activities, and other initiatives including those specifically identified in OS2 – OS10. The breadth, depth, and type of analysis undertaken as part of the ESA will depend on the nature and scale of the project, and the potential E&S risks and impacts that could result. The Borrower shall undertake the ESA at the scale and level of detail appropriate to the potential risks and impacts.⁹⁷

4. The manner in which the ESA will be conducted and the issues to be addressed will vary for each project, set of activities or other initiatives. The Borrower shall consult with the Bank to determine the process to be used, taking into account a number of activities, including scoping, stakeholder engagement, potential E&S issues, and any specific issues raised between

the Bank and the Borrower. The ESA will include and take into account coordination and consultation with affected people and other interested parties, throughout all stages of the project cycle, particularly at an early stage, to ensure that all potentially significant E&S risks and impacts are identified and addressed.

5. The different methods and tools used by the Borrower to carry out the ESA and to document its results, including the mitigation and maximization measures to be implemented, will reflect the nature and scale of the project.⁹⁸ As specified in OS1,⁹⁹ these will include, as appropriate, one or a combination of the instruments set out below.

B. The Environmental and Social Impact Assessment

6. The Environmental and Social Impact Assessment (ESIA) is an instrument to identify and assess the E&S risks and impacts of a proposed project, set of activities or other initiatives, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.

Indicative content of the Environmental and Social Impact Assessment

A. Executive summary

- Concisely discusses the purpose and need of the proposed action, significant findings, and recommended actions, including the stakeholders' engagement, the cost of the measures, and the institutional arrangements for implementation.

⁹⁷ See OS1 Section C.

⁹⁸ These will also reflect national regulatory requirements, which the Borrower may rely on to the extent that they meet the requirements of the OSs.

⁹⁹ See OS1, para. 24.

B. The legal and institutional framework

- Analyses the legal and institutional framework for the project within which the ESA is carried out, consisting of:
 - the host country's applicable policy framework, national and local laws and regulations, and the respective institutional capabilities (including implementation) concerning E&S issues;
 - national environmental or social action plans or strategies, and obligations of the country directly applicable to the project under relevant international and regional treaties and agreements;
 - applicable requirements under the OSs and the African Development Bank's Integrated Safeguards System (ISS) Guidance Notes;
 - the identification of differences between the Borrower's existing Environmental and Social Framework, and requirements relating to the project that may affect how the project is carried out in a manner consistent with the OSs;
 - a description of how any deficiencies in the host framework can be addressed through administrative, legislative or regulatory change, institutional strengthening, and capacity building.

C. The analysis of alternatives

- Evaluates a reasonable range of feasible project alternatives to meet the project's purpose and needs (e.g. location, technology options, or timing) and their E&S implications, including a no project alternative. During the project scoping process, Borrowers shall consult stakeholders and the public, and allow for their participation in the identification of feasible project alternatives through public consultation meetings and the opportunity to comment.
- Assesses the alternatives' feasibility of mitigating the E&S impacts, the capital and recurrent costs of alternative mitigation measures, and their suitability under local conditions, and the institutional, training, and monitoring requirements for the alternative mitigation measures.
- For each of the alternatives, quantifies the E&S impacts to the extent possible, and attaches economic values where feasible.

D. Design measures

- Presents the basis for selecting the particular project design proposed, including for applying the mitigation hierarchy.

E. Project description

- Concisely describes the proposed project and its geographic, environmental, social, and temporal context, including associated facilities, third parties, and any offsite investments that may be required (e.g. dedicated pipelines, access roads, power supply, water supply, housing, and raw material and product storage facilities), as well as the project's primary suppliers.
- Includes a map of sufficient detail showing the project site and the area that may be affected by the project's direct, indirect, and cumulative impacts.

F. Baseline data

- Are relevant to decisions¹⁰⁰ about project location, design, operation, or mitigation measures. This should include a discussion of the accuracy, reliability, and sources of the data as well as information about dates surrounding project identification, planning, and implementation.
- Identify and estimate the extent and quality of available data, key data gaps, and uncertainties associated with predictions. Assesses the significance of data gaps in the characterization of anticipated E&S risks and impacts.
- Describe relevant physical, biological, health, safety, security, social (including gender), cultural and socio-economic issues and conditions, and receptors of impact, including any changes in them anticipated before the project commences.
- Describe how climate change is affecting or likely to be affecting the project area and how this may influence the nature of project risks and impacts. Describes how the project may be affecting or contributing to climate change and its associated risks and impacts.
- Identify and characterize individuals and groups that are, due to circumstances, vulnerable, discriminated against, and underserved in, or excluded from, mainstream society. Disaggregated data¹⁰¹ on all such social groups should be provided to the extent that personal and group safety and data confidentiality and privacy are not compromised.
- Describe contextual risks (e.g. the political economy) that may affect the ability of the project to be carried out in a manner consistent with the OSs and other requirements such as international human rights obligations.
- Are informed by current and proposed development activities that are within the project area yet not directly connected to it but that may still have a

¹⁰⁰ Data collected in the context of the ESA and project implementation shall not be intended or used to cause undue harm or any kind of discrimination against people, especially the vulnerable. Further, data collection and use must be in compliance with existing legislations and ethical practices, including the respect of data privacy. Data will be disaggregated, as much as possible, based on sex, gender, vulnerability, etc.

¹⁰¹ Data will be disaggregated, as much as possible, based on sex, gender, and vulnerability, etc.

cumulative effect on project impact.

G. Environmental and social risks and impacts

- Include all relevant E&S risks and impacts of the project, including cumulative impacts. This will include the E&S risks and impacts specifically identified in the OSs, and any other E&S risks and impacts arising as a consequence of the specific nature and context of the project, including the risks and impacts identified in OS1.
- To the extent demonstrable, characterize residual impacts in terms of their magnitude, extent, duration, reversibility, and significance.

H. Mitigation measures

- Identify avoidance, minimization and mitigation measures and significant residual impacts that cannot be mitigated and, to the extent possible, assesses the acceptability of these residual impacts.
- Identify measures to enhance positive impacts and opportunities.
- Identify differentiated measures so that adverse impacts do not fall disproportionately on the vulnerable.
- Assess the feasibility of mitigating the E&S impacts, the capital and recurrent costs of proposed mitigation measures, and their suitability under local conditions, and the institutional, training, and monitoring requirements for the proposed mitigation measures.
- Specify issues that do not require further attention, providing the basis for this determination.

I. The Environmental and Social Management Plan

Details: (i) the measures to be taken during the implementation of a project to enhance the positive impacts and to eliminate or offset E&S risks and adverse impacts, or to reduce them to acceptable levels; and (ii) the costs, processes and implementation arrangements needed to implement these measures. The indicative content of an ESMP will include the following:

- **Mitigation, compensation, and enhancement**

The ESMP identifies measures and actions, in accordance with the mitigation hierarchy, that avoid or reduce risks and adverse E&S impacts to acceptable levels, and those that enhance positive impacts. The ESMP will include compensatory measures, if applicable. Specifically, it:

- summarizes all risks and adverse E&S impacts (including those stemming from associated facilities, cumulative impacts, and those involving highly vulnerable rural minorities (HVRM) or involuntary resettlement);
- describes, with technical details, each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g. continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;
- estimates any E&S impacts of these measures;
- takes into account, and is consistent with, other mitigation plans required for the project (e.g. for involuntary resettlement, HVRM, or cultural heritage); and
- describes, with technical details, each maximization measure.

- **Monitoring and reporting**

- a. The ESMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the risks and impacts assessed in the ESA and to the measures described in the ESMP.¹⁰² Specifically, the monitoring section of the ESMP provides: (i) a specific description and technical details of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and a definition of thresholds that will signal the need for corrective actions; and (ii) monitoring and reporting procedures to ensure the early detection of conditions that necessitate particular mitigation measures and to furnish information on the progress and results of mitigation.

- **Capacity development and training**

- a. To support timely and effective implementation of E&S components and mitigation measures, the ESMP draws on the assessment of the existence, role, and capability of responsible parties on site or at the agency and ministry level. As relevant, it may also consider responsible third parties and stakeholders who may play a role in project implementation and monitoring.
- b. Specifically, to provide a specific description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g. for operation, implementation support, enforcement, monitoring

¹⁰² Monitoring during an operation or project's implementation provides information about its key E&S aspects, particularly the E&S impacts of the project, activities, and other initiatives, and the effectiveness of mitigation measures. This information enables the Borrower and the Bank to evaluate the success of mitigation as part of operation implementation support and allows corrective action to be taken when needed.

of implementation, remedial action, reporting, and staff training).

- c. To strengthen the E&S management capacity of the agencies responsible for implementation, the ESMP identifies the responsible entities on the basis of their prerogatives, and recommends strengthening these prerogatives and/or training their staff, and any other measure that may be necessary to support the ESMP implementation.
- **Implementation schedule and cost estimates**
 For all three aspects (mitigation-compensation-maximization; monitoring; and capacity development and training), the ESMP provides: (i) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (ii) the capital and recurrent cost estimates and sources of funds. These figures are part of the total project cost.
- **Integration of the ESMP with the project**
 The Borrower's decision to proceed with a project, and the Bank's decision to support it, are predicated in part on the expectation that the ESMP will be executed effectively. Consequently, each of the measures and actions to be implemented will be clearly specified, including the individual mitigation and monitoring measures and actions, and the respective institutional responsibilities and the costs of so doing will all be integrated into the project's overall planning, design, budget, and implementation.

J. Appendices

- A list of the individuals or organizations that prepared or contributed to the ESA.
- References listing the written materials, both published and unpublished, that have been used.
- A record of meetings, consultations, and surveys with stakeholders, including those with affected people and other interested parties. The record specifies the means of stakeholder engagement that were used to obtain the views of affected people and other interested parties.
- Tables presenting the relevant data referred to or summarized in the main text.
- A list of associated reports or plans.

C. The environmental and social audit

7. The environmental and social audit is an instrument to determine the nature and extent of all the E&S aspects of concern of a project or a set of activities under implementation. It identifies and justifies compliance and non-compliance with applicable regulations, for

example, an ESMP, the Environmental and Social Management System (ESMS), national regulations, and norms and standards, assesses the risks (E&S, reputational, economic, and financial) associated with non-compliance, proposes technically, financially, and economically viable corrective measures, estimates costs, and recommends a timetable for their implementation. For some projects, the ESA may consist of a simple environmental and social audit; in others, the audit is only part of an ESA.

Indicative outline of an Environmental and Social Audit

8. The aim of this Audit is to identify significant E&S risks, impacts and issues in the existing project or activities, and assess their current status, specifically in terms of meeting the requirements of the OSs.

A. Executive summary

- Concisely discusses significant findings and sets out recommended measures, actions, and time frames.

B. The legal and institutional framework

- Analyses the legal and institutional framework for the existing project or activities, including the issues set out in OS1 and, where relevant, any applicable E&S requirements of existing financiers.

C. Project description

- Concisely describes the existing project, activities, and the geographic, environmental, social, and temporal context, and any associated facilities.
- Identifies any already developed plans to address specific E&S risks and impacts (e.g. the land acquisition or resettlement plan, the cultural heritage plan, and the biodiversity plan).
- Includes a map of sufficient detail, showing the site of the existing project or activities, and the proposed site for the proposed project.

D. Environmental and social issues associated with the existing project or activities

- The audit review will consider the key risks and impacts relating to the existing project and activities. It will cover non-performances, the risks, and impacts identified in the OSs, as relevant to the existing project and activities. The Audit will also review issues not covered by the OSs, to the extent that they represent key risks and impacts in the circumstances of the operation. The audit will assess the root causes of non-compliance/non-

performance, including the implementer's capacity to manage E&S aspects.

E. The environmental and social risk analysis

- The audit will also assess the impacts of the project (taking into account the findings of the audit with regard to the existing project activities or initiatives), and the ability of the project, activities or initiatives to meet the requirements of the OSs.

F. Proposed environmental and social measures

Based on the findings of the audit, this section will set out the suggested measures to address any issues arising from them. These measures will be included in the ESMP for the project. Measures typically covered under this section include the following:

- specific actions required to meet the requirements of the OSs and the national legislations;
- corrective measures and actions to mitigate potentially significant environmental and/or social risks and impacts associated with the existing project or activities; and
- measures to avoid or mitigate any potential adverse E&S risks or impacts associated with the project.

D. The hazard and/or risk assessment

9. The hazard and/or risk assessment is an instrument for identifying, analysing, and controlling hazards associated with the presence of dangerous materials and conditions at a project site. The Bank requires a hazard or risk assessment for projects involving certain inflammable, explosive, reactive, and toxic materials when they are present in quantities above a specified threshold level. For certain projects, the ESA may consist of the hazard or risk assessment alone; in other cases, the hazard or risk assessment forms part of the ESA.

E. The cumulative impact assessment

10. The cumulative impact assessment is an instrument for considering cumulative impacts of the project, in combination with impacts from other relevant past, present, and reasonably foreseeable developments, as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. This assessment is an integral part of the overall ESA; in certain specific cases, it may be the subject of a separate document.

F. The social and conflict analysis

11. The social and conflict analysis is an instrument that assesses the degree to which the project may: (i) exacerbate tensions and inequality within society (both within the communities affected by the project and between these communities and others); (ii) have a negative effect on stability and human security; and (iii) be negatively affected by existing tensions, conflict and instability, particularly in circumstances of war, insurrection, and civil unrest.

G. The contextual risk assessment

12. The contextual risk assessment is used to understand the broader political economy and dynamics of human interaction within the project area of influence. It gathers information on: social, cultural, political, and economic factors that may have a bearing on social conflict, inclusion, discrimination, intimidation, and violence including sexual exploitation, abuse and harassment (SEAH) and gender-based violence (GBV); limitations to meaningful consultation and free speech, including the risks of reprisals to stakeholders; limitations on access to the environment, resources, services, and development opportunities; formal and informal power and influence structures; corruption; and the rule of law. It provides insight into the potential for such negative forces to distort stakeholder engagement, exacerbate social inequality, and compromise the potential for equitably distributing project benefits to project-affected people. The contextual risk assessment begins with the collection of publicly available information in order to scope potential issues of concern.

H. The strategic environmental and social assessment

13. The strategic environmental and social assessment (SESA) is a systematic examination of E&S risks and issues associated with a policy, plan or programme, typically at the national level but also in smaller areas. The examination of E&S risks will include consideration of the full range of E&S risks incorporated in the OSs. A SESA can be either regional or sectoral, as follows:

- **The regional SESA:** It examines E&S stakes, risks, and issues associated with a particular strategy, policy, plan, or programme, or with a series of projects, activities or initiatives for the development/planning of a particular region (e.g. a territorial jurisdiction, a metropolitan urban area, a watershed or river basin, a coastal zone); evaluates and compares the stakes, risks, and potential impacts against those of alternative development

options; assesses legal and institutional aspects relevant to the stakes, risks, and issues; and then recommends broad measures to strengthen E&S management in the region. The regional SESA pays particular attention to potential cumulative risks and impacts of multiple activities in a region but does not include the site-specific analyses of a specific project, for which the Borrower must develop supplemental information.

- **The sectoral SESA:** It examines E&S risks, potential impacts, and issues associated with a development/planning of a particular sector (e.g. agriculture, energy, transports, mining, water resources management, forestry and protected areas) in a region or across the country; evaluates and compares the stakes, risks, and potential effects/impacts against those of alternative development options; assesses legal and institutional aspects relevant to the stakes, risks, and issues; conducts stakeholder consultations and comments on the proposal; and then recommends broad measures to strengthen E&S management in the sector. The sectoral SESA also pays particular attention to potential cumulative risks and effects/impacts of multiple activities in the sector but does not include the analyses of a specific project.

SESAs are therefore not mandatory documents for the Board's consideration of the project. When needed, they are finalized during project implementation and in conjunction with project and site-specific studies that assess the risks and impacts of a project.

Institutional capacity

14. The strategic ESA can provide opportunities for coordinating E&S-related responsibilities and actions in the host country in a way that goes beyond project boundaries and responsibilities, and where feasible, should be linked to other E&S strategies and action plans, and free-standing projects. The ESA for a specific project can thereby help strengthen E&S management capability in the host country.

15. The Borrower may include components in the operation to strengthen its legal or technical capacity to carry out key ESA functions. If the Bank concludes that the Borrower has inadequate legal or technical capacity to carry them out, the Bank may require strengthening programmes to be included as part of the project. If the operation includes one or more elements of capacity strengthening, these elements will be subject to periodic monitoring and evaluation as required by OS1.

I. Indicative content for a review of a national Environmental and Social Framework

The following structure is indicative only. It should be tailored at the outset to the context of the operation or project in question.

A. Policies, legislations and regulations

- National commitments
 - policies and documents that set goals and direction for development, and provide strategic direction relevant to the project and for E&S safeguards.
- International commitments
 - treaties, conventions, etc.
- Laws and other legal instruments
 - laws and other legal instruments that can be enforced through the courts (e.g. for an ESIA and SESA, compensation following involuntary land acquisition/resettlement);
 - regulations that put particular legal provisions into force (usually gazetted). These regulations outline explanations of formal provisions and requirements with regard to OSs. For example, requirements for the ESIA: (i) project types or initiatives requiring an ESIA process and steps; (ii) requirements for EMSPs and monitoring, examination of alternatives, cumulative effects; and (iii) requirements for public participation/consultation, communication on assessment results/reports.
- Adopted standards and guidelines for specific tools and practices
- Rules or local regulations used to interpret national commitments in the local context.

B. Capacity – Institutional arrangements

- Institutions responsible for managing E&S risks
 - responsibilities, roles, and functions;
 - capacities and skills;
 - performance.
- Coordination mechanisms
 - coordination between institutions/ministries/departments/agencies;
 - cross-sector coordination.

- Research and academic institutions, and professional bodies
 - focus, skill base, key products, potential contribution to the project.
- Non-governmental and civil society organizations (working on issues relevant to the project)
 - focus, skill base, potential contribution to the project.

C. Capacity – Management systems

- Planning and other relevant procedures or procedural manuals (e.g. national, sectoral, land use; roles and responsibilities)
- E&S issues
 - screening, scoping, and preparing ESAs;
 - addressing sensitive issues (e.g. rights and interests of indigenous peoples, child labour, gender-based violence [GBV] or sexual exploitation, abuse or harassment [SEAH], modern slavery, gender exclusion/inclusion, or any other social anomaly and inequity, needs/concerns of vulnerable groups, disputes and conflicts);
 - addressing gender equality and sexual and gender-based violence.
- Reviewing and clearance procedures
 - consents and licences.
- Inspections, monitoring, auditing and evaluation
- Data management (records of decisions, progress and review reports, etc.)
- Training and awareness raising
- Stakeholder engagement, participation or consultation, including grievance mechanisms
- Internal and external communication and information disclosure requirements
- Engineering controls, including design change management processes
- Health and safety procedures and checks
- Environmental control processes (e.g. pollution, conservation activities, pest management, hazardous/toxic chemicals)
- Risk planning and emergency response management
- Land acquisition, resettlement planning, and compensation management procedures
- Oversight and accountability mechanisms (transparency arrangements, independent reviews).

Annex 2: Environmental and Social Operational Safeguard 1: Management of Contractors

1. The Borrower shall require that all contractors engaged in the project, set of activities or other initiatives operate in a manner consistent with the requirements of the OSs, including the specific requirements set out in the ESMP. The Borrower shall effectively manage all contractors, by:

- assessing the E&S risks and impacts associated with the contracts;
- ascertaining that contractors engaged in connection with the project are legitimate and reliable enterprises, and have knowledge and skills to perform their project tasks in accordance with their contractual commitments, including providing relevant training for all staff;
- incorporating all relevant aspects of the ESMP into tender documents;
- contractually requiring contractors to apply the relevant aspects of the ESMP and the relevant management tools, including appropriate and effective non-compliance remedies;
- monitoring contractor compliance with their contractual commitments;
- in the case of subcontracting, requiring contractors to have equivalent arrangements with their subcontractors; and
- ensuring the protection of workers as set out in OS2, including against SEAH, GBV, forced labour, and modern slavery.

Annex 3: Environmental and Social Operational Safeguard 1: The environmental and social exclusion list, complementary to the bank group's negative list

1. This list complements the Exclusion List of the Bank Group Policy on Non-sovereign Operations and any other exiting Bank Group Exclusion List, and may be updated from time to time, as follows:

- production or trade of products with unbonded asbestos fibre;
- activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
 - ozone-depleting substances, polychlorinated biphenyls (PCBs) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
 - wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES).
- unsustainable fishing methods;
- production, use or sale of pharmaceutical products, pesticides/herbicides, and ozone-depleting substances that are banned or are being progressively phased out under international agreements;
- diamond mining and marketing of diamonds where the host country has not adhered to the Kimberley Process or similar process;
- artisanal gold production utilizing mercury (unless the request/proposal is aiming at transitioning to mercury-free production methods), or gold not produced in accordance with the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold, referred as 'The Cyanide Code'. This is voluntary, but expectations are high for multilateral financial institutions;
- mining and processing of and trade in conflict minerals (tin, tantalum, tungsten and gold, or 3TG) (not mined and processed in accordance with the Responsible Minerals Initiative);
- transboundary trade of wastes, except for those accepted by the Basel Convention and its underlying regulations;
- any activity or wholesale trade related to pornography;
- prostitution, commercial sex work, escort agency activities, and trafficking in persons and any similar activities;
- use of logging equipment in unmanaged primary tropical rainforests;
- palm oil cultivation and associated processing not complying with standards of the Roundtable on Responsible Palm Oil;
- activities involving the harmful use of animals for scientific purposes such as cosmetics and drug testing; and
- activities that impact significantly on local or national food security.





Environmental and Social Operational Safeguard 2: Labour and Working Conditions

Introduction

1. OS2 recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Borrowers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the project fairly and providing safe and healthy working conditions. Respect of workers' rights is one of the keystones for developing a strong and productive workforce. This OS is informed by the International Labour Organization's (ILO) Declaration on the Fundamental Principles and Rights at Work,¹⁰³ and the United Nations Guiding Principles on Business and Human Rights.

- To support the principles of freedom of association and collective bargaining of project workers, and align Bank requirements with ILO's Fundamental Principles and Rights at Work, the United Nations Convention on the Rights of the Child, and the Convention on the Elimination of All Forms of Discrimination Against Women, where national laws do not provide equivalent protection.
- To provide project workers with accessible means to raise workplace concerns.
- To require that the Bank, and national competent authorities, as appropriate, be promptly informed of any material adverse impacts and events relating to labour protection, and health and safety at the workplace.¹⁰⁶

Objectives

2. The objectives of OS2 are as follows:

- To protect workers' rights.
- To promote safety and health in the workplace.
- To promote the fair treatment, non-discrimination, and equal opportunity of project workers.
- To protect project workers, including vulnerable workers such as women,¹⁰⁴ persons with disabilities, children (of working age, in accordance with this OS) and migrant workers, contracted workers, community workers, and primary supply workers, as appropriate.
- To prevent the use of all forms of forced labour and child labour.¹⁰⁵

Scope of application

3. The applicability of OS2 is established during the Environmental and Social Assessment (ESA) described in OS1.¹⁰⁷

4. The scope of application of OS2 depends on the type of employment relationships between the Borrower and the *project workers*. The term project worker refers to:

- people employed or engaged directly by the Borrower, including the proponent(s) of project/activities and the implementing agencies that carry out projects, activities or other initiatives, to work specifically on the project (*direct workers*);

103 This is reflected in international instruments such as the following: the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organize and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol); Equal Remuneration Convention, 1951 (No. 100); Abolition of Forced Labour Convention, 1957 (No. 105); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Employment Policy Convention, 1964 (No. 122); Minimum Age Convention, 1973 (No. 138); Occupational Health Services Convention, 1985 (No. 161); Worst Forms of Child Labour Convention, 1999 (No. 182); Occupational Safety and Health Convention, 1981 (No. 155) and its Protocol of 2002; Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187); Violence and Harassment Convention, 2019 (No. 190) and Recommendation No. 206.

104 The Bank and the Borrower shall be guided by the Convention on the Elimination of All Forms of Discrimination Against Women, and the African Commission on Human and Peoples' Rights Guidelines on Combatting Sexual Violence and its Consequences in Africa.

105 Child labour is work that is harmful either to a child's education and other aspects of his or her personal development, or that directly affects health, safety, and morals. ILO Conventions 138 and 182 define child labour and acceptable work for children above the legal working age and from the working age until age 18. C138 also defines what is acceptable light work of children below the legal working age.

106 These include: (i) any work-related accident on a construction site, resulting in fatality of an employee, site visitor or any other third party; (ii) serious injuries requiring hospitalization of an employee, site visitor or any other third party, for more than 24 hours; and (iii) dangerous occurrences or serious events such as explosions, fires and workers' strikes that stop work on the construction site for more than 24 hours.

107 In conducting the ESA, and depending on the significance of the potential issues in the project relating to labour and working conditions, the views of representative workers' and employer's organizations may be sought.

- people employed or engaged through third parties¹⁰⁸ to perform work related to the core functions¹⁰⁹ of the project, regardless of location (*contracted workers*);
- people employed or engaged by the Borrower's primary suppliers¹¹⁰ (*primary supply workers*);
- people employed or engaged in providing community labour¹¹¹ (*community workers*).

5. OS2 applies to project workers including full-time, part-time, temporary, seasonal, and migrant workers.¹¹² Contractors, primary suppliers, and other service providers should be made aware of OS2 requirements in invitations to tender, contracts, and other documents so that they can internalize the costs of meeting OS2 requirements in their technical and financial proposals. The Borrower and third parties shall refrain from entering into disguised employment relationships such as contractual arrangements that have the effect of depriving workers of their due protection. Situations may arise where people do not fit readily into the above categories. The Bank will identify the applicable requirements in such circumstances.

Direct workers

6. The requirements of paras. 9 to 33 of this OS will apply to direct workers.

Contracted workers

7. The requirements of paras. 9 to 36 of this OS will apply to contracted workers, as specified in Section E.

Community workers

8. The requirements of paras. 10–17, 20–33, and 37–40 of this OS will apply to community workers, as specified in Section F.

Primary supply workers

9. The requirements of paras. 41 to 44 of this OS will apply to primary supply workers, as specified in Section G.

Requirements

A. Working conditions and management of worker relationships

10. The Borrower shall develop and implement written Labour Management Procedures (LMPs)¹¹³ applicable to the project. These procedures will set out the way in which project workers will be managed, as a minimum, in accordance with the requirements of national law and this OS.¹¹⁴ The LMPs will address the way in which this OS will apply to different categories of project workers including direct workers, and the way in which the Borrower shall require third parties to manage their workers in accordance with paras. 11 to 33. The LMPs will also address cases where child labour, forced labour, modern slavery, human trafficking or SEAH are identified; in such cases, the Borrower shall take immediate and appropriate steps to remedy them.

Terms and conditions of employment

11. Project workers will be provided with information and documentation that is clear and understandable regarding their rights under national labour employment and social security law, and any applicable collective agreements, including their rights related to hours of work, wages, overtime, compensation, and benefits, and the grievance mechanism, as well as rights arising from the requirements of this OS. This information and documentation will be provided at the beginning of the working relationship and when any material changes to the terms or conditions of employment are made.

¹⁰⁸ 'Third parties' may include contractors, subcontractors, brokers, agents or intermediaries.

¹⁰⁹ 'Core functions' of a project constitute those production and/or service processes essential for a specific project activity without which the project, activities or other initiatives cannot continue.

¹¹⁰ 'Primary suppliers' are suppliers who provide directly to the project goods or materials essential for the core functions of the project, set of activities, or other initiatives, including during the implementation phase.

¹¹¹ See para. 39.

¹¹² 'Migrant workers' are workers who have migrated from one country to another, or from one part of the country to another for the purposes of employment and are employed in accordance with local laws and on comparable terms and conditions as non-migrant workers who are employed in similar work.

¹¹³ The LMPs are developed as part of the ESMP. Further, based on the LMPs, contractors will develop comprehensive labour management plans, which will be approved before the commencement of works, implemented, and then reported on over the project cycle.

¹¹⁴ To the extent that provisions of national law are relevant to project activities and satisfy the requirements of this OS, the Borrower shall not be required to duplicate such provisions in LMPs.

The provisions of national law are the minimum requirements for compliance by the Borrower: they shall not be construed as a ceiling on project workers' terms and conditions of employment, including those specified in the LMPs. The requirements, whether herein or in national law, that are the most protective of workers shall apply unless the application of requirements herein would violate national law.

12. Project workers will be regularly paid as required by national law and the LMPs. Deductions from payment of wages will only be made as allowed by national law or the LMPs, and project workers will be informed of the conditions under which such deductions will be made. Project workers will be provided with adequate periods of rest per day and week, annual holiday, and sick, maternity, paternity, and family leave, as required by national law and the LMPs. Where the Borrower is party to a collective bargaining¹¹⁵ agreement with a workers' organization, the agreement must be followed. Where there is no agreement, or where the agreement does not address working conditions and terms of employment, the Borrower must provide reasonable working conditions and terms of employment¹¹⁶ that, at a minimum, comply with national law and are otherwise consistent with this OS.

13. Where required by national law or the LMPs, project workers shall receive written notice of termination of employment and details of severance payments in a timely manner.¹¹⁷ The Borrower shall ensure that communication to any workers issued with notice of dismissal and severance payments mandated by law and collective agreements shall be timely. All wages that have been earned, social security benefits, pension contributions, and any other entitlements shall be paid on or before termination of the working relationship, either directly to the project workers or where appropriate, for the benefit of the project workers. Where payments are made for the benefit of project workers, project workers will be provided with evidence of such payments.

14. Where the Borrower or other third parties directly or indirectly provide residential or temporary accommodation to workers, facilities shall provide all basic services,¹¹⁸ including water and sanitation; in certain cases, medical care should also be provided. The services shall be provided in a manner consistent with the principles of non-discrimination and equal opportunity. Workers' accommodation arrangements shall not restrict workers' freedom of movement or of association.

Non-discrimination and equal opportunity

15. Decisions relating to the employment or treatment of project workers will not be made on the basis of personal characteristics unrelated to inherent job requirements.

The employment of project workers will be based on the principle of equal opportunity and fair treatment, and there will be no discrimination with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions, and terms of employment,¹¹⁹ access to training, job assignment, promotion, termination of employment or retirement, or disciplinary practices. The principles of non-discrimination will also apply to migrant workers. The LMPs shall set out measures to prevent and address harassment (including SEAH), intimidation, and/or exploitation and reprisal. Where national law is inconsistent with this OS and/or ILO standards, the Borrower must make every reasonable effort to carry out project activities in a manner consistent with this OS and/or ILO standards.

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

17. The Borrower shall provide appropriate measures of protection and assistance to address the vulnerabilities of project workers, including specific groups of workers, such as women, persons with disabilities, migrant workers, as well as children of working age, in accordance with this OS. These measures may be necessary only for specific periods of time, depending on the circumstances of the project worker and the nature of the vulnerability.

Retrenchment

18. Prior to implementing any collective dismissals,¹²⁰ the Borrower shall carry out an analysis of alternatives to retrenchment.¹²¹ If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce the adverse impacts of retrenchment on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect the Borrower's consultation with workers, their organizations, and where appropriate, with other government agencies, and will also comply with any collective bargaining agreements. In addition, the Borrower shall comply with all legal and contractual requirements related to the notification of

¹¹⁵ The term 'collective bargaining' extends to all negotiations between an employer, a group of employers, or one or more employers' organizations, on the one hand, and one or more workers' organizations, on the other hand, in order to (i) determine working conditions and terms of employment; and/or (ii) regulate relations between employers and workers; and/or (iii) regulate relations between employers or their organizations and a workers' organization(s) (ILO Collective Bargaining Convention, 1981).

¹¹⁶ Reasonable working conditions and terms of employment could be assessed by reference to: (i) conditions established for work of the same character in the trade or industry concerned in the area/region where the work is carried out; (ii) a collective agreement or other recognized negotiation between other organizations of employers and workers' representatives in the trade or industry concerned; (iii) an arbitration award; and (iv) conditions established by national law.

¹¹⁷ Entitlement to such payments will depend on the nature of the employment relationship, including whether the project workers are employed on a fixed term contract, or are full-time, part-time, temporary or seasonal.

¹¹⁸ Basic services may include security arrangements; appropriate work temperature; safe food; drinking water; access to safe exit in emergency conditions; segregated toilets, washing facilities and sleeping areas for women and men; and access to means of communication with areas outside the project boundary.

¹¹⁹ The Borrower shall consider, to the extent technically and financially feasible, reasonable measures to adapt the workplace in relation to project workers with disabilities.

¹²⁰ Collective dismissals cover all multiple dismissals for economic, technical, or organizational reasons or other reasons unrelated to performance or other personal reasons.

¹²¹ Examples of alternatives may include negotiated working-time reduction programmes, employee capacity-building programmes, and long-term maintenance works during low production periods.

the public authorities, and provision of information to and consultation with workers and their organizations. The Borrower shall comply with national laws in terms of supplying severance payments and benefits.

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

Workers' organizations

20. The Borrower shall comply with all national labour laws and requirements consistent with fundamental labour standards. The Borrower shall allow workers to form, join, and participate in workers' organizations, such as trade unions or associations of their own choosing, to take collective action in support of their joint requests and grievances, and to protect their rights regarding working conditions and terms of employment. The Borrower shall not interfere with or try to control these workers' organizations. The Borrower shall allow workers to freely elect their own representatives and to engage in collective bargaining. The Borrower shall engage with workers' representatives and workers' organizations, and provide them with the information needed for meaningful negotiation in a timely manner. In addition, the Borrower shall not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and engage in collective bargaining.

B. Protecting the workforce

Child labour and minimum age

21. A child under the minimum age established will not be employed or engaged in, or in connection with the project. The LMPs will specify the minimum age for employment or engagement in project, which will be the age of 14 unless national law specifies a higher age.

22. A child over the minimum age and under the age of 18 may be employed or engaged in, or in connection with the project only under the following specific conditions:

- The work is not hazardous.¹²²
- An appropriate risk assessment is conducted prior to the work commencing.
- The Borrower conducts regular monitoring of the requirements regarding health, working conditions, hours of work, and other requirements of this OS.

However, a child over the minimum age and under the age of 18 will not be employed or engaged in, or in connection with the project in a manner that is likely to be hazardous, or interfere with the child's education, or be harmful to the child's health or physical, mental, spiritual, moral, or social development.

Forced labour and modern slavery

23. Forced labour, which consists of any work or service not voluntarily¹²³ performed that is exacted from an individual under threat of force or penalty, will not be used in connection with the project. This prohibition covers any kind of involuntary or compulsory labour, such as indentured labour, bonded labour, or similar labour-contracting arrangements. No trafficked persons will be employed in connection with the project.¹²⁴

C. Grievance mechanisms

24. A grievance mechanism will be provided for all project workers (and, where relevant, their organizations) to raise workplace concerns. These workers will be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against any reprisal for its use. Measures will be put in place to make the grievance mechanism easily accessible to all project workers.

25. The grievance mechanism will be proportionate to the nature, scale, and the potential risks and impacts of the project. It will be designed to address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned in a language they understand,

¹²² Work considered hazardous for children is work that, by its nature or the circumstances in which it is carried out, is likely to jeopardize the health, safety, or morals of children. Examples of hazardous work activities prohibited for children include work: (i) that involves exposure to physical, psychological or sexual abuse; (ii) underground, underwater, at heights or in confined spaces; (iii) with dangerous machinery, equipment or tools, or involving handling or transport of heavy loads; (iv) in unhealthy environments exposing children to hazardous substances, agents, or processes, or to temperatures, noise or vibration damaging to health; or (v) under difficult conditions such as work for long hours, during the night, or in confinement on the premises of the employer.

¹²³ Work is voluntary when carried out with the free and informed consent of a worker. This consent must apply throughout the employment relationship, and the worker must have the possibility to revoke freely given consent. In particular, there can be no 'voluntary offer' under threat or other circumstances of restriction or deceit. To assess the authenticity of free and informed consent, it is necessary to ensure that no external constraint or indirect coercion has been carried out, either by an act of the authorities or by an employer's practice.

¹²⁴ Trafficking in persons is defined as the recruitment, transportation, transfer, harbouring or receipt of persons by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purposes of exploitation. Women and children are particularly vulnerable to trafficking practices.

without any retribution, and will operate independently and objectively. The grievance mechanism may utilize existing grievance mechanisms, providing that they are properly designed and implemented, address concerns promptly, and are readily accessible to such project workers. Grievance mechanisms may be supplemented as needed with project-specific arrangements.

26. The grievance mechanism will not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

D. Occupational health and safety

27. Measures relating to occupational health and safety (OHS) will be applied to the project. The OHS measures will include the requirements of this section, and will take into account the General EHSGs and, as appropriate, the industry-specific EHSGs and other GIPPs. The OHS measures applying to the project will be set out in the ESMP.¹²⁵

28. The OHS measures will be designed and implemented to address: (i) the identification of potential hazards to project workers, particularly those that may be life-threatening; (ii) the provision of preventive and protective measures, including the elimination, substitution, or modification of hazardous conditions or substances; (iii) the training of project workers and maintenance of training records; (iv) the provision of personal protective equipment without expense to the project workers; (v) the recording, reporting, and documentation of occupational accidents, diseases and incidents; (vi) the emergency prevention and preparedness and response arrangements to emergency situations;¹²⁶ and (vii) the remedies for adverse impacts such as occupational injuries, deaths, disability, and disease.¹²⁷

29. All parties who employ or engage project workers will develop and implement procedures to establish and maintain a safe working environment so that workplaces, machinery, equipment, and processes under their control are safe and without risk to health, including by using appropriate measures relating to chemical, physical and biological substances and agents. These parties will actively collaborate and consult with project workers and worker representatives in promoting

understanding of and methods for implementation of OHS requirements, as well as in providing information to project workers and training on OHS.

30. Workplace processes will be established so that project workers may report work situations that they believe are not safe or healthy, and those from which they cannot remove themselves if they have reasonable justification to believe presents an imminent and serious danger to their life or health, without prejudice, discipline or recrimination. Project workers who remove themselves from such situations will not be required to return to work until necessary remedial action has been taken. Project workers will not be retaliated against or otherwise subject to reprisal or negative action for such reporting or removal.

31. Project workers will be provided with facilities appropriate to the circumstances of their work and the number of workers, including access to canteens, hygiene facilities, and appropriate areas for rest. Where accommodation services¹²⁸ are provided to project workers, policies will be put in place and implemented on the management and quality of accommodation to protect and promote the health, safety, and well-being of the project workers, and to provide access to or provision of services that accommodate their physical, social, and cultural needs.

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

33. A system for regular review of OHS performance and the working environment will be put in place and include the identification of safety and health hazards and risks, the implementation of effective methods for responding to identified hazards and assessed risks, the setting of priorities for taking action, and an evaluation of results.

E. Contracted workers

34. The Borrower shall make reasonable efforts to ascertain that third parties¹²⁹ who engage contracted workers are legitimate and reliable entities, and have in place LMPs applicable to the project that will allow

¹²⁵ Section 2 of the General Environmental Health and Safety Guidelines (EHSGs) on Occupational Health and Safety applies to all projects. Each of the industry-specific guidelines addresses the OHS issues relevant to the particular industry.

¹²⁶ These arrangements will be coordinated with the emergency preparedness and response measures established under OS4.

¹²⁷ These remedies should take into account, as applicable, the wage level and age of the project worker, the degree of adverse impact, and the number and age of dependents concerned.

¹²⁸ These services might be provided either directly by the Borrower or by third parties.

¹²⁹ See footnote 3: this may include contractors, subcontractors, brokers, agents or intermediaries.

them to operate in accordance with the requirements of this OS, except for paras. 37 to 40.

35. The Borrower shall establish procedures for managing and monitoring the performance of third parties in relation to the requirements of this OS. In addition, the Borrower shall incorporate the requirements of this OS into contractual agreements with such third parties, together with appropriate non-compliance remedies. In the case of subcontracting, the Borrower shall require the third parties to include equivalent requirements and non-compliance remedies in their contractual agreements with subcontractors.

36. Contracted workers shall have access to a grievance mechanism. In cases where the third party employing or engaging the workers is not able to provide a grievance mechanism to such workers, the Borrower shall make available to the contracted workers the grievance mechanism provided under Section C of this OS.

F. Community workers

37. Community labour involves workers engaged by the project-affected communities, including through representatives, organizations or similar entities (e.g. community-driven development projects in which the identification, planning, and implementation of project activities is shared with or controlled by community organizations and leaders).

38. Community labour may be involved in different ways, such as contributing to the project, activities or initiatives, or in projects designed and conducted to foster community-driven development, or to provide a social safety net (e.g. food-for-work and public works programmes as safety net programmes) or targeted assistance in fragile and conflict-affected situations. Given the nature and objectives of recurring to community labour, the application of all requirements of OS2 may not be appropriate. In all of these circumstances, the Borrower shall require measures¹³⁰ to be implemented to ascertain whether such labour is or will be provided on a voluntary basis as an outcome of individual or community agreement.¹³¹ Community labour excludes the local hiring of contracted workers by third parties and of direct workers by the Borrower and implementing agencies.

39. In preparing the LMPs, the Borrower shall clearly identify the terms and conditions under which community labour will be engaged, including the amount and method of payment (if applicable), and working hours. The LMPs will also specify the way in which community workers can raise grievances in relation to the project, activities or other initiatives. The Borrower shall assess the potential risks and impacts of the activities to be conducted by community workers and, at a minimum, apply the relevant requirements of the General EHSs and industry-specific EHSs.

40. The LMPs will set out roles and responsibilities for monitoring the engagement of community workers and the performance of the entities engaging community workers, including measures to ascertain whether labour is provided on a voluntary basis.

G. Primary supply workers

41. As part of the ESA, the Borrower shall take reasonable steps and measures to assess and identify risks of child labour, forced labour, and serious occupational, health and/or safety issues that may arise in relation to the primary supplier(s) of goods and services essential to the core activities of the project.

42. Where there is a significant risk of child labour or forced labour in the primary supply chain, the Borrower shall require the primary supplier to identify the risks consistent with paras. 21 to 23 above. The LMPs will set out roles and responsibilities for monitoring primary suppliers. If cases of forced labour are identified, the Borrower shall take immediate steps to: remove workers from this condition; address and remedy the specific incidents and the practices that led to the workers' situation; and address and remedy any other conditions that present a risk of forced labour. If a child under the minimum age of employment is found working on the project, measures will be taken to terminate his or her employment or engagement in a responsible manner.¹³²

43. Additionally, where there is a significant risk of serious occupational, health and/or safety issues related to primary supply workers, the Borrower shall require the relevant primary supplier to introduce procedures and mitigation measures to address such safety issues. These procedures and mitigation measures will be reviewed periodically to ascertain their effectiveness.

¹³⁰ These measures will be described in the LMPs.

¹³¹ Reasonable working and employment conditions could be assessed by reference to: (i) the conditions established for similar work in the relevant trade or industry in the area/region where the work is performed; (ii) collective agreement or other recognized negotiation between other organizations of employers and representatives of workers in the trade or industry concerned; (iii) the arbitration award; or (iv) the conditions established by national law.

¹³² Immediately removing children from their work may aggravate their situation of vulnerability. At a minimum, immediate measures should include removing children from tasks that are dangerous, harmful, or inappropriate given their age and that hinder their education. A child removed from a child labour situation should receive remediation assistance and be presented with alternatives to child labour, for example, ensuring access to education or vocational training.

44. The ability of the Borrower to address the above risks will depend on their level of control or influence over its primary suppliers. Where remedy is not possible, the Borrower shall, within a reasonable period, shift the project's primary suppliers to suppliers that can demonstrate that they are meeting the relevant requirements of this OS. Where there are significant risks related to OHS, child or forced labour or modern slavery, and to the extent technically and financially feasible, the Borrower shall undertake efforts to raise its level of influence over the supply chain¹³³ to address the risks.

H. Prompt reporting of materially adverse labour and health and safety events

45. Notwithstanding regular reporting requirements prescribed by the Bank or national requirements, the Borrower shall notify the Bank promptly, within three working days, of any materially adverse event such as serious accidents, fatalities, significant dangerous occurrences, dispute-related collective action by workers, significant security issues, or any other matters addressed within this OS. The Borrower shall implement the necessary corrective actions.

¹³³ Technical and financial feasibility and geographical constraints consist in the difficulties of identifying and addressing issues in supply chains that always involve multiple suppliers (primary, secondary, tertiary, etc.) who are often located in different legal jurisdictions throughout the world, with no legal obligations towards the Borrower or perhaps even towards the primary suppliers.



Environmental and Social Operational Safeguard 3: Resources Efficiency and Pollution Prevention and Management

Introduction

1. This Operational Safeguard (OS) recognizes that economic activities often cause air, water, and land pollution, and consume finite resources that may threaten people, ecosystem services, and the environment at the local, regional, and global levels. The current and projected atmospheric concentration of greenhouse gases (GHGs) threatens the welfare of current and future generations. In addition, more efficient and effective resource use, pollution prevention, and GHG emission avoidance, and mitigation technologies and practices have become more accessible and achievable.

2. OS3 sets out the requirements to address resource efficiency and pollution¹³⁴ prevention and management¹³⁵ throughout the project life cycle in a manner consistent with Good International Industry Practice (GIIP).

3. Throughout the different phases of the project's life cycle, i.e. planning and design, construction, commissioning, operations, and decommissioning, the Borrower is required to assess and evaluate resource-efficiency and pollution-prevention techniques and implement them, taking into consideration their technical and financial feasibility and cost-effectiveness.

4. As part of project preparation, in the Environmental and Social Assessment (ESA), the Borrower evaluates the potential impacts of pollutant discharges and resulting ambient concentrations to the environment, considering

potential receptors, and assesses risks and impacts related to the following:

- Environmental/ecological carrying capacity
- Ecosystem services
- Land use (current and future), soils, and agriculture
- Surrounding communities and poverty conditions
- Local, regional, and transboundary potential impacts
- Proximity to environmentally sensitive areas and populations
- Proximity to surface and groundwater sources
- Current and future water body use
- Potential cumulative impacts.

Objectives

5. The objectives of OS3 are as follows:

- To promote the sustainable use of resources, including energy, water, and raw materials.
- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution¹³⁶ from project activities.
- To avoid or minimize project-related emissions of short and long-lived climate pollutants.¹³⁷
- To avoid or minimize generation of hazardous and non-hazardous waste.
- To minimize and manage the risks and impacts associated with pesticide use.

¹³⁴ The term 'pollution' is used to refer to both hazardous and non-hazardous chemical pollutants, including persistent organic pollutants (POPs), 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 odours, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

¹³⁵ Unless otherwise noted in this OS, 'pollution management' includes measures designed to avoid or minimize emissions of pollutants, including short- and long-lived climate pollutants, given that measures that tend to encourage the reduction in energy and raw material use, as well as in emissions of local pollutants also generally result in encouraging a reduction of emissions of short- and long-lived climate pollutants.

¹³⁶ 'Pollution' includes materially significant man-made introductions into the environment and includes light, sound, vibrations, and solid, liquid and gaseous matter, whether hazardous or not. It thus includes wastepaper and plastic.

¹³⁷ This includes all GHGs and black carbon.

Scope of application

6. The applicability of this OS is established during the ESA described in OS1.

Requirements

7. The Borrower shall include resource-efficiency and pollution-prevention principles in the project activities or initiatives in accordance with the principles of cleaner production.¹³⁸

8. The Borrower shall consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention measures in accordance with the mitigation hierarchy. The measures will be proportionate to the risks and impacts associated with the project and consistent with GIIIP, in the first instance, the ISS Guidance Notes.

A. Resources efficiency

9. The Borrower shall implement technically and financially feasible measures for improving the efficient consumption of energy, water, and raw materials, as well as other resources. These measures will integrate the principles of cleaner production into product design and production processes to conserve raw materials, energy and water, as well as other resources. In designing products, the life cycle will be considered to integrate techniques aiming to avoid or minimize waste by applying the circular economy principles and practices wherever technically and financially feasible. Where benchmarking data are available, the Borrower shall make a comparison to establish the relative level of efficiency.

Energy use

10. The efficient use of energy is an important way in which the Borrower can contribute to sustainable development. When the project is a potentially significant user of energy, in addition to applying the resource efficiency requirements of this OS, the Borrower shall adopt measures specified in the EHSGs to optimize energy usage, to the extent technically and financially feasible.

Water use

11. When the project is a potentially significant user of water¹³⁹ or may have significant impacts on water

quality, in addition to applying the resource efficiency requirements of this OS, the Borrower shall adopt measures, to the extent technically and financially feasible, that avoid or minimize water usage so that the project's water use does not have significant adverse impacts on communities, other users, and the environment. These measures include, but are not limited to, the use of additional technically feasible water conservation measures within the Borrower's operations, the use of alternative water supplies, water consumption offsets to maintain total demand for water resources within the available supply, and the evaluation of alternative project locations.

12. For projects with a high-water demand that have potentially significant adverse impacts on communities, other users or the environment, the following will apply:

- A detailed water balance will be developed, maintained, monitored and reported periodically.
- Opportunities for improvement in water use efficiency, including water reuse, will be identified and implemented.
- Specific water use (measured by volume of water used per unit production) will be assessed.
- Operations must be benchmarked to available industry standards of water use efficiency.
- The Borrower shall assess, as part of the ESA, the potential cumulative impacts of water use on communities, other users, and the environment, and will identify and implement appropriate mitigation measures.

Environmental flow

13. For projects that affect water resources, the Borrower shall avoid significantly altering flow regimes in ways that prevent water resources from fulfilling their functions for important upstream and downstream ecosystems and their services to local communities. The Borrower therefore shall assess and manage environmental flows for the conservation and sustainable use of biodiversity and ecosystem services. Environmental flow includes classical ecological flow and the optimal needs of downstream communities, including for their economic activities and domestic consumption. In addition to environmental flows, the assessment needs to give equal attention to other aspects of the aquatic ecosystem, such as sedimentation and the viability of fisheries.

14. The Borrower shall ensure that flows are maintained so that they are optimally managed to allow for the

¹³⁸ 'Cleaner production' refers to the concept of integrating pollution reduction into the production process and design of a product. This involves continuous application of an integrated preventive environmental strategy to processes, products, and services to increase overall efficiency and reduce risks to humans and the environment through the conservation of raw materials, water, and energy, and through the reduction or elimination of the use of toxic and hazardous raw materials. Cleaner production can also refer to taking advantage of renewable energy sources such as hydropower, wind, solar, and geothermal resources. Additional guidance is also provided in the General EHS Guidelines and Industry Sector EHS Guidelines.

¹³⁹ While the significance of the amount of water used is contextual, a threshold of 5,000 litres per day is a commonly used benchmark.

multipurpose use of water, including water's ecological functions, and the integrity of river systems and wetlands. The member country (or group of countries) in which the project takes place will be responsible for ensuring compliance through its appropriate water resources management agency.

15. The Borrower shall ensure that the ESA uses appropriate methodologies to address the issue of environmental flows according to best practice, including the recommendations of the World Commission on Dams. Before beginning any waterflow project, the Borrower conducts a participatory water needs audit to determine, in consultation with relevant stakeholders who depend on the river flows for various needs, the minimum baseline ecological flow requirements.

16. Environmental flow analysis and management are carried out to the extent feasible in the context of river basin planning, so that the basin's entire water balance – now and in the future – is the framework in which environmental flows are determined. If there is no river basin plan, it is especially important that the project-based analysis consider the value of water across social, economic, and environmental objectives so that these objectives are not jeopardized by an individual project or the cumulative impacts of multiple projects. The Borrower shall send notification indicating the risks and impacts, and the appropriate measures being taken to riparian countries whose territories and needs will be affected by the project as evidenced by the ESA.

Raw material use

17. When the project is a potentially significant user of raw materials, in addition to applying the resource efficiency requirements of this OS, the Borrower shall adopt measures¹⁴⁰ specified in the EHSGs and other GIIP to support the efficient use of raw materials, to the extent technically and financially feasible.

B. Pollution prevention and management

18. The Borrower shall apply pollution prevention and control measures consistent with national legislation and standards, applicable international conventions, and internationally recognized standards and good practice, particularly the EHSGs.

19. When national legislation and regulations differ from the standards and measures presented in the EHSGs, the Borrower is required to achieve the most stringent. However, if less stringent levels or measures are appropriate to specific project circumstances, the Borrower shall provide full and detailed justification for any proposed alternatives through the ESA process. This justification should demonstrate that the choice of any alternate performance level is consistent with the overall requirements of this OS and GIIP.

20. The Borrower shall avoid the release of pollutants or, when avoidance is not feasible, minimize and control the concentration and mass flow of their release using the performance levels and measures specified in national law or the EHSGs, whichever is most stringent. This applies to the release of pollutants to air, water, and land due to routine, non-routine, and accidental circumstances, and with the potential for local, regional, and transboundary impacts.

21. Where the project/activities to be supported by the Bank involve historical pollution,¹⁴¹ the Borrower shall establish a process to identify the responsible party, in accordance with national law, to take part in determining the parties to be involved in and finance any necessary remediation. If the historical pollution could pose a significant risk to human health or the environment, the Borrower shall undertake a health and safety risk assessment¹⁴² of the existing pollution that may affect communities, workers, and the environment. Any remediation of the site will be undertaken in accordance with national law and GIIP, whichever is most stringent.¹⁴³

22. To address potential adverse impacts on human health and the environment (e.g. air, surface and groundwater, and soils), the Borrower shall consider relevant factors, including, for example: (i) the existing ambient conditions; (ii) in areas already impacted by pollution, the remaining assimilative capacity¹⁴⁴ of the environment; (iii) the existing and future land use; (iv) the project's proximity to areas of importance to biodiversity; (v) the potential for cumulative impacts with uncertain and/or irreversible health consequences; and (vi) the impacts of project-related climate change issues.

23. In addition to applying resource efficiency and pollution control measures as required in this OS, when the project/activity has the potential to constitute a significant source of emissions in an already degraded area, the

¹⁴⁰ These measures can include reuse or recycling of materials. The Borrower shall reduce or eliminate the use of toxic or hazardous raw materials.

¹⁴¹ In this context, 'historical pollution' is defined as pollution from past activities affecting land and water resources for which no party has assumed or been assigned responsibility to address and carry out the required remediation.

¹⁴² This assessment will follow a risk-based approach consistent with GIIP, in the first instance, the EHSGs.

¹⁴³ If one or more third parties are responsible for the historical pollution, the Borrower shall consider seeking recourse from such parties so that such pollution is appropriately remediated. The Borrower shall implement adequate measures so that historical pollution at the site does not pose a significant risk to the health and safety of workers and communities.

¹⁴⁴ 'Assimilative capacity' refers to the capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.

Borrower shall consider additional strategies and adopt measures that avoid or minimize negative effects. These strategies include, but are not limited to, an evaluation of alternative locations for the project or activities.

Management of air pollution

24. In addition to the resource efficiency measures described above, the Borrower shall consider project alternatives and implement technically and financially feasible and cost-effective¹⁴⁵ options¹⁴⁶ to avoid or minimize air emissions during the design, construction, and operation of the project or activities.

25. As part of the ESA, the Borrower shall characterize and estimate sources of air pollution¹⁴⁷ related to the project or activities.¹⁴⁸

Assessment of climate change impacts and effects

26. As part of the ESA, the Borrower shall characterize and estimate sources of GHG emissions related to the project or activities.¹⁴⁹ This will entail an estimate of gross GHG emissions resulting from the project, providing that such estimation is technically and financially feasible. Where the Borrower does not have the capacity to develop the estimate of GHG emissions, the Bank may provide assistance to the Borrower.¹⁵⁰ For projects that have diverse and small sources of emissions (e.g. community-driven development projects) or where emissions are not likely to be significant (e.g. projects on education and social protection), GHG estimations will not be required.

27. The Borrower shall consider project alternatives and implement technically and financially feasible and cost-effective options¹⁵¹ to avoid or minimize GHG emissions during the design, construction, and operation of the project or activities.

Management of hazardous and non-hazardous wastes

28. In the early stages of the project and in accordance with applicable international treaties and best practices, the Borrower shall identify the potentially hazardous waste

to be generated throughout the project's life cycle and determine cost-effective alternatives for its use and/or environmentally sound disposal.

29. The Borrower shall make efforts to avoid the generation of hazardous and non-hazardous waste. Where the generation of waste cannot be avoided, the Borrower shall minimize, reuse, recycle, and recover it in a manner that is safe for human health and the environment. Where waste cannot be reused, recycled or recovered, the Borrower shall treat, destroy or dispose of it in an environmentally sound and safe manner, which includes the appropriate control of emissions and residues resulting from the handling, storage, and processing of the waste material.

30. If the generated waste is considered hazardous (as defined by the EHSs and relevant national law.) the Borrower shall comply with existing requirements for management (e.g. storage, transportation and disposal) of hazardous wastes including national legislation and regulation, and applicable international conventions, including those relating to transboundary movement. Where such requirements are absent, the Borrower shall adopt GIIP alternatives for its environmentally sound and safe management and disposal. When third parties conduct hazardous waste management, the Borrower shall use contractors who are reputable and legitimate enterprises licensed by the relevant government regulatory agencies, and with respect to transportation and disposal, obtain chain of custody documentation to the final disposal destination. The Borrower shall ascertain whether licensed disposal sites are being operated to acceptable standards and will use acceptable and approved sites. Where licensed sites are not being operated to acceptable standards, the Borrower shall minimize waste sent to such sites and consider alternative disposal options, including the possibility of developing its own recovery, treatment or disposal facilities at the site or elsewhere.

Management of chemicals and hazardous materials

31. If significant production, use or generation of hazardous materials or waste cannot be avoided, the

¹⁴⁵ Cost-effectiveness is determined according to the capital and operational cost and financial benefits of the options considered over the life of the project.

¹⁴⁶ The options for reducing or preventing air pollution may include: a combination of approaches such as the enhancement of energy efficiency; process modification, selection of fuels or other materials with less polluting emissions; and application of emissions control techniques. Options for reducing GHG emissions may include: alternative project locations; adoption of renewable or low-carbon energy sources; alternatives to refrigerants with high global warming potential; more sustainable agricultural, forestry and livestock management practices; the reduction of fugitive emissions and gas flaring; carbon sequestration and storage; sustainable transport alternatives; and proper waste management practices.

¹⁴⁷ 'Air pollution' refers to the release of air pollutants (often associated with the combustion of fossil fuels) such as nitrogen oxides, sulphur dioxide, carbon monoxide, particulate matter, as well as other contaminants including GHGs.

¹⁴⁸ For the purposes of this estimate, the Borrower may utilize national methodologies accepted in the context of international agreements on climate change, with the agreement of the Bank.

¹⁴⁹ See previous footnote.

¹⁵⁰ Depending on the capacity of the Borrower, the type of the project and the basis on which financing is being provided to the Borrower, this assistance may involve the Bank carrying out the GHG estimation on behalf of the Borrower, for example, in fragile and states, working with Borrower counterparts and using project information provided by the Borrower. The Bank can also provide TA to the Borrower in the use of the methodologies established by the Bank so that Borrower competency is strengthened in this respect.

¹⁵¹ Options for reducing GHG emissions may include: alternative project locations; the adoption of renewable or low carbon energy sources; alternatives to refrigerants with high global warming potential; more sustainable agricultural, forestry, and livestock management practices; the reduction of fugitive emissions and gas flaring; carbon sequestration and storage; sustainable transport alternatives; and proper waste management practices.

Borrower, in consultation with potentially affected workers and communities, will prepare a management plan taking a whole life cycle approach (transport, handling, storage, recycling, and disposal) and incorporating, as appropriate, preventative and contingency measures, and management and reporting practices. In particular, the Borrower should look at opportunities to recycle waste and reuse material by preparing a recycling and reutilization plan identifying recyclable material and assessing the potential for reinjection of waste in the process. If third parties are to be used for hazardous waste management and disposal, the Borrower will evaluate their legitimacy and legality for conducting hazardous waste management activities and obtain the chain-of-custody documentation. Hence, the Borrower is responsible for ensuring that the third party complies with the rules of the Basel Convention.

32. The Borrower shall respect any limitations – unless for an acceptable purpose as defined by the conventions or protocols, or if an exemption has been obtained by the Borrower – on the production, trade or use of chemicals and hazardous materials subject to international bans, restrictions, or phase-outs for which the host country has ratified, approved, acceded or accepted obligations related to the elimination, reduction or phase-out of such chemicals under an international agreement or convention such as the Stockholm Convention on Persistent Organic Pollutants (POPs) and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

33. The Borrower shall minimize and control the release and use of hazardous materials such as chemical fertilizer, soil amendments, and chemicals other than pesticides. The production, transportation, handling, storage, and use of hazardous materials for project activities will be assessed through the ESA. The Borrower shall consider less hazardous substitutes where hazardous materials are intended for use in manufacturing processes or other operations.

C. Pests and vector management

34. Where projects involve recourse to pest management measures, the Borrower shall give preference to integrated pest management (IPM)¹⁵² or integrated vector management (IVM)¹⁵³ approaches using combined or multiple methods. The environmentally safe procurements,

distribution, storage, use, and disposal of pesticides and their packaging are to be considered with respect to this OS as well as OS1, 2, and 4.

35. In the procurement of any pesticide, the Borrower shall assess the nature and degree of associated risks, taking into account the proposed use and the intended users.¹⁵⁴ The Borrower shall not use any pesticides or pesticide products or formulations unless it is in compliance with the EHSs. In addition, the Borrower shall also not use any pesticide products that contain active ingredients that are restricted under national law, applicable international conventions or their protocols, or that are listed in, or meet the criteria of, their annexes, unless for an acceptable purpose as defined by such conventions, their protocols or annexes, or if an exemption has been obtained by the Borrower under such conventions, their protocol or annexes, consistent with Borrower commitments under these and other applicable international agreements. The Borrower shall also not use any formulated pesticide products that meet the criteria of carcinogenicity, mutagenicity, or reproductive toxicity as set forth by relevant international agencies.¹⁵⁵ For any other pesticide products that pose other potentially serious risk to human health or the environment and that are identified in internationally recognized classification and labelling systems, the Borrower shall not use pesticide formulations of products if: (i) the country lacks restrictions on their distribution, management, and use; or (ii) they are likely to be used by, or be accessible to, lay personnel, farmers, or others without training, equipment, and facilities to handle, store, and apply the products properly.

36. The following additional criteria apply to the selection and use of such pesticides: (i) they have negligible adverse human health effects; (ii) they are shown to be effective against the target species; and (iii) they have minimal effect on non-target species and the natural environment. The methods, timing, and frequency of pesticide application are aimed to minimize damage to natural enemies. Pesticides used in public health programmes will be demonstrated to be safe for inhabitants and domestic animals in the treated areas, as well as for personnel applying them; (iv) their use will take into account the need to prevent the development of resistance in pests; and (v) where registration is required, all pesticides will be registered or otherwise authorized for use on the crops and livestock, or for the use patterns, for which they are intended under the project.

¹⁵² Integrated pest management (IPM) refers to a combination of farmer-driven, ecologically based pest control practices that seek to reduce reliance on synthetic chemical pesticides. It involves: (i) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (ii) integrating multiple methods (relying, to the extent possible, on nonchemical measures) to keep pest populations low; and (iii) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment.

¹⁵³ 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".

¹⁵⁴ This assessment is conducted in the context of the ESIA.

¹⁵⁵ This includes pesticides classified as Class 1a (extremely hazardous), Ib (highly hazardous) or II (moderately hazardous).

37. The Borrower shall ensure that all pesticides used will be manufactured, formulated, packaged, labelled, handled, stored, disposed of, and applied according to relevant international standards and codes of conduct (e.g. the Food and Agriculture Organization of the United Nations' International Code of Conduct on the Distribution and Use of Pesticides), as well as the EHSGs.

38. For any project involving significant pest management issues¹⁵⁶ or any project contemplating activities that may lead to significant pest and pesticide management issues,¹⁵⁷ the Borrower shall prepare a Pest Management Plan (PMP).¹⁵⁸ A PMP will also be prepared when proposed financing of pest control products represents a large component of the project or the Borrower's activities.¹⁵⁹

156 These issues would include: (i) migratory locust control; (ii) mosquito or other disease vector control; (iii) bird control; and (iv) rodent control, etc.

157 This includes: (i) new land-use development or changed cultivation practices in an area; (ii) significant expansion into new areas; (iii) diversification into new crops in agriculture; (iv) intensification of existing low-technology systems; (v) proposed procurement of relatively hazardous pest control products or methods; or (vi) specific environmental or health concerns (e.g. proximity of protected areas or important aquatic resources; worker safety).

158 Depending on the nature and the scale of the risks and impacts of the project, the elements of a Pest Management Plan (PMP) may be included as part of the ESMP, and preparation of a stand-alone PMP may not be necessary.

159 This occurs when the financing of substantial quantities of pesticides is envisaged. A PMP is not required for the procurement or use of impregnated bed nets for malaria control, or of insecticides for intra-domiciliary spraying for malaria control identified in internationally recognized classification systems.



Environmental and Social Operational Safeguard 4: Community Health, Safety and Security

Introduction

1. This Operational Safeguard (OS) recognizes that projects, activities, equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration or intensification of impacts due to a project or activities.
2. OS4 addresses the health, safety, and security risks to and impacts on project-affected communities and the corresponding responsibility of the Borrower to avoid or minimize them, with particular attention to people who, due to their particular circumstances, may be vulnerable.

Objectives

3. The objectives of OS4 are as follows:
 - To anticipate and avoid adverse impacts on the health and safety of project-affected communities during the project or operation lifecycle from both routine and non-routine circumstances.
 - To help promote public health and safety across the project's area of influence by, *inter alia*, promoting and supporting programmes that aim at preventing the spread of major communicable diseases.
 - To promote quality and safety, and considerations relating to climate change in the design and construction of infrastructure, including dams.
 - To avoid or minimize community exposure to project-related traffic and road safety risks, diseases, and hazardous materials.
 - To ensure that effective measures to address emergency events are in place.
 - To ensure that the safeguarding of personnel and property through the provision of public or private security is carried out in a manner that avoids or

minimizes risks to the project-affected communities and in a manner consistent with international human rights standards and principles.¹⁶⁰

- To help prevent against sexual exploitation, abuse and sexual harassment (SEAH) of members of the community by project workers.

Scope of application

4. The applicability of this OS is established during the Environmental and Social Assessment (ESA) described in OS1.
5. This OS addresses potential risks to and impacts on communities that may be affected by project activities. Occupational health and safety (OHS) requirements for project workers are set out in OS2, and measures to avoid or minimize impacts on human health and the environment due to existing or potential pollution are set out in OS3.

Requirements

A. Community health and safety

6. The Borrower shall evaluate the risks and impacts of the project on the health and safety of the affected communities during the project life cycle, including those who, due to their particular circumstances, may be vulnerable. To this end, the Borrower shall develop and implement a Health and Safety Management Plan. This Plan will, as a minimum, identify risks and impacts and propose mitigation measures in accordance with the mitigation hierarchy, and address requirements for emergency prevention, preparedness and response, and disease prevention and containment planning.

¹⁶⁰ These include the Voluntary Principles on Security and Human Rights, the International Code of Conduct on Private Security Providers, and the United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

The Plan will interrelate functionally with other plans such as a Labour Influx Management Plan or a Plan Against Sexual Exploitation, Abuse and Harassment, as appropriate.

7. The Borrower shall ensure that all relevant requirements are incorporated into the procurement and bidding documents, and contracts of primary suppliers, service providers, contractors, and sub-contractors, as appropriate. All health and safety management plans should form an integral part of the project's overall ESMP, which should be regularly reviewed and updated as required.

Infrastructure and equipment design and safety

8. The Borrower shall design, construct, operate, and decommission the structural elements of the project in accordance with national legal requirements, and the ISS Guidance Notes, taking into consideration safety risks to third parties and affected communities. Structural elements of a project will be designed and constructed by competent professionals and certified or approved by competent authorities or professionals.¹⁶¹ Structural design will take into account issues related to climate change such as changing vegetation patterns, local weather patterns, changes in hydrological conditions, and the frequency and intensity of extreme weather events, as appropriate. Overall design will take into account the provision of universal access for persons with disabilities.

9. Where the project or activities supported by the Bank include new buildings and structures that will be accessed by members of the public, the Borrower shall 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, the Borrower shall also apply the concept of universal access¹⁶² to the design and construction of such new buildings and structures.

10. When structural elements or components of a project or activities are situated in high-risk locations, including those exposed to extreme weather or slow onset events, and their failure or malfunction may threaten the safety of communities, the Borrower shall engage one or more independent experts with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, construction, operation, and decommissioning. Where the Bank's operation involves a new or existing dam, the Borrower

shall provide sufficient resources to apply the requirements on safety of dams, as set out in Annex 1.

Safety of services

11. Where the project or activities involve providing services to communities, the Borrower shall establish and implement appropriate quality management systems to anticipate and minimize risks and impacts that such services may have on community health and safety. In such circumstances, the Borrower shall also apply the concept of universal access, where technically and financially feasible.

Traffic and road safety

12. The Borrower shall identify, evaluate, and monitor the potential traffic, which may include all motorized transportation relevant to the project, and road safety risks to workers, affected communities, and road users throughout the operational life cycle, and where appropriate, will develop measures and plans to address them. The Borrower shall incorporate technically and financially feasible road safety measures into the project designs to prevent and mitigate potential road safety risks to road users and affected communities.

13. Where appropriate, the Borrower shall undertake a road safety assessment for each phase of the project or activities (taking into consideration the needs and usage of the road by people who may be deemed vulnerable, such as children, people with limited mobility, the elderly, persons with disabilities), and will monitor incidents and accidents, and prepare regularly prepare the respective reports. The Borrower shall use the reports to identify safety issues, and establish and implement measures to resolve them.

14. For vehicles or fleets of vehicles (owned or leased) used for the project or activities, the Borrower shall put in place appropriate processes, including driver training, to improve driver and vehicle safety, as well as systems for monitoring and enforcement. The Borrower shall consider the safety record or rating of vehicles in purchase or leasing decisions, and require regular maintenance of all project vehicles.

15. For projects and activities that involve the operation of construction and other equipment on public roads, or where the use of project equipment could have an impact on public roads or other public infrastructure, the Borrower shall take appropriate safety measures to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment.

¹⁶¹ This may include, where appropriate, third-party life and fire safety audits for existing buildings used for communal purposes and for new buildings prior to their commissioning or use.

¹⁶² The concept of 'universal access' refers to the unimpeded access for people of all ages and abilities in different situations and under various circumstances, as set out in Good International Industry practice (GIIP).

Ecosystem services

16. Direct impacts on ecosystem services may result in adverse health and safety risks to, and adverse impacts on, affected communities.¹⁶³ With respect to this OS, ecosystem services are limited to provisioning and regulating services as defined in OS1. Where appropriate and feasible, the Borrower shall identify the operation or the project's potential risks to and impacts on ecosystem services that may be exacerbated by climate change. Efforts will be made to avoid adverse impacts; however, if unavoidable, the Borrower shall implement appropriate mitigation measures.

Community health risks associated with projects and other activities

17. Risks to public health and safety should be identified in the E&S scoping phase of the ESA. These may be addressed by competent and experienced experts during the ESA; however, when the nature of the operation entails significant and/or cumulative public health risks and impacts, it may be more appropriate to undertake a separate health impact assessment.

18. Potential adverse impacts affecting the health and safety of communities may arise from the following:

- the release of and exposure to hazardous materials or chemicals (e.g. seepage into ground water, contamination of surface water supplies) and an increased risk of exposure to zoonotic diseases;
- waste disposal (e.g. unsanitary landfills);
- construction activity impacts, such as increased noise, dust, and/or light levels throughout the day and for extended periods;
- transportation-induced changes (e.g. changes in nature and volume of traffic provoking increase in levels of noise, dust and respiratory problems, environmental pollution, changes in nature, speeds and volumes of traffic and road accidents);
- changes in population composition through, for example, in-migration of the labour force, opportunity seekers or sex workers, which in turn put pressure on health systems and infrastructure; exposure to sexually transmitted/communicable diseases; pressure on existing natural resources; and increased vulnerability of local populations;
- resource use-related impacts (e.g. through modification of water courses, changes from earth movements);
- impacts of structural components (e.g. from failure of structures such as dams, faulty design, disruption of existing access); and

- the introduction of new or a change in existing (public or private) security arrangements.

In addition, when new building and structures are accessed by members of the public, the promoter will consider incremental risks of the public's potential exposure to operational accidents and/or natural hazards, and ensure consistency with the principle of universal access.

19. In line with OS2, in the event that hazardous materials and substances are part of existing project infrastructure or components, the Borrower shall take special care that these are transported, made operational, and decommissioned in accordance with Good International Industry Practice (GIIP), in a way that avoids or minimizes public exposure within the limits of governing national law and international good practice. Where there is a risk to public health and safety arising from the exposure to hazardous materials and substances, especially those that are life-threatening or known to cause serious hazards to human health and/or the environment, the Borrower shall take due care to identify, eliminate, and substitute them accordingly; a suitable Emergency Preparedness Plan is also required.

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

Risks associated with the influx of workers

21. To the extent possible, the Borrower shall take the necessary measures to avoid, mitigate, and manage the risks and potential adverse impacts on public health and safety arising from the influx of workers for the project or other activities supported by the Bank. These risks and impacts may be associated with changes in population composition, intangible cultural heritage, health implications, exposure to communicable diseases, increased risk of gender-based violence (GBV) and sexual exploitation, abuse and harassment (SEAH), and increased vulnerability of communities in the area of influence of the project due to increased pressure on available health facilities. The Borrower shall take measures to avoid or minimize the transmission of communicable diseases that may be associated with the influx of temporary or

¹⁶³ Examples are land use changes or the loss of natural buffer areas, such as wetlands, mangroves, and upland forests, which mitigate the effects of natural hazards such as flooding, landslides, and fire, and which may result in increased vulnerability and community safety-related risks and impacts. The diminution or degradation of natural resources, such as adverse impacts on the quality, quantity, and availability of freshwater, may result in health-related risks and impacts.

permanent labour. In conflict and post-conflict areas, the Borrower shall also endeavour to mitigate the exacerbation of rivalries that in-migration can cause.

22. The Borrower shall ensure that women, girls, boys, and men are protected from SEAH and GBV, and shall avoid and contain the spread of diseases associated with immigration, especially sexually transmitted diseases (including HIV/AIDS), tuberculosis, COVID-19, Ebola and malaria. Accordingly, the Borrower shall organize training and awareness programmes, and ensure that codes of conduct for workers and people living in labour camps, if any, are in accordance with GIIP.

23. Where project-induced migration risks are deemed significant, the Borrower shall prepare a Labour Influx Management Plan. This will be complementary to or part of broader ESA studies and plans. It will identify and assess health risks associated with the project, and propose interventions such as those related to project design and management.

Promoting public health and safety

24. The Borrower shall support initiatives promoting community and public health, safety, and security, and aiming to reduce the spread of communicable and non-communicable diseases and disorders, such as Ebola, COVID-19, HIV/AIDS, tuberculosis and malaria, where an increased incidence of the above is linked to project or other activities supported by the Bank. In essence, the Borrower shall collaborate with the public authorities and other stakeholders (e.g. non-governmental and civil society organizations) and build upon existing measures to implement public programmes and policies, including disease monitoring plans, which will raise the public's awareness and understanding of communicable and preventable diseases, and will effectively counter their spread. These measures could build upon relevant national programmes, include community awareness programmes and support mechanisms, and account for any long-term human resource implications (e.g. time lost, skills shortages, training needs). As part of the ESMP monitoring programme, the Borrower shall monitor any incidence of such diseases.

Management and safety of hazardous materials

25. The Borrower shall avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be life-threatening, the Borrower shall exercise special care to avoid or minimize their exposure

by modifying, substituting, or eliminating the condition or material causing the potential hazards. Where hazardous materials are part of existing project infrastructure or components, the Borrower shall exercise due care during construction and implementation of the project, including decommissioning, to avoid exposure to the community.

26. The Borrower shall implement measures and actions to control the safety of deliveries of hazardous materials, and of storage, transportation, and disposal of hazardous materials and wastes, and will implement measures to avoid or control community exposure to such hazardous material.

Emergency preparedness and response

27. The Borrower shall identify and implement measures to address project-related emergency events that could compromise community health and safety. An emergency event is an unanticipated incident arising from both natural and man-made hazards, typically in the form of fire, explosions, leaks or spills, which may occur for a variety of different reasons, including failure to implement operating procedures that are designed to prevent their occurrence, extreme weather, and lack of early warning. The measures will be designed to address the emergency event in a coordinated and expeditious manner to prevent it from injuring the health and safety of the community, and to minimize, mitigate, and compensate for any impacts that may occur.

28. Borrowers engaged in projects or activities having the potential to generate emergency events will conduct a risk and hazard assessment as part of the ESA undertaken pursuant to OS1. Based on the results of the assessment, the Borrower shall prepare an emergency preparedness and response plan (EPRP) in coordination with the relevant local authorities and the affected community, and will take into account the emergency prevention, preparedness and response arrangements put into place with project workers under OS2.¹⁶⁴

29. An EPRP will include, as appropriate: (i) engineering controls (e.g. containment, automatic alarms, and shut-off systems) proportionate to the nature and scale of the hazard; (ii) the identification of, and secure access to, emergency equipment available on-site and nearby; (iii) notification, response, and evacuation procedures and protocols for designated emergency responders; (iv) diverse media channels for the notification of the affected community and other stakeholders; (v) a training programme for emergency responders including drills at regular intervals; (vi) public evacuation procedures; (vii) a designated coordinator for EPRP implementation; and

¹⁶⁴ OS2, paras. 27 to 33.

(viii) measures for the restoration and clean-up of the environment following any major accident.

30. The Borrower shall document its emergency preparedness and response activities, resources, and responsibilities, and will disclose appropriate information, as well as any subsequent material changes thereto, to affected communities, relevant government agencies, or other relevant parties. The Borrower shall assist and collaborate with affected communities, relevant government agencies, and other relevant parties in their preparations to respond effectively to an emergency event, especially where their participation and collaboration will be an important part of an effective response.

31. The Borrower shall regularly review the EPRP and confirm that it is still capable of addressing the potential range of emergency events that might arise in connection with the project or activities supported by the Bank. The Borrower shall support affected communities, relevant government agencies, and other relevant parties through training and collaboration, and will conduct the training in conjunction with the training provided to workers as part of the OHS requirements under OS2.

B. Security personnel

32. While ensuring that project assets and personnel are secured and safeguarded in a legitimate manner, the Borrower shall assess the risks to and impacts on workers and communities in and surrounding the project area of influence resulting from the use of arrangements provided by security personnel, whether privately outsourced or publicly provided. These security arrangements shall be defined in the ESP. A Security Management Plan may be required by the Bank, where deemed necessary.

33. All security management arrangements introduced and delivered either by public law and order and security forces, or private service providers will be expected to

comply with the following: Voluntary Principles on Security and Human Rights, the United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials, the United Nations Code of Conduct for Law Enforcement Officials, and the International Code of Conduct on Private Security Providers. This will allow to maintain the safety and security of assets and persons engaged in the project within an operating framework that ensures respect for human rights and fundamental freedoms.

34. In particular, these arrangements will reflect the principles of proportionality and GIIP, and by the applicable law, regarding hiring, rules of conduct, training, equipping, and monitoring of security personnel. The Borrower shall not sanction any use of force by direct or contracted workers in providing security, except when used for preventive and defensive purposes in proportion to the nature and extent of the threat.

35. The Borrower shall ensure that government security personnel deployed to provide security services act in a manner consistent with the above security arrangements, and will encourage the relevant authorities to disclose the security arrangements for the Borrowers' facilities to the public, subject to overriding security concerns.

36. The Borrowers shall: (i) make reasonable inquiries to verify that the direct or contracted workers that they retained to provide security are not implicated in past abuses; (ii) train them adequately (or determine that they are properly trained) in the use of force (and where applicable, firearms) and appropriate conduct toward workers and affected communities, including against SEAH and GBV; and (iii) require them to act within the applicable law and any requirements set out in the ESMP.

37. The Borrower shall review all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and where necessary, report unlawful and abusive acts to the relevant authorities.

Annex 1: Environmental and Social Operational Safeguard 4: Dam Safety

A. New dams

1. The Borrower shall engage experienced and competent professionals to supervise the design and construction of new dams,¹⁶⁵ and will require the owner of the dam to adopt and implement dam safety measures during the design, bid tendering, construction, operation, and maintenance of the dam and associated works.
2. The dam safety requirements set out in this Annex apply to:
 - a. 'large dams', which are defined as dams with a height of 15 metres or greater from the lowest foundation to crest, or dams between 5 and 15 metres impounding more than 3 million cubic metres; and
 - b. all other dams regardless of size or retention capacity (referred to as 'small dams') that: (i) could cause safety risks, such as an 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) are expected to become large dams during their operating life.
3. These dams require:
 - a. reviews by an independent panel of experts (the Panel) of the investigation, design, and construction of the dam and the start of operations;
 - b. preparation and implementation of the following detailed plans, as further described in Section C:¹⁶⁶ Construction Supervision and Quality Assurance Plan, an Instrumentation Plan, an Operation and Maintenance (O&M) Plan, and an Emergency Preparedness Plan;
 - c. the pre-qualification of bidders during procurement and bid tendering; and
 - d. periodic safety inspections of the dam after completion, and implementation of measures required addressing safety deficiencies.
4. The risks associated with a dam are design- and situation-specific, and will vary depending on structural components, socio-economic factors, and the environment within which the dam is being constructed and will operate. Application of the requirements set out in para. 40 will reflect these considerations and be proportionate to the size, complexity, and potential risk of the dam.
5. Where a dam does not fall into the categories set out in para. 39, dam safety measures designed by qualified engineers in accordance with Good International Industry Practice (GIIP) will be adopted and implemented.¹⁶⁷
6. The Panel consists of competent qualified and experienced experts, appointed by the Borrower and acceptable to the Bank, with expertise in the various technical fields relevant to the safety aspects of the particular dam.¹⁶⁸ The Panel will review and advise the Borrower on matters relative to dam safety and other critical aspects of the dam, its appurtenant structures, the catchment area, the area surrounding the reservoir, and downstream areas. The Borrower shall normally extend the Panel's composition and terms of reference beyond dam safety to cover such areas as project formulation, technical design, and construction procedures; and, for water storage dams, associated works such as power facilities, river diversion during construction, ship lifts, and fish ladders.

¹⁶⁵ Dams include, for example, a water storage dam for a hydropower, water supply, irrigation, flood control, or multipurpose project, a tailing or a slimes dam, or an ash impoundment dam.

¹⁶⁶ As part of established dam safety practices in certain countries, the Operation and Maintenance (O&M) Plan includes the Instrumentation Plan and the Emergency Preparedness and Response Plan as specific sections of the O&M Plan. This method will be acceptable provided that the relevant sections of the O&M Plan contain the details, and are prepared in accordance with the timing, set out in Section C below.

¹⁶⁷ In such circumstances, the Borrower shall confirm, through the Environmental and Social Assessment (ESA), that there will be no or negligible risk of significant adverse impacts due to the potential failure of the dam structure to local communities and assets, including assets to be financed as part of the proposed project. These dams could include farm ponds, local silt retention dams, and low embankment tanks.

¹⁶⁸ The number, professional breadth, technical expertise, and experience of Panel members must be appropriate to the size, complexity, and hazard potential of the dam under consideration. For high-hazard dams, in particular, the Panel members must have recognized international expertise in their field.

7. The Borrower shall contract the services of the Panel and shall provide administrative support for its activities. Beginning as early as possible in project preparation, the Borrower shall arrange for periodic Panel meetings and reviews, which will continue through the investigation, design, construction, and initial filling and start-up phases of the dam.¹⁶⁹ The Borrower shall inform the Bank in advance of the Panel meetings.¹⁷⁰ After each meeting, the Panel will provide the Borrower with a written report of its conclusions and recommendations, signed by each participating member; the Borrower shall provide a copy of the Panel's report to the Bank. Following the filling of the reservoir and start-up of the dam, the Bank will review the Panel's findings and recommendations. If no significant difficulties are encountered in the filling of the reservoir and the start-up of the dam, the Borrower may disband the Panel.

B. Existing dams and dams under construction

8. Where a project or activities rely or may rely on the performance of an existing dam or a dam under construction (DUC) in the host country territory, the Borrower shall arrange for one or more independent dam specialists to: (i) inspect and evaluate the safety status of the existing dam or DUC, its appurtenances, and its performance history; (ii) review and evaluate the owner's operation and maintenance (O&M) 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 or DUC to an acceptable standard of safety.

9. These projects include: power stations or water supply systems that draw directly from a reservoir controlled by an existing dam or a DUC; diversion dams or hydraulic structures downstream from an existing dam or a DUC, where failure of the upstream dam could cause extensive damage to or failure of the project facilities; and irrigation or water supply projects that will depend on the storage and operation of an existing dam or a DUC for their supply of water and could not function if the dam failed. They also include projects that require increasing capacity of an existing dam, or changes in the characteristics of the impounded materials, where failure of the existing dam could cause extensive damage to or failure of project facilities.

10. The Borrower may use a previously prepared dam safety assessment or recommendations for improvements needed in an existing dam or DUC, if: (i) an effective dam safety programme is already in operation; and (ii) full-

level inspections and dam safety assessments of the existing dam or DUC have already been conducted and documented, and are satisfactory to the Bank.

11. For projects that include additional dam safety measures or require remedial work, the Borrower shall require that: (i) the design and construction of dams are supervised by competent professionals; and (ii) the reports and plans required for a new dam (specified in para. 40 (b)) are prepared and implemented. For high-hazard cases involving significant and complex remedial work, the Borrower shall also employ a panel of independent experts on the same basis as for a new dam (see paras. 40 (a) and 43 of this Annex).

12. When the owner of the existing dam or DUC is an entity other than the Borrower, the Borrower shall enter into agreements or arrangements providing for the measures set out in paras. 45 to 48 of this Annex to be undertaken by the owner.

13. Where appropriate, the Borrower may discuss with the Bank any measures necessary to strengthen the institutional, legislative, and regulatory frameworks for dam safety programmes in the country.

C. Dam safety reports

14. Dam safety reports will contain the information set out below and be prepared as follows:

- a. **The Construction Supervision and Quality Assurance Plan.** This Plan will set out details of the organization, staffing levels, procedures, equipment, and qualifications for supervision of the construction of a new dam or of remedial work on an existing dam. For a dam other than a water storage dam (e.g. tailings dam or ash impoundment dam), this plan will take into account the usual long construction period, covering the supervision requirements as the dam grows in height, with any accompanying changes in construction materials or the characteristics of the impounded material, over a period of years. This Plan will be prepared and submitted to the Bank during project preparation.
- b. **The Instrumentation Plan.** This is a detailed plan for the installation of instruments to monitor and record dam behaviour and the related hydro-meteorological, structural, and seismic factors. This Plan will be prepared and submitted to the Panel and the Bank before bid tendering.

¹⁶⁹ If the Bank's involvement begins at a later stage than project preparation, the Panel is constituted as soon as possible and reviews any aspects of the project that have already been carried out.

¹⁷⁰ The Bank will normally send an observer to these meetings.

c. The Operations and Maintenance (O&M) Plan.

This Plan will set out details of the following: the organizational structure, staffing, technical expertise, and training required; equipment and facilities needed to operate and maintain the dam; O&M procedures; and arrangements for funding O&M, including long-term maintenance and safety inspections. The O&M Plan for a dam other than a water storage dam, in particular, will reflect changes in the dam's structure or in the nature of the impounded material that may be expected over a period of years. Elements required to finalize the Plan and initiate operations are normally financed under the project. A preliminary plan will be prepared and provided to the Bank during project preparation. The plan will be refined and completed during project implementation. The final plan will be completed not less than six months prior to the start of the initial filling of the reservoir. Elements required to finalize the plan and initiate operations are normally financed under the project.

d. The Emergency Preparedness and Response Plan (EPRP). The EPRP will specify the

roles of responsible parties when dam failure is considered imminent, or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels. It will include the following: clear statements on the responsibility for decision-making relating to dam operations and for the related emergency communications; maps outlining inundation levels for various emergency conditions; flood warning system characteristics; and procedures for evacuating threatened areas and mobilizing emergency forces and equipment. The plan for emergency communication will include the mechanism through which potentially affected downstream communities will be informed. The broad framework plan and an estimate of funds needed to prepare the plan in detail will be prepared and provided to the Bank during project preparation. The plan will be prepared during implementation and will be provided to the Panel and Bank for review not later than one year before the projected date of the initial filling of the reservoir.

Annex 2: Environmental and Social Operational Safeguard 4: Indicative Outlines of an Emergency Preparedness and Response Plan

A. General objective

The Emergency Preparedness and Response Plan (EPRP) aims to organize emergency measures and the interveners, in a preventive and timely manner, aimed at the complete and orderly sheltering of the populations and property at risk in the event that the physical integrity of the dam is threatened. It allows to:

- plan for human, material and financial resources;
- anticipate any disaster that could result from an accident at the dam site;
- coordinate stakeholders' interventions;
- protect communities' health and safety;
- protect public and worker health;
- protect the biophysical environment;
- protect the property of third parties and the dam operator; and
- accelerate the recovery/return to the normal situation.

B. Key elements of the Emergency Preparedness and Response Plan

1. **Summary of responsibilities** (These include those of national institutions in charge of civil protection.)
2. **Alert diagram/chart** (These indicate who must be informed first of the incident and by whom, the sequence in which the concerned are alerted according to their levels of responsibility, etc.)
3. **Statement of objectives** (See section A above)
4. **Description of the project/infrastructure and risks**
 - 4.1. Description of the characteristics of the dam (type, height, volume of the reservoir, downstream slope, characteristics of the site, etc.) in figures
 - 4.2. Critical events in the area (exceptional rain, upstream flooding, exceptional storm/thunderstorm, seismicity, etc.)
 - 4.3. Identification of the risks/hazards
 - 4.3.1. Dam failure/breach
 - 4.3.2. Other incidents (cracks, slides, accidental spills, safety releases, subduction, leaks, etc.).
5. **Emergency response procedure** (consider existing systems: fire brigade, local emergency services, responsibilities of local authorities, health care centres, shelters, etc.)
 - Step 1. Hazard detection, assessment and determination of the level of urgency
 - Step 2. Alert, communication, and notification to the public (dam failure, other incident)
 - Step 3. Relief actions and assistance (evacuation and securing procedures, logistics, etc.)
 - Step 4. End of the intervention, restoration, and monitoring and evaluation.
6. **Key responsibilities** (consider existing emergency systems in the country, region, municipality, etc.)
 - 6.1. Owner's responsibility
 - 6.2. Alerting and communication responsibilities
 - 6.3. Responsibilities in terms of security, declaration of end of actions, and follow-up
 - 6.4. Responsibility of the emergency plan coordinator
 - 6.5. Responsibility of emergency responders
7. **Preventive measures** (according to the 'who does what' approach)
 - 7.1. Monitoring and follow-up
 - 7.2. Evaluation of the incident detected and phasing of the response/reaction
 - 7.3. Management of site access

- 7.4. Reaction/intervention in darkness/low visibility conditions
- 7.5. Reaction/intervention on public holidays or weekends
- 7.6. Reaction/intervention under unfavourable weather conditions (storm, shower, strong wind, etc.)
- 7.7. Alternative source of electrical energy
- 7.8. Emergency equipment (logistics, kits, materials, etc.) and information
- 7.9. Reserve equipment and materials
- 7.10. Information coordination
- 7.11. Simulation, test, and training including drills
- 7.12. Communication channels/medias and public awareness

8. Maps of flood zones in the event of an incident

- 8.1. The immediate proximity zone (IPZ): the area located just downstream of the dam and which would suffer considerable damage regardless of the type of incident

- 8.2. The specific inundation zone (SIZ): the area located downstream of the IPZ; it ends at the point where the rise in water level is of the order of that of the strongest known floods
- 8.3. The extended inundation zone: it extends downstream of the SIZ, beyond the emergency response area

9. Appendices

- 9.1. Dam operation and maintenance requirements
- 9.2. Information relating to the analyses of the breach/failure probabilities
- 9.3. Records of the reviews and updates of the plans
- 9.4. The Emergency Preparedness and Response Plan's distribution list
- 9.5. Updates of the Emergency Preparedness and Response Plan
- 9.6. History of recorded incidents
- 9.7. Etc.



Environmental and Social Operational Safeguard 5: Land Acquisition, Restrictions on Access to Land and Land Use, and Involuntary Resettlement

Introduction

1. Environmental and Social Operational Safeguard (OS) 5 recognizes that project-related land acquisition, restrictions on land access or land use, and loss of property/assets can have adverse impacts on communities and persons. Project-related land acquisition¹⁷¹ and restrictions on land use¹⁷² may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood),¹⁷³ or both. The term 'involuntary resettlement' refers to both of these impacts and the processes to mitigate and compensate for them. Resettlement is considered involuntary when affected persons or communities do not have the right or genuine opportunity, free from coercion or intimidation, to refuse land acquisition or restrictions on land access or use that result in loss of assets or displacement.

2. Physical and economic displacement, if unmitigated, may give rise to severe economic, social and environmental risks: production systems may be dismantled; people may face impoverishment if their productive resources or other income sources are lost and if there are restrictions on land use or on the enhancement of their protection;¹⁷⁴ people may be relocated to environments where their productive skills are less applicable and the competition for resources greater; community institutions and social

networks may be weakened; gender and other social inequalities may be exacerbated; kin groups may be dispersed; and cultural identity, traditional authority, and the potential for mutual help may be diminished or lost. For these reasons, involuntary resettlement should be avoided.¹⁷⁵ Where involuntary resettlement is unavoidable, it will be minimized, and appropriate measures to mitigate adverse impacts on displaced persons (and on host communities receiving displaced persons) will be carefully planned and implemented. Physical investment supported by the Bank may only be carried out if the required land is not free from any encumbrances, occupation or conflict, and/or has been the subject of negotiated adequate prior compensation, and finally secured for the benefit of the project concerned.

Objectives

3. The objectives of OS5 are as follows:

- To avoid involuntary resettlement where feasible, or minimize resettlement impacts where involuntary resettlement is deemed unavoidable after all alternative project designs have been explored.
- To ensure that resettlement plans and activities are informed by social assessments including gender issues.

171 '*Land acquisition*' refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property, and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (i) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes;

(ii) repossession of public land that is used or occupied by individuals or households; and (iii) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible.

'*Land*' includes not only the area, but also anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies.

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

173 '*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.

174 In such circumstances, a Riparian Communities Involvement Plan developed in a participatory manner as per the requirements of OS10 will be prepared and implemented by the Borrower as part of the ESMP. Other institutions (World Bank Group) refer to it as a 'Process Framework'.

175 Avoidance is the preferred approach in accordance with the mitigation hierarchy in OS1. It is especially important to avoid physical or economic displacement of those socially or economically vulnerable to hardship as a result. However, avoidance may not be the preferred approach in situations where public health or safety would be adversely affected as a result. There may also be situations where resettlement can provide direct development opportunities for households or communities, including improved housing and public health conditions, strengthened security of tenure, or other improvements to local living standards.

- To avoid forced eviction.¹⁷⁶
- To mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by: (i) providing timely compensation for loss of assets at full replacement cost¹⁷⁷ and (ii) providing sufficient resettlement assistance under the project to support displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.
- To improve the living conditions of poor or vulnerable persons who are physically displaced by the project through the provision of adequate housing, access to services and facilities, security of tenure,¹⁷⁸ and safety.
- To establish a mechanism for monitoring the performance and effectiveness of involuntary resettlement activities that result from project activities, and for remedying problems as they arise.
- To conceive and execute resettlement activities as sustainable development programmes by providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant.
- To ensure that resettlement activities are planned and implemented with the appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.

Scope of application

4. This OS applies to all Bank Group-funded operations, both public and private sector, and to projects funded through all financial instruments managed by the Bank. The applicability of OS5 is established during the ESA described in OS1.

5. This OS applies to permanent or temporary physical and economic displacement resulting from the following types of land acquisition or restrictions on land access or use undertaken or imposed in connection with project implementation:

- a. acquisition or restriction of land rights, including land use rights through expropriation or other compulsory procedures in accordance with national law;
- b. acquisition or restriction of land rights including land use rights through negotiated settlements with property owners or those with legal rights to the land, if failure to reach settlement would have resulted in expropriation or other compulsory procedures;¹⁷⁹
- c. restrictions on land use and access to natural resources that cause a community or groups within a community to lose access to resource usage where they have traditional or customary tenure, or recognizable usage rights. This may include situations where legally designated protected areas, forests, biodiversity areas/offsets or buffer zones are established in connection with the project;¹⁸⁰
- d. the relocation of people without formal, traditional, or recognizable usage rights, who are sheltering on, occupying or utilizing land prior to a project-specific cut-off date;¹⁸¹
- e. the displacement of people as a result of project impacts that render their land unusable or inaccessible;
- f. restriction on access to land or use of other resources including communal property and natural resources, such as marine and aquatic resources, timber and non-timber forest products, fresh water, medicinal plants, leisure and education areas, sacred and worship areas, hunting and gathering grounds, and grazing and cropping areas;

¹⁷⁶ See para. 40.

¹⁷⁷ 'Full replacement cost' (often called 'replacement cost') is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where there are functioning markets, the replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where there are no functioning markets, the full 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 labour for the construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, the full replacement cost must at least be sufficient to enable the purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining the full replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure compensation at the full replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between the calculation of compensation rates and the delivery of compensation is extensive.

¹⁷⁸ According to 'security of tenure', resettled individuals or communities are resettled to a site over which they have legally recognized documentation, with such documentation that grants the project-affected people protection against the involuntary loss of the land and resources, and, at a minimum, granting the right to bequeath their land and resources, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate. In no event will resettled persons be provided tenure rights that are in effect weaker than the rights they had to the land or assets from which they have been displaced.

¹⁷⁹ Notwithstanding the application of this OS to such situations, the Borrower is encouraged to seek negotiated settlements with affected persons in a manner meeting the requirements of this OS. This aims to help avoid administrative or judicial delays associated with formal expropriation, and to the extent possible, to reduce the impacts on affected persons associated with formal expropriation.

¹⁸⁰ In these situations, affected persons frequently lack formal ownership, such as in freshwater and marine environments. This OS does not apply to restrictions of access to natural resources under community-based natural resource management projects, i.e. where the community using the resources collectively decides to restrict access to these resources, provided that an assessment satisfactory to the Bank establishes that the community decision-making process is adequate and reflects voluntary, informed consensus, and that appropriate measures have been agreed on and put in place to mitigate adverse impacts, if any, on the vulnerable members of the community.

¹⁸¹ The cut-off date will be determined on a project-by-project basis.

- g. land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation;¹⁸² and
- h. land acquisition or land use restrictions occurring prior to the project, but which were undertaken or initiated in anticipation of or in preparation for it.

6. This OS does not apply to impacts on incomes or livelihoods that are not a direct result of land acquisition or land use restrictions imposed by the project. These impacts will be addressed in accordance with OS1.

7. This OS does not apply to voluntary, legally recorded market transactions in which the seller is given a genuine opportunity, free from coercion and intimidation, to retain the land and to refuse to sell it, and is fully informed about available choices and their implications. However, where such voluntary land transactions may result in the displacement of persons other than the seller who occupy, use or claim rights to the land in question, this OS will apply.¹⁸³

8. When a project requires the temporary relocation of people, the resettlement activities should be consistent with this OS while taking into account the temporary nature of the displacement. The objectives are to minimize disruption to the affected people, avoid irreversible negative impacts, ensure gender-equitable resolutions, provide satisfactory temporary services, and, where appropriate, compensate for transitional hardships.

9. Where a project supports land titling or other activities intended to confirm, regularize or determine land rights, a social, legal, and institutional assessment will be required under OS1. The assessment aims to identify potential risks and impacts, as well as appropriate design measures to minimize and mitigate adverse economic and social (E&S) impacts, especially those that affect poor and vulnerable groups.¹⁸⁴

10. This OS does not apply to disputes between private parties in land titling or related contexts. However, it will apply where persons are required to vacate land as a direct result of a project-supported determination that the land in question is state land (in addition to the relevant provisions of OS1 mentioned above).

11. This OS does not apply to land use planning or the regulation of natural resources to promote their sustainability at a regional, national or subnational level (including watershed management, groundwater management, fisheries management, and coastal zone management). Where a project supports such activities, the Borrower shall be required to conduct a social, legal, and institutional assessment under OS1 in order to identify potential E&S risks and impacts of the planning or regulation, and appropriate measures to minimize and mitigate them, in particular those that affect poor and vulnerable groups.

12. This OS does not apply to management of refugees from, or persons internally displaced by, natural disasters, epidemics, pandemics, conflict, crime or violence.

Requirements

A. General

Eligibility classification

13. Affected persons may be classified as follows:
- a. persons who have formal legal rights to land or other assets recognized under the laws of the country concerned. This category generally includes people who are physically residing at the project site and those who will be displaced or may lose access or suffer a loss in their livelihood as a result of project activities;
 - b. persons do not have formal legal rights to land or other assets at the time of the census or evaluation but can prove that they have a claim that would be recognized under the customary or national law in the country. This category may include people who may not be physically residing at the project site, or persons who may not have any assets or direct sources of livelihood derived from the project site, but who have spiritual and/or ancestral ties with the land and are locally recognized by communities as customary inheritors. Depending

¹⁸² In some circumstances, it may be proposed that part or all of the land to be used by the project is donated on a voluntary basis without payment of full compensation. Subject to prior Bank approval, this may be acceptable provided that the Borrower demonstrates that: (i) the potential donor or donors have been appropriately informed and consulted about the project and the choices available to them; (ii) the potential donors are aware that refusal is an option, and have confirmed in writing their willingness to proceed with the donation; (iii) the amount of land being donated is minor and will not reduce the donor's remaining land area below that required to maintain the donor's livelihood at current levels; (iv) no household relocation is involved; (v) the donor is expected to benefit directly from the project; and (vi) for community or collective land, the donation can only occur with the consent of individuals using or occupying the land. Further, the Borrower shall maintain a transparent record of all consultations and agreements reached.

¹⁸³ This may include situations where a project supports voluntary transactions between communities, governments, and investors involving significant areas of land (e.g. where a project involves support to commercial investment in agricultural land). In such cases, in applying the relevant provisions of this OS, special care must be taken to ensure that: (i) all tenure rights and claims (including those of customary and informal users) affecting the land in question are systematically and impartially identified; (ii) potentially affected individuals, groups or communities are meaningfully consulted, informed of their rights, and provided with reliable information concerning environmental, economic, social, and food security impacts of the proposed investment; (iii) community stakeholders are enabled to negotiate fair value and appropriate conditions for the transfer; (iv) appropriate compensation, benefit-sharing, and grievance mechanisms are put in place; (v) the terms and conditions of the transfer are transparent, and (f) mechanisms are put in place for monitoring compliance with these terms and conditions.

¹⁸⁴ See OS 1, footnote 23.

on the country's customary land use rights, they may also be considered to have a claim if they are sharecroppers, tenant farmers, and seasonal migrants or nomadic families losing user rights;

- c. persons who have no recognizable legal right or claim to the land they are occupying in the project area of influence and who do not fall into either of the two categories described above. If they themselves or witnesses can demonstrate that they were in occupancy within the project area of influence for at least six months prior to a cut-off date established by the Borrower, they may be entitled to resettlement assistance other than compensation for land to improve their former living standards (compensation for loss of livelihood activities, common property resources,¹⁸⁵ structures and crops, etc.).

14. The census described in para. 29 will establish the status of the affected persons.

Project design

15. The Borrower shall demonstrate that involuntary land acquisition or restrictions on land use are limited to direct project requirements for clearly specified project purposes within a clearly specified period of time. The Borrower shall consider feasible alternative project designs to avoid or minimize land acquisition or restrictions on land use, especially where this would result in physical or economic displacement, while balancing environmental, social, and financial costs and benefits, and paying particular attention to gender impacts¹⁸⁶ and impacts on the poor and vulnerable. When the resettlement implications of a project would appear to be particularly severe, the Borrower shall consider either downsizing the project to reduce resettlement, or finding other alternatives that can reasonably replace the project. The Bank may decline to finance a project if it considers the resettlement risks and impacts to be unacceptable.¹⁸⁷

Compensation and benefits for affected persons

16. When land acquisition or restrictions on land access and use (whether permanent or temporary) cannot be avoided, the Borrower shall offer affected persons compensation at full replacement cost, and other

assistance as may be necessary to help them improve or at least restore their standards of living or livelihoods, subject to the provisions of paras. 35 to 44 of this OS.¹⁸⁸

17. Compensation standards for categories of land and fixed assets will be disclosed and applied consistently. The compensation rates may be subject to upward adjustment where negotiation strategies are employed. In all cases, a clear basis for calculation of compensation will be documented, and compensation distributed in accordance with transparent procedures.

18. Where livelihoods of displaced persons are land-based,¹⁸⁹ or where land is collectively owned, the Borrower shall offer the displaced persons an option for replacement land in accordance with para. 43(a), unless it can be demonstrated to the Bank's satisfaction that equivalent replacement land is unavailable. As the nature and objectives of the project may allow, the Borrower shall also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project. In the case of affected persons under para.13(c), resettlement assistance will be provided in lieu of compensation for land, as described in paras. 38 and 4 (c).

19. Affected people will be compensated for all their losses at the full replacement cost before their actual move; before land and related assets are taken; and if the project is implemented in phases, before project activities begin for each particular phase. The Borrower shall give preference to land-based resettlement strategies, and as a matter of priority, will offer land-for-land compensation and/or in-kind compensation in lieu of cash compensation where feasible. If there are significant time delays that render previously agreed replacement costs and compensation materially below current replacement costs and compensation, then appropriate adjustments may be required.

20. The Borrower shall take possession of acquired land and related assets only after compensation in accordance with this OS has been made available and, where applicable, displaced people have been resettled and resettlement assistance and/or moving allowances have been provided to them in addition to compensation. In addition, livelihood restoration¹⁹⁰ and improvement programmes will commence in a timely manner in order

¹⁸⁵ Common property resources are those that have value in their entirety, are used communally, and are owned either by the government or by more than one individual on a shared or communal basis.

¹⁸⁶ This includes access to female health care providers and to services such as reproductive health care and appropriate counselling for sexual and other abuses. The provision of health care services, particularly for pregnant women and infants, may be important during and after relocation to prevent increases in morbidity and mortality due to malnutrition, the psychological stress of being uprooted, and the increased risk of disease.

¹⁸⁷ This includes situations where historic resettlement, carried out in anticipation of a project, is considered unacceptable to the Bank, and for which no remedial measures are possible or can be agreed to the Bank's satisfaction. The Bank will determine how far back in time these legacy issues can be considered.

¹⁸⁸ At the request of the affected persons, it may be necessary to acquire entire land parcels if partial acquisition would render the remainder economically unviable, or make the remaining parcel unsafe or inaccessible for human use or occupancy.

¹⁸⁹ The term 'land-based' includes livelihood activities such as rotational cropping and grazing of livestock, as well as the harvesting of natural resources.

¹⁹⁰ The Livelihood Restoration Plan (LRP) is normally part of the Resettlement Action Plan (RAP). However, for complex livelihood restoration, a stand-alone LRP can be prepared as part of the ESMP.

to ensure that affected persons are sufficiently prepared to take advantage of alternative livelihood opportunities as the need to do so arises.

21. In certain cases, there may be significant difficulties related to: (i) the payment of compensation to particular affected persons (e.g. where repeated efforts to contact absentee owners have failed, where project-affected persons have rejected compensation that has been offered to them in accordance with the approved plan, or where competing claims to the ownership of lands or assets are subject to lengthy legal proceedings); (ii) the implementation of additional measures envisaged in the resettlement plan; and/or (iii) actual resettlement of all displaced people. On a case-by-case basis, with the Bank's prior agreement, and where the Borrower demonstrates that all reasonable efforts to resolve such matters have been taken, the Borrower may deposit compensation funds, as required by the plan (plus a reasonable additional amount for contingencies), into an interest-bearing escrow or other deposit account, and proceed with the relevant project activities. Compensation placed in escrow will be made available to eligible persons in a timely manner as issues are resolved.

Community engagement

22. The Borrower shall engage with affected communities, including host communities and vulnerable groups, through the process of stakeholder engagement described in OS10. Decision-making processes related to resettlement and livelihood restoration will include technically, economically, and socially feasible resettlement options and alternatives from which affected persons may choose. Disclosure of relevant information to and meaningful participation of affected communities and persons will take place during the consideration of alternative project designs, and their associated resettlement and compensation implications, and thereafter throughout the planning, implementation, monitoring, and evaluation of the compensation process, livelihood restoration activities, and relocation process. Additional provisions apply to consultations with displaced highly vulnerable rural minorities (HVRM), in accordance with OS7.

23. The consultation process should ensure that women's perspectives are obtained inequitably and their interests factored into all aspects of resettlement planning and implementation. Addressing livelihood impacts may require intra-household analysis in cases where women's and men's livelihoods are affected differently. Women's and men's preferences in terms of compensation mechanisms, such as replacement land or alternative access to natural resources rather than in cash, should be explored.

24. Differentiated measures for vulnerable groups include the development of mechanisms for consultation that ensure that sufficient time is provided for the traditional decision-making processes and for employing intermediaries such as specialist non-governmental organizations (NGOs) that have expertise in working with vulnerable groups, in elucidating their concerns and needs, and in developing measure to address these concerns and needs.

Host communities

25. The Borrower shall carry out a detailed analysis of host communities¹⁹¹ to identify potential problems (if any) associated with receiving displaced people, and to address them so that adverse impacts on host communities are minimized and the host communities are able to share in the development opportunities provided through the project and the resettlement process. The assessment of host communities is to be based on transparent information and effective consultation, and should result in a consensual agreement that must be conveyed to the Borrower by representative community leaders, and recorded in public consultation proceedings.

26. Any payments due to the hosts for land or other assets provided to the affected population are promptly rendered in line with agreements reached with the host communities.

27. Conflicts between hosts and the affected population may develop as increased demands are placed on land, water, forests, and services, among others, or if those affected by the project are provided with services and housing superior to those of the hosts. The Borrower shall carefully consider such impacts when assessing the feasibility and costs of any proposed project involving displacement, and adequate resources are reflected in the budget for mitigating these additional E&S impacts. The dispute settlement procedures should be sufficiently agile to quickly resolve conflicts between hosts and the affected population.

Grievance mechanisms

28. The Borrower shall ensure that a grievance mechanism¹⁹² for the project is in place, in accordance with OS1 and OS10, as early as possible in project development to address specific concerns about compensation, relocation or livelihood restoration measures raised by displaced persons (or others) in a timely manner. Where possible, these grievance mechanisms will utilize existing formal or informal grievance mechanisms suitable for project purposes, supplemented as needed with project-

¹⁹¹ In situations where people choose cash-based compensation or where displaced peoples disperse widely in the country, there may not be discrete host communities.

¹⁹² Grievance mechanisms are sometimes referred to as 'grievance redress mechanisms' (or GRMs), which are essentially the same.

specific arrangements designed to impartially resolve disputes. The outcomes of the grievance mechanism (including numbers of grievances received, resolved and outstanding) shall be reflected in monitoring reports.

Planning and implementation

29. Where land acquisition or restrictions on land use are unavoidable, the Borrower shall, as part of the ESA, conduct a census to identify the persons who will be affected by the project, to establish an inventory of land and assets that may be affected,¹⁹³ to determine who will be eligible for compensation and assistance,¹⁹⁴ and to identify and discourage ineligible persons, such as opportunistic settlers, from claiming benefits. The social assessment will also address the claims of communities or groups who, for valid reasons, may not be present in the project area during the time of the census, such as seasonal resource users. In conjunction with the census, the Borrower shall establish a cut-off date for eligibility. Information regarding the cut-off date will be well documented and will be disseminated throughout the project area, and at the national level, at regular intervals in written and (as appropriate) non-written forms (e.g. media, radio, etc.), and in relevant local languages. This will include posted warnings that persons settling in the project area after the cut-off date will not be eligible for compensation and will be subject to removal.

30. To address the land acquisition, resettlement, and compensation issues identified in the ESA, the Borrower shall prepare a plan¹⁹⁵ proportionate to the risks and impacts associated with the project:

- a. For projects with minor land acquisition or restrictions on land use, as a result of which there will be no significant impact on incomes or livelihoods, the plan will establish eligibility criteria for affected persons, set out procedures and standards for compensation, and incorporate arrangements for consultations, monitoring and addressing grievances.
- b. For projects causing physical displacement, the plan will set out the additional measures relevant to relocation of affected persons.
- c. For projects involving economic displacement with significant impacts on livelihoods or income

generation, the plan will set out the additional measures relating to livelihood improvement or restoration.

- d. For projects that may impose changes in land use that restrict access to resources in legally designated parks or protected areas, or other common property resources on which local people may depend for livelihood purposes, the plan will establish a participatory process for determining appropriate restrictions on land use and set out the mitigation and compensation measures to address adverse impacts on livelihoods that may result from these restrictions.

31. The Borrower's plan will establish the roles and responsibilities relating to financing and implementation, and include arrangements for contingency financing to meet unanticipated costs, as well as arrangements for timely and coordinated response to unforeseen circumstances impeding progress toward desired outcomes.¹⁹⁶ The full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project.¹⁹⁷ The costs of resettlement, like the costs of other project activities, are treated as a charge against the economic benefits of the project, and any net benefits to resettlers (compared to the 'without-project' circumstances) are added to the benefits stream of the project. As an integral part of the ESMP cost, the resettlement costs are taken into account during the overall economic and financial analysis of the project.

32. The Borrower shall establish procedures to monitor and evaluate the implementation of the plan and will take corrective action as necessary during implementation to achieve the objectives of this OS. Monitoring and evaluation must be conducted in a timely manner and with the appropriate frequency so as to provide the best opportunity to identify non-compliance while it can still be rectified. The extent of monitoring activities will be proportionate to the project's risks and impacts. For all projects with large-scale, complex, and/or significant involuntary resettlement impacts, the Borrower shall retain competent third-party resettlement professionals to monitor the implementation of resettlement plans, design corrective actions as necessary, provide advice on compliance with this OS, and produce periodic monitoring

¹⁹³ See Annex 1. This inventory should include a detailed account, derived through a consultative, impartial, and transparent process, of the full range of rights held or asserted by affected people, including those based on custom or practice, secondary rights such as rights of access or use for livelihoods purposes, rights held in common, etc.

¹⁹⁴ Documentation of ownership or occupancy and compensation payments should be issued in the names of both spouses or single heads of households as relevant, and other resettlement assistance such as skills training, access to credit, and job opportunities should be equally available to women and adapted to their needs. Where national law and tenure systems do not recognize the rights of women to hold or contract in property, measures should be considered to provide women as much protection as possible with the objective to achieve equity with men.

¹⁹⁵ See Annex 1.

¹⁹⁶ For projects with significant resettlement impacts and complex mitigation measures, the Borrower may consider preparing a stand-alone resettlement project for Bank support.

¹⁹⁷ The resettlement and compensation cost, which is part of the Environmental and Social Management Plan's (ESMP) costs included in the overall project cost, is available: (i) as part of the Bank financing (loan, grant, etc.); or (ii) as a co-financing from another donor; or (iii) as counterpart funding, which is the less preferable option to consider, due to lessons learned based on the Borrower's systematic failures to mobilize liquidity in time, thereby resulting in project delays and cost overrun. In the event of this latter option (counterpart funding) to finance the resettlement cost, the availability of the total resettlement cost amount in a dedicated project account is set as the condition for effectiveness or first disbursement in the financing agreement. Any operation inducing the resettlement of people and that does not clarify at least one of the above-mentioned three financial liquidity options is not ready for implementation.

reports. Affected persons will be consulted during the monitoring process. Periodic monitoring reports will be prepared, and affected persons will be informed about monitoring results in a timely manner.

33. Implementation of the Borrower's plan will be considered completed when: (i) the adverse impacts of resettlement have been addressed in a manner that is consistent with the relevant plan; (ii) it fully complies with the objectives of this OS; and (iii) a completion audit report has been deemed satisfactory by the Bank.

34. For all projects with significant involuntary resettlement, the Borrower shall commission an independent completion audit of the plan when all mitigation measures have been substantially completed. The independent completion audit will: (i) be undertaken by competent resettlement professionals; (ii) assess whether livelihoods and living standards have been improved or at least restored; and (iii) as necessary, propose corrective actions to meet objectives not yet achieved.

35. Where the likely nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown during project preparation, the Borrower shall include in the ESMP the requirements compatible with this OS. Once the individual project activities are defined and the necessary information becomes available, the specific plans proportionate to potential risks and impacts will be prepared and implemented. No physical and/or economic displacement will occur until plans required by this OS have been approved by the Bank.

B. Displacement

Physical displacement

36. In the case of physical displacement, the Borrower shall develop a plan that covers, at a minimum, the applicable requirements of this OS regardless of the number of people affected. In instances of household-level land titling in resettlement processes, joint titling, if chosen as the preferred option by the affected household, should be employed to protect the land rights of women and other vulnerable groups. In instances of collective titling of community land, the rights of women and other vulnerable groups should be recognized. The plan will be designed to mitigate the negative impacts of

displacement and, as warranted, to identify development opportunities. It will include a resettlement budget and implementation schedule, and establish the entitlements of all categories of affected persons (including host communities). Particular attention will be paid to gender aspects and the needs of the poor and the vulnerable. The Borrower shall document all transactions to acquire land rights and the provision of compensation and other assistance associated with relocation activities.

37. If people living in the project area are required to move to another location, the Borrower shall: (i) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation; and (ii) provide relocation assistance suited to the needs of each group of displaced persons. New resettlement sites will offer living conditions at least equivalent to those previously enjoyed, or consistent with prevailing minimum codes or standards, whichever set of standards is higher. If new resettlement sites are to be prepared, host communities will be consulted regarding planning options, and resettlement plans will ensure continued access, at least at existing levels or standards, for host communities to facilities and services. The displaced persons' preferences with respect to relocating in pre-existing communities and groups will be respected wherever reasonable and possible. Existing social and cultural institutions of the displaced persons and any host communities will be respected.

38. In the case of physically displaced persons under para. 13(a) or (b), the Borrower shall offer the choice of replacement property of equal or higher value, with security of tenure, equivalent or better characteristics, and advantages of location, or cash compensation at full replacement cost. Compensation in kind should be considered in lieu of cash.¹⁹⁸

39. In the case of physically displaced persons under para. 13(c), the Borrower shall provide arrangements to allow them to obtain adequate housing with security of tenure. Where these displaced persons own structures, the Borrower shall compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost.¹⁹⁹ Based on consultation with such displaced persons, the Borrower shall provide relocation assistance in lieu of compensation for land sufficient for them to restore their standards of living at an adequate alternative site.²⁰⁰

¹⁹⁸ Payment of cash compensation for lost land and other assets may be appropriate where: (i) livelihoods are not land-based; (ii) livelihoods are land-based but the land used for the project is a small fraction of the affected asset, and the residual land is economically viable; (iii) there are active markets for land, housing, and labour, which are used by displaced persons; or (iv) there is a sufficient supply of land and housing; and (v) the Borrower has demonstrated to the satisfaction of the Bank that insufficient replacement land is available.

¹⁹⁹ Where the Borrower demonstrates that an affected person derives substantial income from multiple illegal rental units, the compensation and other assistance that would otherwise be available to such person for non-land assets and livelihood restoration under this paragraph may be reduced with the prior agreement of the Bank, to better reflect the objectives of this OS.

²⁰⁰ The relocation of informal settlers in urban areas may involve trade-offs. For example, the relocated families may gain security of tenure, but they may lose locational advantages that may be essential to livelihoods, especially among the vulnerable. Changes in location that may affect livelihood opportunities should be addressed in accordance with the relevant provisions of this OS.

40. The Borrower is not required to compensate or assist those who encroach on the project area after the cut-off date for eligibility, provided that the cut-off date has been clearly established and made public.

41. The Borrower shall not resort to forced evictions of affected persons. 'Forced eviction' is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land that they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in this OS. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower shall not be considered forced eviction providing that it complies with the requirements of national law and the provisions of this OS, and is conducted in a manner consistent with the basic principles of due process (including the provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force), which are supported by relevant evidence and documentation of due process.

42. As an alternative to displacement, the Borrower may consider negotiating in situ land development arrangements by which those to be affected may elect to accept a partial loss of land or localized relocation in return for improvements that will increase the value of their property after development. Any person not wishing to participate will be allowed to opt instead for full compensation and other assistance as required in this OS.

Economic displacement

43. When projects affect livelihoods or income generation, the Borrower's plan will include measures to allow affected persons to improve, or at least restore, their incomes or livelihoods. The plan will establish the entitlements of affected persons and/or communities, paying particular attention to gender aspects and the needs of vulnerable segments of communities, and will ensure that they are provided transparently, consistently, and equitably. The plan will incorporate arrangements to monitor the effectiveness of livelihood measures during implementation, as well as evaluation once implementation is completed. The mitigation of economic displacement will be considered complete when the completion audit concludes that the affected persons or communities have received all of the assistance for which they are eligible and have been provided with adequate opportunity to re-establish their livelihoods.

44. Economically displaced persons who face a loss of or access to assets will be compensated at the full replacement²⁰¹ cost as follows:

- a. In cases where land acquisition or restrictions on land use affect commercial enterprises,²⁰² affected business owners will be compensated for: the cost of identifying a viable alternative location; lost net income during the period of transition; the cost of the transfer and reinstallation of the plant, machinery, or other equipment; and re-establishing commercial activities. Affected employees will receive assistance for the temporary loss of wages and, if necessary, assistance in identifying alternative employment opportunities.
- b. In cases affecting persons with legal rights or claims to land that are recognized or recognizable under national law (see paras. 13 (a) and (b)), replacement property (e.g. agricultural or commercial sites, constructions) of equal or greater value will be provided, or, where appropriate, cash compensation at replacement cost.
- c. Economically displaced persons who are without legally recognizable claims to land (see para. 10(c)) will be compensated for lost assets other than land (e.g. crops, irrigation infrastructure and other improvements made to the land). Additionally, the Borrower shall provide assistance in lieu of land compensation sufficient to provide such persons with an opportunity to re-establish livelihoods elsewhere. The Borrower is not required to compensate or assist persons who encroach on the project area after the cut-off date for eligibility.

45. Economically displaced persons will be provided opportunities to improve, or at least restore, their means of income-earning capacity, production levels, and standards of living, as follows:

- a. For persons whose livelihoods are land-based, replacement land that has a combination of productive potential, locational advantages, and other factors at least equivalent to that being lost will be offered where feasible.
- b. For persons whose livelihoods are natural resource-based and where project-related restrictions on access envisaged in para. 5 apply, measures will be implemented to either allow continued access to affected resources or to provide access to alternative resources with equivalent livelihood-earning potential and accessibility. Where common property resources are affected, benefits and compensation

²⁰¹ The Bank interprets 'replacement cost' and full resettlement cost' to be the same.

²⁰² This includes shops, restaurants, services, manufacturing facilities, and other enterprises, regardless of size and whether licensed or unlicensed.

associated with restrictions on natural resource usage may be collective.

- c. If it is demonstrated that replacement land or resources are unavailable, the Borrower shall offer economically displaced persons options for alternative income-earning opportunities, such as credit facilities, skills training, business start-up assistance, employment opportunities, or cash assistance in addition to compensation for lost common property assets. Cash assistance alone, however, frequently fails to provide affected persons with the productive means or skills to restore livelihoods.
- d. Transitional support will be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.

C. Collaboration with other responsible agencies or subnational jurisdictions

46. The Borrower shall establish means of collaboration between the agency or entity responsible for project implementation and any other governmental agencies, subnational jurisdictions or entities that are responsible for any aspects of land acquisition, resettlement planning, or the provision of necessary assistance. In addition, where the capacity of other responsible agencies is limited, the Borrower shall actively support resettlement planning, implementation, and monitoring. If the procedures or standards of other responsible agencies do not meet the

relevant requirements of this OS, the Borrower shall prepare supplemental arrangements or provisions for inclusion in the Resettlement Plan to address identified shortcomings. The Plan will also specify fiduciary responsibilities for each of the agencies involved, appropriate timing and sequencing for implementation steps, and coordination arrangements for addressing financial contingencies or responding to unforeseen circumstances.

D. Technical and financial assistance

47. The Borrower may request technical assistance (TA) from the Bank to strengthen Borrower capacity, or the capacity of other responsible agencies, for resettlement planning, implementation, and monitoring. These forms of assistance may include staff training, assistance in formulating new regulations or policies relating to land acquisition or other aspects of resettlement, financing for assessments, or other investment costs associated with physical or economic displacement, or other purposes.

48. The Borrower may request the Bank to finance resettlement costs either as a component of the operation causing the resettlement, or as a free-standing resettlement project with appropriate cross-conditionalities, processed and implemented in parallel with the operation that causes the displacement. The Borrower may also request the Bank to finance resettlement even though it is not financing the main investment that makes resettlement necessary. In this case, the Borrower shall be required to submit to the Bank a resettlement plan in line with the requirements of this OS (Annex 1).

Annex 1: Environmental and Social Operational Safeguard 5: Involuntary Resettlement Instruments

1. This Annex describes the elements of the plans addressing physical and/or economic displacement described in para. 30 of OS5. For the purposes of this Annex, these plans shall be referred to as 'resettlement plans. Resettlement plans include measures to address physical and/or economic displacement, depending on the nature of the impacts expected from a project. Projects may use alternative nomenclature, depending on the scope of the resettlement plan; for example, where a project involves only economic displacement, the resettlement plan may be called a 'livelihood plan', or where restrictions on access to legally designated parks and protected areas are involved, the plan may take the form of a 'riparian communities involvement plan'. This Annex also describes the general principles and procedures referred to in paras. 29–32 of OS5.

A. The Resettlement Plan

2. The scope of requirements and level of detail of the resettlement plan²⁰³ vary with the magnitude and complexity of resettlement. The plan is based on up-to-date and reliable information on: (i) the proposed project and its potential impacts on the displaced persons and other adversely affected groups; (ii) appropriate and feasible mitigation measures; and (iii) the legal and institutional arrangements required for effective implementation of resettlement measures.

Minimum elements of a Resettlement Plan

- **Executive summary**
- **Description of the project.** General description of the project and identification of the project area.
- **Potential impacts.** Identification of the following:
 - project components or activities that give rise to displacement, explaining why the selected land must be acquired for use within the time frame of the project;
 - the zone of impact of such components or activities;
 - the scope and scale of land acquisition and impacts on structures and other fixed assets;
 - any project-imposed restrictions on the use of, or access to, land or natural resources;
 - alternatives considered to avoid or minimize displacement and why they were not retained; and
 - mechanisms established to minimize displacement, to the extent possible, during project implementation.
- **Objectives.** The main objectives of the resettlement programme.
- **Census survey and baseline socio-economic studies.**²⁰⁴ The findings of a household-level census identifying and enumerating affected persons, with the involvement of affected persons, surveying land, structures and other fixed assets to be affected by the project. The census survey also serves other essential functions:
 - identifying gender-responsive socio-economic characteristics of displaced households, including a description of production systems, labour, and household organization; and baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;
 - providing information on vulnerable groups or persons for whom special provisions may have to be made;
 - identifying public or community infrastructure, property or services that may be affected;
 - providing a basis for the design of, and budgeting for, the resettlement plan;

²⁰³ The Bank considers the terms 'Resettlement Plan' and 'Resettlement Action Plan' to be essentially the same.

²⁰⁴ Data collected in the context of an Environmental and Social Assessment (ESA) and project implementation shall not be intended or used to cause undue harm, or any kind of discrimination against people, especially the vulnerable. Further, data collection and use must be in compliance with existing legislation and ethical practices, including respect of data privacy. Data will be disaggregated, as much as possible, based on sex, gender, vulnerability, etc.

- in conjunction with the establishment of a cut-off date, providing a basis for excluding ineligible people from compensation and resettlement assistance; and
- establishing baseline conditions for monitoring and evaluation purposes.

As the Bank may deem relevant, additional studies on the following subjects may be required to supplement or inform the census survey:

- land tenure and transfer systems, including an inventory of common property natural resources from which people derive their livelihoods and sustenance, non-title-based usufruct systems (including fishing, grazing, or use of forest areas) governed by locally recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area;
 - the patterns of social interaction in the affected communities, including social networks and social support systems, and how they will be affected by the project; and
 - social and cultural characteristics of displaced communities, including a description of formal and informal institutions, such as community organizations, ritual groups, and NGOs that may be relevant to the consultation strategy and to designing and implementing the resettlement activities.
- **Legal framework.** The findings of an analysis of the legal framework, covering:
 - the scope of the power of compulsory acquisition and imposition of land use restriction and the nature of compensation associated with it, in terms of both the valuation methodology and the timing of payment;
 - the applicable legal and administrative procedures, including a description of the remedies available to displaced persons in the judicial process and the normal time frame for such procedures, and any available grievance redress mechanisms (GRMs) that may be relevant to the project;
 - laws and regulations relating to the agencies responsible for implementing resettlement activities; and
 - gaps, if any, between local laws and practices covering compulsory acquisition, the imposition of land use restrictions, the provision of resettlement measures and OS5, and the mechanisms to bridge them.
 - **Institutional framework.** The findings of an analysis of the institutional framework covering:
 - the identification of agencies responsible for resettlement activities, and NGOs and/or civil society organizations (CSOs) that may have a role in project implementation, including providing support for displaced persons;
 - an assessment of the institutional capacity of such agencies and NGOs/CSOs; and
 - any steps that are proposed to enhance the institutional capacity of agencies and NGOs/CSOs responsible for resettlement implementation.
 - **Eligibility.** The definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.
 - **Valuation of and compensation for losses.** The methodology to be used in valuing losses to determine their replacement cost, and a description of the proposed types and levels of compensation for land, natural resources and other assets under local law, as well as such supplementary measures as are necessary to achieve replacement cost for them.
 - **Community participation.** Involvement of displaced persons (including host communities, where relevant):
 - a description of the strategy for consultation with, and participation of, displaced persons in the design and implementation of the resettlement activities;
 - a summary of the views expressed and how they were taken into account in preparing the resettlement plan;
 - a review of the resettlement alternatives presented and the choices made by displaced persons regarding options available to them; and
 - institutionalized arrangements by which displaced people can communicate their concerns to project authorities throughout planning and implementation, and measures to ensure that vulnerable groups such as ethnic minorities, the landless and women, and HVRM such as indigenous people are adequately represented.
 - **Implementation schedule.** An implementation schedule providing anticipated dates for displacement, and estimated initiation and completion dates for all resettlement plan activities. The schedule should indicate how the resettlement activities are linked to the implementation of the

overall project.

- **Costs and budget.** Tables showing categorized cost estimates for all resettlement activities, including allowances for inflation, population growth, and other contingencies; timetables for expenditures; sources of funds; and arrangements for the timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.
- **Grievance (redress) mechanism.** A description of affordable and accessible procedures for third-party settlement of disputes arising from displacement or resettlement; such grievance mechanisms should take into account the availability of judicial recourse, and community and traditional dispute settlement mechanisms.
- **Monitoring and evaluation.** Arrangements for monitoring of displacement and resettlement activities by the implementing agency, supplemented by third-party monitors as considered appropriate by the Bank, to ensure: complete and objective information; performance monitoring indicators to measure inputs, outputs, and outcomes for resettlement activities; the involvement of the displaced persons in the monitoring process; an evaluation of results for a reasonable period after all resettlement activities have been completed; and the use of the results of resettlement monitoring to guide subsequent implementation.
- **Arrangements for adaptive management.** The plan should include provisions for adapting resettlement implementation in response to unanticipated changes in project conditions, or unanticipated obstacles to achieving satisfactory resettlement outcomes.

Additional planning requirements where resettlement involves physical displacement

3. When project circumstances require the physical relocation of residents (or businesses), resettlement plans require additional information and planning elements. Additional requirements are provided below.

- **Transitional assistance.** The plan describes assistance to be provided for relocation of household members and their possessions (or business equipment and inventory). It describes any additional assistance to be provided for households choosing cash compensation and securing their own replacement housing, including the construction of new housing. If planned relocation sites (for residences or businesses) are not ready for occupancy at the time of physical displacement, the plan establishes a transitional allowance sufficient

to meet temporary rental expenses and other costs until occupancy is available.

- **Site selection, site preparation, and relocation.** When planned relocation sites are to be prepared, the resettlement plan describes the alternative relocation sites considered and explains sites selected, covering:
 - institutional and technical arrangements for identifying and preparing relocation sites, whether rural or urban, for which a combination of productive potential, locational advantages, and other factors is better or at least comparable to the advantages of the old sites, with an estimate of the time needed to acquire and transfer land and ancillary resources;
 - the identification and consideration of opportunities to improve local living standards by supplemental investment (or through the establishment of project benefit-sharing arrangements) in infrastructure, facilities or services;
 - any measures necessary to prevent land speculation or an influx of ineligible persons at the selected sites;
 - the procedures for physical relocation under the project, including timetables for site preparation and transfer; and
 - legal arrangements for regularizing tenure and transferring titles to those resettled, including provision of security of tenure for those previously lacking full legal rights to land or structures.
- **Housing, infrastructure, and social services.** Plans to provide (or to finance local community provision of) housing, infrastructure (e.g. water supply, feeder roads), and social services (e.g. schools, health services); plans to maintain or provide a comparable level of services to host populations; and any necessary site development, engineering, and architectural designs for these facilities.
- **Environmental protection and management.** A description of the boundaries of the planned relocation sites and an assessment of the environmental impacts of the proposed resettlement and measures to mitigate and manage these impacts (coordinated as appropriate with the environmental assessment of the main investment requiring the resettlement).
- **Consultation on relocation arrangements.** A description of methods of consultation with physically displaced persons on their preferences regarding relocation alternatives available to them, including, as relevant: forms of compensation and transitional assistance; the relocation of individual

family households or with pre-existing communities or kinship groups; maintenance of existing patterns of group organization; and the relocation of, or retaining access to, cultural property (e.g. places of worship, pilgrimage centres, cemeteries).

- **Integration with host populations.** Measures to mitigate the impact of planned relocation sites on any host communities, including:
 - consultations with host communities and local governments;
 - arrangements for prompt tendering of any payment due the hosts for land or other assets provided in support of planned relocation sites;
 - arrangements for identifying and addressing any conflict that may arise between those resettled and host communities; and
 - any measures necessary to augment services (e.g. education, water, health, and production services) in host communities to meet increased demands on them, or to make them at least comparable to services available within planned relocation sites.

Additional planning requirements where resettlement involves economic displacement

4. If land acquisition or restrictions on use of, or access to, land or natural resources may cause significant economic displacement, arrangements to provide displaced persons with sufficient opportunity to improve, or at least restore, their livelihoods are also incorporated into the Resettlement Plan, or into a separate Livelihoods Improvement Plan. These include:

- **Direct land replacement.** For those with agricultural livelihoods, the resettlement plan provides for an option to receive replacement land of equivalent productive value, or demonstrates that sufficient land of equivalent value is unavailable. Where replacement land is available, the plan describes methods and timing for its allocation to displaced persons.
- **Loss of access to land or resources.** For those whose livelihoods are affected by loss of land or resource use or access, including common property resources, the resettlement plan describes means to obtain substitutes or alternative resources, or otherwise provides support for alternative livelihoods.
- **Support for alternative livelihoods.** For all other categories of economically displaced persons, the resettlement plan describes feasible arrangements for obtaining employment or for establishing a business, including provision of relevant supplemental assistance including skills training, credit, licenses or permits, or specialized

equipment. As warranted, livelihood planning provides special assistance to women, minorities or vulnerable groups who may be disadvantaged in securing alternative livelihoods.

- **Consideration of economic development opportunities.** The resettlement plan identifies and assesses any feasible opportunities to promote improved livelihoods as a result of resettlement processes. This may include, for example, preferential project employment arrangements, assessment, and disaggregation of economic and livelihood restoration opportunities by sex, gender or vulnerability, support for development of specialized products or markets, preferential commercial zoning and trading arrangements, or other measures. Where relevant, the plan should also assess the feasibility of prospects for financial distributions to communities or directly to displaced persons through the establishment of project-based, benefit-sharing arrangements.
- **Transitional support.** The resettlement plan provides transitional support to those whose livelihoods will be disrupted. This may include payment for lost crops and lost natural resources, payment of lost profits for businesses, or payment of lost wages for employees affected by business relocation. The plan provides that the transitional support continue for the duration of the transition period.

B. Indicative outline of the Riparian Communities Involvement Plan

1. Executive summary
2. Description of the project with a focus on components and activities that may involve new or more stringent restrictions on the use of natural resources of, or connected to, the protected/gazetted area. When available, provide a summary of the Protected/Gazetted Area Management Plan including an assessment of the status of implementation and the concerned communities' participation.
3. Socio-economic profile of the riparian communities of the protected/gazetted area subject to project support, including an assessment of their dependency (activities, beliefs, etc.) on the natural resources of the area, the traditional decision-making process, their relationship with the stataal authorities (formal administration) in charge with the area, and the role of tutelary chiefs of the sacred practices linked to the resources present in the area, etc.
4. An evaluation of the socio-economic and cultural losses (revenues, opportunities, intangible negative

impact, temporary or permanent job, etc.) due to the restriction of access to the protected/gazetted area because of the project's objectives and activities.

5. Participation of the riparian community

- How the concerned community will be involved in the identification of adverse impacts and the establishment of eligibility criteria to benefit from the necessary mitigation measures or compensation.
 - The methods and procedures that communities will use to identify and select the mitigation and/or compensation measures, including the community development activities by the project, to be approved and supported by the project, as well as the procedures that members of concerned community will use to exercise choice among the options (alternatives, new opportunities such as eco-guards and tourists guides, reconversion of jobs, participation in surveillance activities in collaboration with rangers, etc.) available to them.
 - The mechanism for resolving conflicts relating to restrictions imposed on the use of resources that may arise between and within the affected communities, as well as grievances that may arise from members of communities dissatisfied with the eligibility criteria, collective planning measures or the execution of community works.
- The arrangements put in place for participatory monitoring of project activities, which are linked to the consequences (beneficial or negative) suffered by the populations living in the project impact area, as well as for monitoring the effectiveness of measures taken to improve (or at least rebuild) incomes and living standards.
 - A summary of the consultations of the communities affected by the restriction of access to the protected area. (The details of the consultations, including the agreements signed, the list of names of people for all the communities affected, etc. should be annexed to the report.)
6. Agreements to establish with the relevant authorities of the territorial jurisdictions and the line ministries for the communities' participation in the concerned protected/gazetted area's Management Plan.
 7. Roles and responsibilities for the implementation of the Riparian Communities Involvement Plan.
 8. A comprehensive budget that must cover the compensation of losses, community development/support activities, and capacity building for reconversion of jobs in the event of non-replacement (e.g. reconversion of traditional therapists due to the loss of medicinal resources, the conversion of traditional hunters into eco-tourist guides), etc.



Environmental and Social Operational Safeguard 6: Habitat and Biodiversity Conservation, and Sustainable Management of Living Natural Resources

Introduction

1. This Environmental and Social Operational Safeguard (OS) outlines the requirements for the Borrower to: (i) identify and implement opportunities to conserve and sustainably use biodiversity²⁰⁵ and natural habitats; and (ii) observe, implement, and respond to requirements for the conservation and sustainable management of priority ecosystem services.²⁰⁶

2. The OS reflects the objectives of the Convention on Biological Diversity to conserve biological diversity and promote the sustainable management and use of natural resources. It also aligns with the Ramsar Convention on Wetlands, the Convention on the Conservation of Migratory Species of Wild Animals, the Convention on International Trade in Endangered Species of Wild Flora and Fauna, the World Heritage Convention,²⁰⁷ the United Nations Convention to Combat Desertification, and the Millennium Ecosystem Assessment. Its recommendations also align with the International Plant Protection Convention, which covers the movement of invasive alien species and pests, as well as pest risk analysis for quarantine pests, including an analysis of the risks and impacts of genetically modified organisms.

3. OS6 recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development. 'Biodiversity' is defined as the variability among living

organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems, and the ecological complexes of which they are a part, which includes diversity within species, between species, and of ecosystems. Biodiversity often underpins ecosystem services valued by humans; hence, impacts on biodiversity can often adversely affect the delivery of ecosystem services.²⁰⁸

4. OS6 recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support in a changing climate. '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. All habitats support complexities of living organisms and vary in terms of species diversity, abundance, and importance.

5. This OS also addresses the sustainable management of primary production²⁰⁹ and the harvesting²¹⁰ of living natural resources.

6. OS6 recognizes the need to consider the livelihoods of project-affected parties, including vulnerable groups, whose access to, or use of, biodiversity or living natural resources may be affected by a project. The potential, positive role of project-affected parties, including vulnerable groups, in biodiversity conservation and sustainable management of living natural resources is also considered.

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

206 Ecosystem services are the benefits that people derive from ecosystems. There are four types of ecosystem services: (i) provisioning services, which are the products that people obtain from ecosystems (food, freshwater, wood and fibre, fuel); (ii) regulating services, which are the benefits that people obtain from the regulation of ecosystem processes (climate regulation, flood regulation, disease regulation, water purification); (iii) cultural services, which are the non-material benefits that people obtain from ecosystems (aesthetic, spiritual, educational, recreational); and (iv) supporting services, which are the natural processes that maintain the other services (nutrient cycling, soil formation, primary production).

207 For the purposes of this Convention, the following are considered 'natural heritage': natural features consisting of physical and biological formations or groups of such formations that are of outstanding universal value from the aesthetic or scientific point of view; geological and physiographical formations and precisely delineated areas that constitute the habitat of threatened species of animals and plants of outstanding universal value from the point of view of science or conservation; and natural sites or precisely delineated natural areas that are of outstanding universal value from the point of view of science, conservation or natural beauty.

208 The requirements related to ecosystem services are set out in OS1.

209 The primary production of living natural resources is cultivation or rearing of plants or animals, including annual and perennial crop farming, animal husbandry (including livestock), aquaculture, and plantation forestry, etc.

210 The harvesting of living natural resources, such as fish and all other types of aquatic and terrestrial organisms and timber, refers to productive activities that include the extraction of these resources from natural and modified ecosystems and habitats.

Objectives

7. The objectives of OS6 are as follows:

- To protect and conserve biodiversity and different types of habitats.
- To apply the mitigation hierarchy²¹¹ and the precautionary approach in the design and implementation of projects that could have an impact on biodiversity, with the aim of conserving biological diversity and ecosystem integrity.
- To reinstate or restore biodiversity informed by the mitigation hierarchy, including where some impacts are unavoidable, through implementing biodiversity offsets to achieve “no net loss but net gain” of biodiversity.
- To promote the sustainable management of living natural resources.
- To support livelihoods of local communities, including vulnerable groups, and inclusive economic development through the adoption of practices that integrate conservation needs and development priorities.
- To sustain the availability and productivity of ecosystem services to maintain benefits for the affected communities and sustain project performance.
- To integrate natural resources effectively into sustainable economic development and protect the vital local and global environmental services and the values of natural resources.

Scope of application

- The applicability of this OS is established during the Environmental and Social Assessment (ESA) described in OS1.
- Based on the ESA, the requirements of this OS are applied to all projects that may affect biodiversity or habitats, either positively or negatively, directly or indirectly, or that depend on biodiversity for their success.
- This OS also applies to projects that involve primary production and/or harvesting of living natural resources.

Requirements

A. General

8. The ESA as set out in OS1 will consider direct, indirect, and cumulative project-related impacts on habitats and the biodiversity they support. This assessment will consider threats to biodiversity, for example, habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, pollution, and incidental take, as well as projected climate change impacts. It will determine the significance of biodiversity or habitats based on their vulnerability and irreplaceability at a global, regional or national level, and will also take into account the different values attached to biodiversity and habitats by project-affected parties and other interested parties.

9. The Borrower shall aim to avoid adverse impacts on biodiversity and habitats. When avoidance of adverse impacts is not possible, the Borrower shall implement measures to minimize adverse impacts and restore biodiversity in accordance with the mitigation hierarchy provided in OS1 and with the requirements of this OS. The Borrower shall ensure that competent biodiversity expertise is utilized to conduct the ESA and to verify the effectiveness and feasibility of mitigation measures. Where significant risks and adverse impacts on biodiversity have been identified, the Borrower shall develop and implement a Biodiversity Management Plan.²¹²

Assessment of risks and impacts

10. Through the ESA, the Borrower shall identify the potential project-related risks to and impacts on habitats and the biodiversity that they support. It will include the preparation of species lists indicating their International Union for Conservation of Nature (IUCN) conservation status as well as their local and regional status. In accordance with the mitigation hierarchy, the Borrower shall make the initial assessment of project risks and impacts without taking into account the possibility of biodiversity offsets.²¹³ The assessment undertaken by the Borrower shall include identification of the types of habitats potentially affected and consideration of potential risks to and impacts on the ecological function of the habitats. The assessment will encompass any areas of potential biodiversity importance that may be affected by the project, whether or not they are protected under national law. The extent of the assessment will be proportionate to the risks

²¹¹ As set out in OS1.

²¹² Depending on the nature and the scale of the risks and impacts of the project, the Biodiversity Management Plan (BMP) may be a stand-alone document, or it may be included as part of the ESMP prepared under OS1.

²¹³ Biodiversity offsets' are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization, and restoration measures have been taken. Therefore, potential offsets should not be considered in determining the inherent risks of the project.

and impacts, based on their likelihood, significance and severity, and will reflect the concerns of project-affected parties and other interested parties.

11. The Borrower's assessment will include characterization of baseline conditions to a degree that is proportional and specific to the anticipated risk and significance of impacts. In planning and undertaking the ESA related to the biodiversity baseline, the Borrower shall follow relevant Good International Industry Practice (GIIP) by undertaking a desktop review, consulting with experts, and following field-based approaches, as appropriate. Where further investigations are needed to evaluate the significance of potential impacts, the Borrower shall carry out additional investigation and/or monitoring before undertaking any activities or initiatives, and before taking irrevocable decisions about project design that could cause significant adverse impacts to potentially affected habitats and the biodiversity that they support.

12. Where the ESA has identified potential risks to and impacts on biodiversity or habitats, the Borrower shall manage them in accordance with the mitigation hierarchy and GIIP. The Borrower shall adopt a precautionary approach and apply adaptive management practices in which the implementation of mitigation and management measures are responsive to changing conditions and the results of project monitoring.

Conservation of biodiversity and habitats

13. '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 significance for conserving globally, regionally and nationally important biodiversity, their sensitivity to impacts, and in the significance that different stakeholders attribute to them. Since in most instances, habitat loss, degradation or fragmentation represents the greatest threat to biodiversity, much of the focus of biodiversity conservation actions is on maintaining or restoring suitable habitats.

14. This OS requires a differentiated risk management approach to habitats based on their sensitivity and values. This OS addresses all habitats categorized as 'modified

habitat', 'natural habitat', and 'critical habitat', together with 'legally protected and internationally and regionally recognized areas of biodiversity and ecological value' that may encompass habitat in any or all of these categories. To ensure objectivity and accuracy, the determination as to whether a habitat is natural, modified, or critical is made in consultation with recognized habitat and biodiversity experts, and takes into account designations by national and local authorities.

15. For the protection and conservation of habitats and the biodiversity they support, the mitigation hierarchy includes biodiversity offsets.²¹⁴ Offsets will be considered a last resort only if significant residual adverse impacts remain after all technically and financially feasible avoidance, minimization, and restoration measures have been considered.

16. A biodiversity offset will be designed and implemented to achieve measurable, additional, and long-term conservation outcomes²¹⁵ that can reasonably be expected to result in no net loss²¹⁶ and preferably a net gain²¹⁷ of biodiversity. When an offset is used as mitigation for residual adverse impacts on any area of critical habitat, a net gain is required. The design of a biodiversity offset will adhere to the 'like-for-like or better' principle²¹⁸, and will be carried out in alignment with GIIP.

17. When a Borrower is considering the development of an offset as part of the mitigation strategy, stakeholders and qualified experts with demonstrated knowledge in offset design and implementation will be involved. The process of developing an offset will include knowledgeable local community representatives, and will consider the communities' experience, and traditional or acquired knowledge, as well as the views of qualified external experts. The Borrower shall demonstrate the long-term technical and financial feasibility of undertaking the offset. When offsets are proposed for residual adverse impacts on critical habitat, the Borrower shall engage one or more independent, internationally recognized experts to advise as to whether the proposed offset is feasible and whether, in their professional opinion, it can be reasonably expected to result in a sustainable net gain of biodiversity values for which the critical habitat was designated.

214 The Bank has reservations regarding the use of offsets due to the uncertainties inherent to the approach. Proposals for their use in Bank-financed projects will be considered in a precautionary manner, and the Bank reserves the right not to support their use on a case-by-case basis.

215 Measurable conservation outcomes for biodiversity will be demonstrated in situ (in natural conditions, not in captivity or depository) and on an appropriate geographic scale (e.g. at the local, national or regional level).

216 'No net loss' is defined as the point at which project-related biodiversity losses are balanced by gains resulting from measures taken to avoid and minimize these impacts, to undertake on-site restoration, and finally to offset significant residual impacts, if any, on an appropriate geographic scale.

217 'Net gains' are additional conservation outcomes that can be achieved for the biodiversity values for which the natural or critical habitat was designated. They may be achieved through full application of the mitigation hierarchy that may include the development of a biodiversity offset and/or, in instances where the Borrower could meet the requirements of para. 24 of this OS without a biodiversity offset, through the implementation of additional programmes in situ to enhance habitat and protect and conserve biodiversity.

218 According to the principle of 'like-for-like or better', in most cases, biodiversity offsets should be designed to conserve the same biodiversity values that are being affected by the project (an 'in-kind' offset). In certain situations, however, areas of biodiversity to be affected by the project may be neither a national nor a local priority, and there may be other areas of biodiversity with like values that are a higher priority for conservation and sustainable use and under imminent threat or in need of protection or effective management. In these situations, it may be appropriate to consider an 'out-of-kind' offset that involves 'trading up' (i.e. where the offset targets biodiversity of higher priority than that affected by the project). Regardless of type, any areas considered offsets for residual adverse impacts in critical habitats will also be critical habitats, meeting the criteria of para. 24 of this OS.

18. Certain residual adverse impacts cannot be offset, particularly if the affected area is unique and irreplaceable from a biodiversity standpoint. In such cases, the Borrower shall not undertake the project unless it is redesigned to avoid the need for an offset and to meet the requirements of this OS.

Modified habitats

19. Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area's primary ecological functions and species composition.²¹⁹ Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed²²⁰ coastal zones, and reclaimed wetlands.

20. This OS applies to the areas of modified habitat that include significant biodiversity value, as determined by the ESA required in OS1. The Borrower shall avoid or minimize impacts on such biodiversity (through further degradation and habitat conversion) and implement mitigation measures as appropriate

Natural habitats

21. 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.

22. If natural habitats are identified as part of the assessment, the Borrower shall avoid adverse impacts on them in accordance with the mitigation hierarchy. Where natural habitats have the potential to be adversely affected by the project, the Borrower shall not implement any project-related activities unless:

- there are no technically and financially feasible alternatives; and
- appropriate mitigation measures are put in place, in accordance with the mitigation hierarchy, to achieve no net loss and, where feasible, preferably a net gain of biodiversity, and the maintenance of ecological functions over the long term.

23. The opinions and concerns of affected communities, as identified through the consultation process, should inform the design of the mitigation measures.

24. When residual impacts remain despite best efforts to avoid, minimize, and mitigate them, and where appropriate and supported by relevant stakeholders, mitigation measures may include biodiversity offsets adhering to the principle of 'like-for-like or better'.

Critical habitats

25. Critical habitats are areas with high biodiversity importance or value, including:

- a. habitats of significant importance to Critically Endangered or Endangered species, as listed in the IUCN Red List of threatened species or equivalent regional or national approaches;
- b. habitats of significant importance to endemic or restricted-range species;
- c. habitats supporting globally or nationally significant concentrations of migratory or congregatory species;
- d. highly threatened or unique ecosystems;
- e. ecological functions or characteristics that are needed to maintain the viability of the biodiversity values described above in (a) to (d).

26. In areas of critical habitat, the Borrower shall not implement any project activities that have potential adverse impacts unless all of the following conditions are met:

- a. There are no other viable alternatives within the region for the development of the project in habitats of lesser biodiversity value.
- b. All due process required under international obligations or national law that is a prerequisite to a country granting approval for project activities in or adjacent to a critical habitat has been complied with.
- c. The potential of likely adverse impacts on the habitat will not lead to a measurable net reduction or negative change in the biodiversity values for which the critical habitat was designated.
- d. The project is not anticipated to lead to a net reduction in the population²²¹ of any Critically Endangered, Endangered, or restricted-range species, over a reasonable time period.²²²
- e. The project will not involve a significant conversion or significant degradation of critical habitats. In circumstances where the project involves new or renewed forestry or agricultural plantations, it will not convert or degrade any critical habitat.

²¹⁹ A 'habitat' will not be deemed a 'modified habitat' where it has been converted in anticipation of the project.

²²⁰ 'Reclamation' used in this context is the process of creating new land from sea or other aquatic areas for productive use.

²²¹ 'Net reduction' is a singular or cumulative loss of individuals that affects the species' ability to persist at the global and/or regional/national scales for many generations or over a long period of time. The scale (i.e. global and/or regional/national) of the potential net reduction is determined based on the species' listing on either the (global) IUCN Red List and/or on regional/national lists. For species listed on both the global IUCN Red List and the national/regional lists, the net reduction will be based on the national/regional population.

²²² The time frame in which Borrowers shall demonstrate 'no net reduction' of critically endangered and endangered, endemic and /or restricted-range species will be determined on a case-by-case basis and, where appropriate, in consultation with qualified experts and taking into account the species' biology.

- f. The project's mitigation strategy will be designed to achieve net gains of the biodiversity values for which the critical habitat was designated.
- g. A robust and appropriately designed, long-term biodiversity monitoring and evaluation programme aimed at assessing the status of the critical habitat is integrated into the Borrower's management programme.

27. The Bank does not finance projects, activities or other initiatives in critical habitats downgraded merely to allow the project to proceed. In addition, where the habitat/biodiversity implications of a project would appear to be particularly severe, the Bank may decide not to finance the project.

28. Where a Borrower has satisfied the conditions set out in para. 26, the project's mitigation strategy will be described in a Biodiversity Management Plan (BMP).²²³

Legally protected and internationally recognized areas of high biodiversity value

29. Where the project occurs within, or has the potential to adversely affect, an area that is legally protected,²²⁴ designated for protection, or regionally or internationally recognized,²²⁵ the Borrower shall ensure that any activities undertaken are consistent with the area's legal protection status and management objectives. The Borrower shall also identify and assess potential project-related adverse impacts, and apply the mitigation hierarchy so as to prevent or mitigate adverse impacts from projects that could compromise the integrity, conservation objectives, or biodiversity importance of such an area.

30. The Borrower shall meet the requirements of paras. 13 through 28 of this OS, as applicable. In addition, the Borrower shall:

- a. demonstrate that the proposed development in such areas is legally permitted;
- b. act in a manner consistent with any government-recognized management plans for such areas;
- c. consult and involve protected area sponsors and managers, project-affected parties including HVRM, and other interested parties on planning, designing, implementing, monitoring, and

evaluating the proposed project, as appropriate; and

- d. implement additional programmes, as appropriate, to promote and enhance the conservation aims and effective management of the area.

31. The Borrower shall not support the de-gazetting or downgrading of protected areas status, and the Bank does not finance projects developed in areas that have been de-gazetted or downgraded in order to encourage or facilitate development.

Invasive alien species

32. The intentional or accidental introduction of alien, or non-native species of flora and fauna or their pathogens²²⁶ into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and destroying or out-competing native species.

33. The Borrower shall not intentionally introduce any alien species unless this is carried out in accordance with the existing regulatory framework. Notwithstanding, the Borrower shall not deliberately introduce any alien species with a high risk of invasive behaviour, regardless of whether such introductions are permitted under the existing regulatory framework. All introductions of alien species will be subject to a risk assessment (as part of the Borrower's ESA) to determine the potential for invasive behaviour. The Borrower shall implement measures to avoid the potential for accidental or unintended introductions including the transportation of substrates and vectors (e.g. soil, ballast, and plant materials) that may harbour alien species.

34. Where alien species are already established in the country or region of the proposed project, the Borrower shall exercise diligence so as not to spread them into areas in which they have not already become established, or so as not to undertake activities that may enhance their competitiveness in comparison with native/indigenous species.

35. The Borrower shall assess the feasibility and cost-effectiveness of eradicating or otherwise controlling the invasive alien species from the natural habitats over which the Borrower has management control.

²²³ The Biodiversity Management Plan (BMP) can either be part of the ESMP or a stand-alone document. The BMP should have clear targets and specified time frames. It should also address institutional capacity, financial support, legal protection, and security, in addition to the conservation of biodiversity and habitats at the genetic, species, and ecosystem levels, to assure the sustainability of mitigation actions. Incorporating a financing plan that ensures the sustainability of mitigation actions should be explicitly included as part of the BMP and/or ESMP.

²²⁴ This OS recognizes legally protected areas that meet the following definition: "A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values." For the purpose of this OS, this includes areas proposed by governments for such designation.

²²⁵ Internationally recognized areas of high biodiversity value include World Heritage natural sites, biosphere reserves, Ramsar Wetlands of International Importance, Key Biodiversity Areas, Important Bird Areas, and Alliance for Zero Extinction Sites, among others.

²²⁶ It is important to consider the potential pathogens and diseases associated with non-native species of plants and animals because they can have equally devastating impacts.

Sustainable management of living natural resources

36. Borrowers with projects, activities or initiatives involving primary production and harvesting of living natural resources will assess the overall sustainability of these activities, as well as their potential impacts on local, nearby or ecologically linked habitats, biodiversity and communities, especially highly vulnerable rural minorities (HVRM).

37. The Borrower shall sustainably manage living natural resources through the application of good management practices and available technologies. Where these primary production practices are codified in standards that are globally, regionally or nationally recognized, particularly for industrial-scale operations, the Borrower and the Bank will agree on the standards to be applied. In the absence of relevant standards for the particular living natural resources in the country concerned, the Borrower shall apply GIIP.

38. For projects involving small-scale producers,²²⁷ the Borrower shall require that they operate sustainably and gradually improve their practices where such opportunities exist. Where the project consists of a large number of small producers in the same geographical area, the Borrower shall assess the potential for cumulative risks and impacts.

39. Where projects include commercial agriculture and forestry plantations (particularly those involving land clearing or afforestation), the Borrower shall locate them on land that is already converted or highly degraded (excluding any land that has been converted in anticipation of the project). In view of the potential for plantation projects to introduce invasive alien species and threaten biodiversity, these projects will be designed to prevent and mitigate these potential threats to natural habitats. When the Borrower invests in production forestry in natural forests, they will be managed sustainably. Where the Borrower invests in commercial crop plantations such as palm oil, coffee, cocoa, and tea, they will be managed in accordance with relevant codes of best practice.

40. Where projects involve harvesting of living natural resources, the Borrower shall require that these resources be managed sustainably. In particular, forests and aquatic systems are principal providers of these resources, and need to be managed as specified below:

- For projects involving industrial-scale commercial forest harvesting operations, the Borrower shall ensure that these operations are certified under an independent forest certification system²²⁸ or adhere to a time-bound, phased action plan acceptable to the Bank for achieving certification.

- For projects involving forest harvesting operations conducted by small-scale producers, local communities under community forest management, or by these entities under joint forest management arrangements, where such operations are not directly associated with an industrial-scale operation, the Borrower shall ensure that they: (i) have achieved a standard of sustainable forest management developed with the meaningful participation of project-affected parties including HVRM, consistent with the principles and criteria of sustainable forest management, even if not formally certified; or (ii) adhere to a time-bound action plan to achieve such a standard. The action plan will be developed with the meaningful participation of project-affected parties and be acceptable to the Bank. The Borrower shall ensure that all such operations are monitored with the meaningful participation of project-affected parties.
- For projects involving industrial-scale harvesting of fish populations and all other types of marine and freshwater organisms, the Borrower shall demonstrate that their activities are being undertaken sustainably, consistent with the principles and criteria for sustainable harvesting such as the principles and standards set out in the Food and Agriculture Organization of the United Nations' (FAO) Code of Conduct for Responsible Fisheries. These activities must also comply with all relevant conservation and management measures. Industrial-scale fishery activities are not necessarily related to fishing per se. For example, the re-population or the introduction of different populations or species, especially in closed environments such as lakes, shall ensure that the new stock does not destroy or displace existing local endemic/natural fish species.

41. For projects that do not involve primary production or harvesting of living natural resources and that entail salvage logging, for example, in areas to be inundated, the Borrower shall limit clearance strictly to the project's technical requirements, and will ensure that relevant national legislation is being followed.

42. The Borrower involved in the industrial production of crops and animal husbandry will follow GIIP to avoid or minimize adverse risks or impacts. The Borrower involved in large-scale commercial farming, including breeding, rearing, housing, transport, and slaughter, of animals for meat or other animal products (e.g. milk, eggs, wool) will use GIIP (e.g. International Finance Corporation's [IFC] Good Practice Note on Improving Animal Welfare in Livestock Operations) in animal husbandry techniques,

²²⁷ A small scale can be determined by the national context of a given country and is generally relative to the average size of household land holdings.

²²⁸ An independent forest certification system will require independent, third-party assessment of forest management performance. It will be cost-effective and based on objective and measurable performance standards that are defined at the national level and are compatible with internationally accepted principles and criteria of sustainable forest management.

with due consideration of religious and cultural principles. To minimize antimicrobial resistance, the Borrower shall only use antibiotics on healthy food producing animals, judiciously for the treatment of infection and as prescribed by a competent veterinary practitioner.

Genetically modified organisms

43. The Bank's approach to genetically modified organisms (GMOs) will be consistent with the laws and policies of regional member countries (RMCs) and sub-regional entities. Where there are no relevant provisions regarding risk-related assessments, the Bank will be guided by the Cartagena Protocol on Biosafety in this respect.²²⁹

B. Primary suppliers of natural resource commodities

44. Where a Borrower is purchasing natural resource commodities, including food, timber, and fibre, that are known to originate from areas where there is a risk of

significant conversion or significant degradation of natural or critical habitats, the Borrower's ESA will include an evaluation of the systems and verification practices used by the primary suppliers.²³⁰

45. The Borrower shall establish systems and verification practices that will:

- a. identify where the supply is coming from and the habitat type of the source area;
- b. where possible, limit procurement to suppliers that can demonstrate²³¹ that they are not contributing to significant conversion or degradation of natural or critical habitats; and
- c. where possible and within a reasonable period, shift the Borrower's primary suppliers to suppliers that can demonstrate that they are not significantly adversely impacting these areas.

46. The ability of the Borrower to fully address these risks will depend on the Borrower's level of control or influence over its primary suppliers.

²²⁹ The Cartagena Protocol on Biosafety to the Convention on Biological Diversity is an international agreement that aims to ensure the safe handling, transport, and use of genetically engineered organisms that result from modern biotechnology and that may have adverse effects on biological diversity, taking also into account risks to human health. It was adopted on 29 January 2000 and entered into force on 11 September 2003.

²³⁰ 'Primary suppliers' are suppliers who provide directly to the project goods or materials essential for the core functions of the project, set of activities or other initiatives, including during the implementation phase. 'Core functions' of a project constitute the production and/or service processes that are essential for a specific project activity without which the project, activities or other initiatives cannot continue.

²³¹ This may be demonstrated by the delivery of certified products or by achieving compliance with one or more credible standards for sustainable management of living natural resources in respect of certain commodities or locations. This will include, where appropriate, compliance with independent certification systems or progress towards achieving compliance.



Environmental and Social Operational Safeguard 7: Vulnerable Groups

Introduction

1. The African Development Bank's views economic and social rights as an integral part of human rights, and respects the principles and values of human rights as set out in the United Nations Charter and the African Charter of Human and Peoples' Rights. Through the requirements of this OS, the Bank encourages Borrowers to observe international human rights norms, standards, and best practices, and to reflect in Bank operations national commitments made under, inter alia, international human rights covenants and the African Charter of Human and Peoples' Rights.
2. Some individuals and/or groups may be less resilient to risks and adverse impacts than others. Within the context of the Bank's operations, individuals and/or groups who are at a higher risk of being unable to anticipate, cope with, resist, and recover from project-related risks and/or adverse impacts are considered vulnerable.
3. Vulnerability is not an inherent characteristic of people and does not occur in a vacuum. Women, for instance, are not inherently more vulnerable than men; however, discrimination, entrenched social roles and attitudes, poverty, and lack of access to decision-making can weaken their resilience and render them vulnerable to adverse project risks and impacts. Vulnerability is thus context-specific and is to be understood through the interplay of three factors: (i) exposure to risk and adverse impacts; (ii) sensitivity to these risks and impacts; and (iii) adaptive capacity.
4. Vulnerable individuals and groups: (i) are usually exposed to several risks and adverse impacts at once; (ii) are more sensitive to these risks and impacts, having been subject to pre-existing discrimination, financial, socio-economic, cultural, and/or gender inequalities, due to their geographical location, their dependence on the environment, and/or limited access to justice and decision-making; and (iii) have a weaker adaptive capacity for coping with these risks and impacts, and recovering from them due to limited access to the necessary support, assets, and/or resources. As a result, they risk being disproportionately affected by project-related risks and adverse impacts.
5. Depending on the specific context of the project and its area of influence, vulnerable groups may include, among others, female-headed households, the landless, the elderly, youth and children, persons with disabilities, groups who are marginalized on the basis of ethnicity, religion, language, sexual orientation, and gender identity, and highly vulnerable rural minorities (HVRM), including groups referred to as indigenous peoples in some contexts. Individuals or groups may also be vulnerable for several reasons.
6. In this OS, the term HVRM²³² applies to distinct social and cultural groups identified in accordance with paras. 8 and 9.
7. OS7 contributes to poverty reduction and sustainable development by ensuring that projects supported by the Bank enhance opportunities for vulnerable groups to participate in, and benefit from, the development process in ways that do not threaten their unique cultural identities and well-being.²³³
8. This OS recognizes that some cultural groups, due to their lifestyle, culture, and strong dependence on the natural environment, have identities and aspirations that are distinct from mainstream groups in national societies and are often disadvantaged by traditional models of development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. Their economic, social, and legal status frequently limits their capacity to defend their rights to, and interests in, land, territories, and natural and cultural resources, and may restrict their ability to participate in and benefit from development projects. In many cases, they do not receive equitable access to project benefits,

232 'Highly vulnerable rural minorities' (HVRM) refers to specific socio-cultural minority groups in rural areas whose culture and life are vitally and sustainably dependent on natural resources and/or landscapes of their living environments, and whose cultures and quality of life are under threat whenever the features of these resources or landscapes are substantially deteriorated. They include minorities qualified as indigenous people under national legislation, forest dwellers, traditional pastoralists, hunter-gatherers, nomadic groups, etc.

233 This OS recognizes that the well-being of HVRM relates to their intrinsic relationship to lands and traditional practices, and is reflective of their way of life. This captures their core principles and aspirations of achieving harmony with their surroundings and achieving solidarity, complementarity, and communal living.

or benefits are not devised or delivered in a form that is culturally appropriate to them. Furthermore, they may not always be adequately consulted about the design or implementation of projects that would profoundly affect their lives or communities. This OS recognizes that the roles of men and women in these cultures are often different from those in the mainstream groups, and that women and children have frequently been marginalized both within their own communities and as a result of external developments, and may have specific needs.

9. Traditional rural communities, as well as some other vulnerable groups, are inextricably linked to the land on which they live and the natural resources on which they depend. They are therefore particularly vulnerable if their land and resources are transformed, encroached upon, or significantly degraded. Projects, activities, and other initiatives may also undermine language use, cultural practices, institutional arrangements, and religious or spiritual beliefs that are viewed as essential to their identity or well-being. However, they may also create important opportunities for such vulnerable groups to improve their quality of life and well-being. Projects, activities, and other initiatives may create improved access to markets, schools, clinics, and other services that seek to improve living conditions. They can also create opportunities for vulnerable groups to participate in, and benefit from, which may help them fulfill an aspiration to play an active and meaningful role as citizens and partners in development. Furthermore, this OS recognizes that vulnerable groups play a vital role in sustainable development.

10. OS7 recognizes that the situation of vulnerable groups varies from region to region, and from country to country. The particular national and regional contexts, and the different historical and cultural backgrounds will be considered part of the ESA of the project. Hence, the assessment is intended to support identification of measures to address concerns that project activities may exacerbate tensions between different vulnerable groups.

Objectives

11. The objectives of OS7 are as follows:

- To ensure that vulnerable groups and individuals are identified as early as possible in Bank Group operations and that engagement is meaningful, taking into account individuals' and communities' specificities, and delivered in an appropriate form,

manner and language.

- To affirm, respect, and protect the rights and interests of vulnerable individuals and groups throughout the life cycle of the project or investment.
- To recognize, respect, and preserve the culture, knowledge, and practices of highly vulnerable cultural groups and minorities including indigenous peoples, and to provide them with an opportunity to adapt to changing conditions that could arise due to project activities in a manner and in a time frame acceptable to them.
- To adopt a gender-responsive approach to the management of E&S impacts, which takes into account the rights and interests of women and girls, men, and boys, including paying specific attention to the differentiated burden of impacts that women and girls might face.
- To identify and avoid adverse impacts of Bank operations on the lives and livelihoods of vulnerable individuals and groups, including women and girls, and HVRM including indigenous peoples. Where avoidance is not feasible, reduce, minimize, mitigate, compensate or effectively remedy impacts.
- To obtain the Free, Prior, and Informed Consent (FPIC)²³⁴ of affected *HVRM* in the three circumstances described in para. 36 of this OS.
- To promote development benefits and opportunities for vulnerable groups, including women and girls, minorities and HVRM in a manner that is accessible, culturally appropriate, and inclusive.
- To improve project design and promote local support by establishing and maintaining an ongoing relationship based on meaningful consultation with the vulnerable groups affected by a project, set of activities or initiatives throughout the project lifecycle.

Scope of application

12. The applicability of this OS is established during the ESA described in OS1.

13. This OS applies to vulnerable groups regardless of whether they are affected positively or negatively, and regardless of the significance of any such impacts.²³⁵ This OS also applies irrespective of the presence or absence of discernible economic, political or social vulnerabilities, although the nature and extent of vulnerability will be a key variable in designing plans to promote equitable access to benefits or to mitigate adverse impacts.

²³⁴ For the purposes of this OS, FPIC is defined in the Glossary.

²³⁵ The scope and scale of consultation, as well as subsequent project planning and documentation processes will be proportionate to the scope and scale of potential project risks and impacts as they may affect vulnerable groups.

14. In this OS, the term *HVRM* refers exclusively to a distinct social and cultural group possessing all of the following characteristics in varying degrees:

- a. self-identification as members of a distinct, specific, social and cultural group, and recognition of this identity by others;
- b. collective attachment²³⁶ to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation, as well as to the natural resources in these areas;
- c. customary cultural, economic, social or political institutions that are distinct or separate from those of the mainstream society or culture; and
- d. a distinct language, often different from the languages of the majorities or languages of the country or region in which they reside.

15. This OS also applies to communities or groups whose members, in the course of their lifetime, have lost their collective attachment to distinct habitats or ancestral territories in the project area due to forced severance, conflict, government resettlement programmes, the dispossession of their land, natural disasters, or the incorporation of such territories into an urban area.²³⁷

16. The Bank may follow national processes during project screening for the identification, in accordance with paras. 8 and 9, of *HVRM* where these processes meet the requirements of this OS.²³⁸

Requirements

17. The Borrower shall take the necessary measures to appropriately manage the risks and adverse impacts of the project on vulnerable individuals and groups, including on women and girls, minorities and *HVRM*. In so doing, the Borrower shall avoid, minimize, or otherwise mitigate or remedy the exposure of vulnerable populations to project-related risks and adverse impacts. As a means to foster these project outcomes, the Borrower shall properly address discriminatory practices, inequalities and other factors that contribute to vulnerability and will, as appropriate, strengthen the adaptive capacity of vulnerable individuals or groups by promoting inclusive development and benefit-sharing.²³⁹

A. Early identification of vulnerable groups

18. As early as possible (i.e. during project conception, planning or design, and prior to any preparatory works or decisions being made that could affect people), the Borrower shall identify the individuals and groups who might be vulnerable and at risk of suffering adverse, compounded or disproportionate impacts, be discriminated against, marginalized, underserved or excluded from intended benefits in the given operation/project context. The Borrower shall ascertain the presence of any groups of peoples with particular rights that will need to be respected, for example, women, *HVRM* including indigenous peoples, tribal and ethnic minority groups, and children. A high-level analysis will be carried out of the nature and degree of discrimination and vulnerability already experienced by individuals, communities, and/or groups in the context of the project. If vulnerable individuals or groups are identified, the screening will proceed to determine at minimum:

- the main characteristics of the individuals and groups, and the nature of discrimination they suffer and of their vulnerability (including any existing inequalities and exclusion practices);
- the country's institutional and legal framework determining the identification of indigenous peoples, minorities and other vulnerable groups, as per this OS;
- the current legal status regarding gender relations and the rights and status of women and girls, highly vulnerable minorities including indigenous peoples and associated parameters, such as land tenure indicating the basis for recognition, customary use of the land, and any potential claims or actions, as relevant within the operation's area of influence.
- the type, scope, and extent of project-related risks and impacts, whether adverse or otherwise, on such individuals and groups, against the backdrop of the country's institutional and legal framework, and existing or anticipated discriminatory norms and practices against them, including customary practices that may be discriminatory against women, girls, boys, and men;
- whether and which special measures and specific actions need to be taken to avoid, minimize, or otherwise mitigate or remedy negative impacts on vulnerable individuals and groups, and to reinforce positive effects as appropriate.
- the potential shortcomings of the institutional framework to achieve the objectives of this

²³⁶ 'Collective attachment' refers to the physical presence for generations in, and economic ties to, land and territories traditionally owned, or customarily used or occupied by the group concerned, including areas they deem of special significance such as sacred sites.

²³⁷ Generally, this OS does not apply to individuals or small groups of *HVRM* migrating to urban areas in search of economic opportunities. It may apply, however, where *HVRM* have established distinct communities in or near urban areas but still possess the characteristics stated in para. 14. When their physical displacement is unavoidable, resettled *HVRM* will be granted legal title on a collective or community basis, in a manner recognized by relevant national law, not an individual basis; the Borrower shall not pursue projects that entail individual titling in *HVRM* territories.

²³⁸ In conducting this screening, the Bank may seek the technical advice of specialists with expertise on the social and cultural groups in the project area. The Bank will also consult the *HVRM* concerned and the Borrower.

²³⁹ The need for these measures is particularly critical in situations where discrimination is systemic and entrenched, governance is poor, or the protection of the rights of vulnerable groups is weak, such as in potential conflict or post-conflict zones and areas experiencing natural disasters, epidemics, and pandemics.

OS, in particular regarding engagement and implementation; and

- the need for technical assistance (TA) or capacity building for the Borrower or others facilitating the effective management of risks and impacts falling under this OS.

B. Social assessment

19. Where the screening process determines that potential adverse impacts on vulnerable groups are present, or relevant additional information is required, a more in-depth social assessment should be undertaken. The analysis and assessment should specifically probe into the following elements, including through a careful analysis of the legal framework and through the collection of baseline data,²⁴⁰ disaggregated by factors such as gender, disability, ethnicity, and age:

- the vulnerability profile of affected population, with special attention to HVRM;
- the specific context, including legal and institutional parameters;
- the historical frequency and severity of discrimination, social, economic or political exclusion and marginalization suffered by the identified population;
- the scope and nature of adverse impacts and their effect on the identified population when compounded with their pre-existing vulnerability, and their access to resources and cultural heritage;
- specific actions, past or future, to avoid, minimize, or otherwise mitigate or remedy negative impacts, and, as appropriate, to reinforce positive effects, including identifying opportunities and actions to promote benefit-sharing modalities for the communities; and
- in accordance with OS10, an appropriate engagement, consultation, and participation plan describing relevant consultation mechanisms.

Mitigation and development benefits

20. The Borrower and affected vulnerable groups will identify mitigation measures in alignment with the mitigation hierarchy described in OS1, as well as opportunities for culturally appropriate and sustainable development benefits. The scope of assessment and mitigation will include cultural impacts²⁴¹ as well as physical impacts. The Borrower shall ensure the timely delivery of agreed measures to affected vulnerable groups.

21. The determination, delivery, and distribution of compensation and shared benefits to affected vulnerable groups will take into account their institutions, rules and customs, as well as their level of interaction with mainstream society. Eligibility for compensation can either be individually or collectively based, or a combination of both.²⁴² Where compensation is required on a collective basis, as far as practicable, mechanisms that promote its effective distribution to all eligible members, or its collective use in a manner that benefits all members of the group will be defined and implemented.

22. Various factors including, but not limited to, the nature of the project, the project context, and the specific vulnerability of affected groups and HVRM will determine how they will benefit from the project. Identified opportunities will aim to address the goals and preferences of the affected groups, including improving their standard of living and livelihoods in a culturally appropriate manner, and to foster the long-term sustainability of the natural resources on which they depend.

C. Special considerations related to highly vulnerable rural minorities

23. The Borrower shall be guided by the African Charter on Human and Peoples Rights that addresses concerns related to the rights of people and the protection of vulnerable groups in particular.

24. Where projects are designed to provide benefits only to HVRM, the Borrower shall proactively engage with the relevant HVRM to ensure their ownership and participation in project design, implementation, monitoring, and evaluation. The Borrower shall also consult with them on the cultural appropriateness of proposed activities, services or facilities, and will identify and address any economic or social constraints (including those relating to gender) that may limit opportunities to benefit from, or participate in, the project.

25. When HVRM are the sole or the overwhelming majority of project beneficiaries, the outcomes of consultations with them may be incorporated in the overall project design, and preparation of a stand-alone HVRM Plan is not necessary.

26. When HVRM are not the only beneficiaries of the project, the Borrower shall design and implement the project in a manner that provides affected HVRM and

²⁴⁰ Data collected in the context of E&S assessment and project implementation shall not be intended or used to cause undue harm or any sort of discrimination against people and especially the vulnerable. Further, data collection and use must be in compliance with existing legislations and ethical practices, including respect of data privacy. Data will be disaggregated, as much as possible, based on sex, gender, vulnerability, etc.

²⁴¹ Considerations relating to cultural impacts may include, for example, the language of instruction and curriculum content in education projects, or culturally sensitive or gender-responsive procedures in projects such as health projects.

²⁴² Where control of resources, assets, and decision-making are predominantly collective, where possible, benefits and compensation will be collective, and take account of intergenerational differences and needs.

other vulnerable groups with equitable access to project benefits. The concerns or preferences of HVRM will be addressed through meaningful consultation and project design, and documentation will summarize the consultation results and describe how HVRM issues, as well as those concerning other vulnerable groups, have been addressed in project design. Arrangements for ongoing consultations with vulnerable groups during implementation and monitoring will also be described.

27. The Borrower should incorporate the outcomes of this engagement into the overall project design. The Bank may request that a broader integrated community development plan²⁴³ be prepared, addressing all beneficiaries of the project and incorporating necessary information relating to the affected HVRM.

28. In some circumstances, the Bank may request that a stand-alone HVRM Plan²⁴⁴ be developed. This time-bound plan will set out the measures or actions proposed to address risks, impacts, potential benefits, and rights of HVRM. The Plan should have the following components:

- a summary of a social assessment carried out of the HVRM, including the applicable legal and institutional framework and baseline data;
- a summary of the results of the meaningful consultation tailored to HVRM, and if the project involves the three circumstances specified in para. 34 of OS7, then the outcome of the process of FPIC carried out with the affected peoples during project preparation;
- a framework for meaningful consultation tailored to HVRM during project implementation;
- measures for ensuring that HVRM receive social and economic benefits that are culturally appropriate and gender-responsive, together with the steps for implementing them. If necessary, this may call for measures to enhance the capacity of the project and governmental agencies;
- measures to avoid, minimize, mitigate, or compensate HVRM for any potential adverse impacts that were identified in social assessment, and steps for implementing them;
- the cost estimates, financing plan, schedule, and roles in and responsibilities for implementing the HVRM Plan;
- accessible procedures appropriate to the project to address grievances by the affected HVRM

arising from project implementation, as described in para. 44 and in OS10; and

- mechanisms and benchmarks appropriate to the project for monitoring, evaluating, and reporting on the implementation of the Plan, including ways to consider input from project-affected HVRM in such mechanisms.

Impacts on lands and natural resources subject to traditional ownership or under customary use, or occupation

29. HVRM are often closely tied to their land and related natural resources (e.g. marine and aquatic resources, timber and non-timber forest products, medicinal plants, hunting and gathering grounds, and grazing and cropping areas). Frequently, land is traditionally owned or under customary use or occupation. While HVRM may not possess legal title to land as defined by national law, their use of the land, including seasonal or cyclical use, for their livelihoods or for cultural, ceremonial, and spiritual purposes that define their identity and community can often be substantiated and documented. The Borrower shall prepare a plan for the legal recognition of such ownership, occupation, or usage, with due respect of the customs, traditions, and land tenure systems of the HVRM concerned when projects involve: (i) activities that are contingent on establishing legally recognized rights to lands and territories that HVRM have traditionally owned or customarily used or occupied (e.g. extractive industries, creation of conservation areas, agro-development schemes, greenfield infrastructure development, land management or titling programmes); or (ii) the acquisition of such lands. The objective of these plans will be to achieve full legal recognition of existing customary land tenure systems of HVRM or the conversion of customary usage rights to communal and/or individual ownership rights.²⁴⁵ If neither option is possible under national law, the plan includes measures for the legal recognition of HVRM's perpetual or long-term, renewable custodial or use rights.

30. If the Borrower proposes to locate a project or activities, or commercially develop natural resources on land traditionally owned by, or under the customary use or occupation of, HVRM, and if adverse impacts²⁴⁶ can be expected, the Borrower shall take the following steps and obtain their FPIC:

- a. Document efforts to avoid and otherwise minimize the area of land proposed for the

243 A community development plan may be appropriate in circumstances where other people, in addition to the HVRM, will be affected by the risks and impacts of the project; where more than one HVRM is to be included; or where the regional or national scope of a programmatic project incorporates other population groups.

244 This includes, inter alia, an Indigenous People Plan, a Pastoralism Management Plan, a Forest-dwellers Plan, and a Nomadic Groups Plan.

245 Conversion of customary usage rights to individual ownership rights will only be an objective following consultation with the HVRM concerned as well as an assessment of its impacts on the communities and their livelihoods.

246 These adverse impacts may include impacts from loss of access to assets or resources, or restrictions on land use resulting from project activities.

- project. This may include identification and consideration of feasible alternative project designs that could protect HVRM customary occupation and interest on the land.
- b. Document efforts to avoid and otherwise minimize impacts on natural resources subject to traditional ownership or customary use or occupation.
 - c. Identify and review all property interests, tenure arrangements, and traditional resource usage prior to purchasing, leasing, or as a last resort, undertaking land acquisition.
 - d. Assess and document HVRMs' resource use without prejudicing any HVRMs' land claim. The assessment of land and natural resource use will be gender-inclusive and specifically consider women's role in the management and use of these resources.
 - e. Ensure that affected HVRM are informed of:
 - (i) their land rights under national law, including any national law recognizing customary use rights;
 - (ii) the scope and nature of the project; and (iii) the potential impacts of the project; and
 - f. Where a project promotes the commercial development of their land or natural resources, afford due process and offer compensation together with culturally appropriate sustainable development opportunities to HVRM, at least equivalent to that to which any landowner with full legal title to the land would be entitled, including:
 - i. providing fair lease arrangements or, where land acquisition is necessary, providing land-based compensation or compensation in kind in lieu of cash compensation where feasible;²⁴⁷
 - ii. ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to and the loss of natural resources independent of project land acquisition;
 - iii. enabling HVRM to share equitably in the benefits to be derived from the commercial development of the land or natural resources where the Borrower intends to utilize land or natural resources that are central to the identity and livelihood of HVRM, and their usage exacerbates livelihood risk; and

- iv. providing affected HVRM peoples with access, usage, and transit on land that the Borrower is developing subject to overriding health, safety, and security considerations.

Relocation of HVRM from lands and natural resources subject to traditional ownership or under customary use or occupation

31. The Borrower shall consider feasible alternative project designs to avoid the relocation of HVRM from communally held²⁴⁸ or attached land, and natural resources subject to traditional ownership or customary use or occupation. If relocation is unavoidable, the Borrower shall not proceed with the project, set of activities or other initiatives unless FPIC has been obtained as described above; the Borrower shall not resort to forced eviction,²⁴⁹ and any relocation of HVRM will meet the requirements of OS5. Where feasible, the relocated HVRM will be able to return to their traditional or customary land, should the cause of their relocation no longer exist.

D. Public consultation and participation

32. As set out in OS10, the rights-based principles of participation, non-discrimination, and transparency in engagement and consultation will be addressed by the Borrower by providing identified vulnerable groups with all the relevant information about the project (including an assessment of potential adverse effects and projected benefits of the project) as early as possible. This is to be carried out in a culturally appropriate manner. Under-represented groups due to gender, poverty or other elements of social vulnerability should be given equal opportunity to voice their opinions and concerns, which should be considered in the project decision-making.

33. Information will be disclosed in appropriate languages²⁵⁰ and in a manner that is timely, accessible, and culturally appropriate, taking into account any vulnerable or minority groups and their rights, specifically to equitable representation as well as their views and interests. It may be appropriate and helpful to include other participants such as relevant agencies and institutions, civil society organizations (CSOs) and community-based organizations, international and local advocacy groups, and academic experts, if a better understanding of the context and an identification of suitable solutions are to be facilitated during the

²⁴⁷ If circumstances prevent the Borrower from offering suitable replacement land, the Borrower must provide verification that such is the case. Under such circumstances, the Borrower shall provide non-land-based, income-earning opportunities over and above cash compensation to affected HVRM.

²⁴⁸ Typically, HVRM claim rights and access to, and use of land and resources through traditional or customary systems, many of which entail communal property rights. These traditional claims to land and resources may not be recognized under national laws. Where HVRM individually hold legal title, or where the relevant national law recognizes customary rights for individuals, the requirements of OS5 will apply, in addition to the requirements under para. 29 of this OS.

²⁴⁹ See para. 40 of OS5.

²⁵⁰ In addition to the former colonial languages that may be commonly used and officially recognized within a country, there may be many local languages used in the areas affected by the project. The Borrower shall need to determine which (if any) of these is to be used for written and verbal communication with people potentially affected people so as to facilitate meaningful consultation.

consultation process. The Borrower may provide targeted capacity building or other assistance to allow vulnerable individuals or groups impacted by the project to participate fully and effectively in engagement and consultation processes.

Meaningful consultation tailored to vulnerable groups

34. To promote effective project design, build local project support or ownership, and reduce the risk of project-related delays or controversies, the Borrower shall undertake an engagement process with affected vulnerable groups, as required in OS10. This engagement process will include a comprehensive stakeholder analysis and engagement planning, disclosure of information, and meaningful consultation, in a culturally appropriate and gender and inter-generationally inclusive manner. It will also:

- a. involve vulnerable group's representative bodies and organizations²⁵¹ (e.g. councils of elders or village councils, chieftains, or women's groups/representatives) and, where appropriate, other community members;
- b. provide sufficient time for the groups' decision-making processes;²⁵² and
- c. allow for vulnerable groups' effective participation in the design of project activities or mitigation measures that could potentially affect them either positively or negatively.

Circumstances requiring Free, Prior and Informed Consent

35. The principle of FPIC refers to the process whereby the affected community of HVRM reaches a decision in accordance with their legal provisions, and cultural traditions and practices.

36. HVRM may be particularly vulnerable to the loss of, alienation from, or exploitation of their land and access to natural and cultural resources. In recognition of this vulnerability, in addition to the general requirements of this OS (Section A) and those set out in OS 1 and OS10, the Borrower shall obtain the FPIC of the affected HVRM in accordance with paras. 35 to 36 in circumstances in which the project will:

- have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation;

- cause the relocation of HVRM from land and natural resources subject to traditional ownership or under customary use or occupation; or
- have significant impacts on HVRM's cultural heritage that is material to their identity and/or the cultural, ceremonial, or spiritual aspects of the affected HVRM's lives.

37. In these circumstances, the Borrower shall engage independent specialists to assist in the identification of the project risks and impacts.

38. There is no universally accepted definition of FPIC. For the purposes of this OS, FPIC is established as follows:

- a. The scope of FPIC applies to project design, implementation arrangements, and expected outcomes related to risks to and impacts on the affected HVRM.
- b. FPIC builds on and expands the process of meaningful consultation described in OS10 and para. 34 above, and will be established through good faith negotiation between the Borrower and affected HVRM.
- c. The Borrower shall document the mutually accepted process to carry out good faith negotiations agreed between the Borrower and HVRM, as well as the outcome of the good faith negotiations between the Borrower and HVRM, including all agreements reached as well as dissenting views; and
- d. FPIC does not require unanimity and may be achieved even when individuals or groups within or among affected HVRM explicitly disagree.

39. For the purposes of this OS, 'consent' refers to the collective support of project-affected HVRM communities, reached through a culturally appropriate process. There may be consent even if some individuals or groups object to project activities, as recognized by para. 38 (d).

40. When the Bank cannot ascertain the FPIC of the affected HVRM, the aspects of the project, activities or initiatives relevant to the affected HVRM for which FPIC cannot be ascertained will not be processed further. Where the Bank has made the decision to continue processing the project other than the aspects for which the FPIC of the affected HVRM cannot be ascertained, the Borrower shall ensure that there will be no adverse impacts on the HVRM during the implementation of the project, activities or other initiatives.

²⁵¹ For projects that have a regional or national scope, the meaningful consultation may be carried out with HVRM organizations or representatives at the relevant national or regional levels. These organizations or representatives will be identified in the stakeholder engagement process described in OS10.

²⁵² Internal decision-making processes are generally but not always collective. There may be internal dissent, and decisions may be challenged by some in the community. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision-making processes to reach conclusions that are considered legitimate by the majority of the concerned participants.

41. Agreements reached between the Borrower and affected HVRM will be described, and actions necessary to reach agreements will be included, in the Environmental and Social Management Plan (ESMP). During implementation, the Borrower shall ensure that the necessary actions are taken, and agreed benefits or improvements to services are delivered so as to maintain HVRM's support for the project.

E. Cultural heritage

42. Where a project may significantly impact cultural heritage²⁵³ that is material to the identity and/or cultural, ceremonial or spiritual aspects of HVRMs' lives, priority will be given to avoiding these impacts. Where significant project impacts are unavoidable, the Borrower shall obtain the FPIC of affected HVRM.

43. Where a project proposes to use the cultural heritage of HVRM for commercial purposes, the Borrower shall inform the affected HVRM of their rights under national law, the scope and nature of the proposed commercial development, and the potential consequences of such development, and shall obtain their FPIC. The Borrower shall also enable HVRM to share equitably in the benefits to be derived from commercial development of such cultural heritage, consistent with the customs and traditions of the HVRM.

F. Grievance mechanisms

44. The Borrower shall ensure that a grievance mechanism is established for the project, as described in OS10, which is culturally appropriate and accessible to affected vulnerable groups, and takes into account

the availability of judicial recourse and customary dispute settlement mechanisms among, for example, HVRM.

G. Vulnerable groups and broader development planning

45. The Borrower may request the Bank's technical or financial support, in the context of a specific project or as a separate activity, for the preparation of plans, strategies or other activities intended to strengthen the consideration and participation of vulnerable groups in the development process. This may include a variety of initiatives designed, for example, to: (i) strengthen local legislation to establish recognition of customary or traditional land tenure arrangements; (ii) address the gender and inter-generational issues among HVRM; (iii) protect tribal and endogenous knowledge including intellectual property rights; (iv) strengthen the capacity of tribal and HVRM to participate in development planning or programmes; and (v) strengthen the capacity of government agencies providing services to vulnerable groups.

46. Affected HVRM may seek support for various initiatives that the Borrower and the Bank should consider, including: (i) support for the development priorities of HVRM through programmes (i.e. community-driven development programmes and locally managed social funds) developed by governments in cooperation with HVRM; (ii) preparation of participatory profiles of HVRM to document their culture, demographic structure, gender, and inter-generational relations, and social organization, institutions, production systems, religious beliefs, and resource use patterns; and (iii) facilitating partnerships among the government, HVRM, CSOs, community-based organizations, and the private sector to promote HVRMs' development programmes.

²⁵³ 'Cultural heritage' is defined in OS8. It includes natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred mountains, sacred trees, sacred rocks, burial grounds, and sites.



Environmental and Social Operational Safeguard 8: Cultural Heritage

Introduction

1. The Bank recognizes that cultural heritage is an inherent and essential part of self-identification, and that it provides continuity in tangible and intangible forms between the past, present, and future. People identify with cultural heritage as a reflection and expression of their constantly evolving values, beliefs, knowledge, and traditions. It is defined as tangible and intangible resources inherited from the past that people identify, independently of ownership, as being a reflection and expression of their constantly evolving values, beliefs, knowledge, and traditions. Cultural heritage is part of every culture throughout the world. In its many manifestations, it is an integral part of people's cultural identity, practice, and self-identity, and is important as a source of valuable scientific and historical information, and as an economic and social (E&S) asset for development. Cultural heritage is also deeply connected to the surrounding environmental and natural world. Operational Standard (OS)8 sets out measures designed to protect cultural heritage throughout the project life cycle.

2. This OS sets out general provisions on the risks to and impacts on cultural heritage from project activities. OS7 sets out additional requirements for cultural heritage in the context of vulnerable groups and HVRM including indigenous peoples. OS6 recognizes the social and cultural values of biodiversity. Provisions on stakeholder engagement and information disclosure that will apply to highlight concerns about cultural heritage are set out in OS10.

Objectives

3. The objectives of OS8 are as follows:

- To protect cultural heritage from the adverse impacts of project activities and support its preservation.
- To address cultural heritage as an integral aspect of sustainable development.
- To promote meaningful consultation with stakeholders regarding cultural heritage as a means to identify and address risks and impacts related to cultural heritage.

- To promote the equitable sharing of benefits from the use of cultural heritage with affected stakeholders.

Scope of application

4. The applicability of this OS is established during the Environmental and Social Assessment (ESA) described in OS1.

5. The term 'cultural heritage' encompasses tangible and intangible heritage, which may be recognized and valued at a local, regional, national or global level, as follows:

- Tangible cultural heritage includes 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. Tangible cultural heritage may be located in urban or rural settings, and may be above or below land or under the water.
- Intangible cultural heritage includes practices, representations, expressions, knowledge, skills, as well as the instruments, objects, artifacts, and cultural spaces associated therewith, that communities and groups recognize as part of their cultural heritage, as transmitted from generation to generation and constantly recreated by them in response to their environment, their interaction with nature, and their history.

6. The requirements of this OS will apply to all projects that are likely to cause risks to or have impacts on cultural heritage. This will include a project that:

- a. involves excavations, demolition, movement of earth, flooding or other changes in the physical environment;
- b. is located within a legally protected area or a legally defined buffer zone;
- c. is located in, or in the vicinity of, a recognized cultural heritage sites; and;
- d. is specifically designed to support the conservation, management and use of cultural heritage;

e. is located in an area that a stakeholder community believes contains cultural heritage of significance to their community.

7. The requirements of OS8 apply to cultural heritage regardless of whether or not it has been legally protected, or previously identified or disturbed.

8. The requirements of OS8 apply to intangible cultural heritage only if a physical component of a project will have a material impact on such cultural heritage or if a project intends to use such cultural heritage for commercial purposes.

Requirements

A. General

9. The ESA, as set out in OS1, will consider direct, indirect, and cumulative project-specific risks to and impacts on cultural heritage. Through the ESA, the Borrower, in consultation with stakeholder(s), will identify cultural heritage and determine the potential risks and impacts of the proposed activities of the project on cultural heritage. The Borrower shall be guided by the following general principles in assessing and managing cultural risks and impacts:

- **A value-added assessment**, which identifies, predicts, evaluates and communicates the probable effects of the project on the cultural life, institutions, and resources of communities.
- **Integrity, authenticity, protection, and management**, which are an integral part of the impact assessment.
- **Preservation**, which is important irrespective of the level of the impact identified.
- **Effective management**, which is important in the implementation phase because if risks and impacts are not well managed, the project may be delayed or prevented.
- **Fit for purpose**, i.e. cultural heritage management must be adapted to suit the needs of each individual situation characterized by the cultural heritage context and the nature of the project and its risks and impacts.
- **Integration**, i.e. cultural heritage management needs to be integrated across the project

management systems (including associated facilities), procedures, and practices at every site.

- **Relationships with communities**, i.e. sound cultural heritage management is integral to relationships with communities. If the Borrower values what the communities value, then the latter are more likely to support the project. Relationships can also include working with communities to protect and enhance their culture and its practices.
- **Managing change**, which is based on the consideration that cultural heritage is not static. Just as culture changes over time, management approaches need to be dynamic and adapt accordingly.
- **Mutual benefit**, which is based on the consideration that effective cultural heritage management can have wider economic, social, and environmental benefits.
- **Meaningful consultation**, which is a good-faith effort to identify and engage with relevant stakeholders for cultural heritage, including not only current local communities, but also other communities with historic and cultural ties.

10. The Borrower shall aim to avoid impacts on cultural heritage. However, should this not be possible, the Borrower shall identify and implement measures to address impacts on cultural heritage in accordance with the mitigation hierarchy.²⁵⁴ Where appropriate, the Borrower shall develop a cultural heritage management plan.²⁵⁵

11. The Borrower shall implement globally recognized practices for field-based studies, documentation, and the protection of cultural heritage in connection with the project, including by contractors and other third parties. This will include preventive conservation measures and emergency planning.

12. A chance-finds procedure is a project-specific procedure that will be followed if previously unknown cultural heritage is encountered during project activities. It will be included in all contracts relating to construction of the project, including excavations, demolition, movement of earth, flooding or other changes in the physical environment. The chance-finds procedure will set out how chance finds associated with the project will be managed. The procedure will include a requirement to: (i) train project personnel and project workers on applicable heritage laws and chance-find procedures; (ii) stop works and fence off the area of finds or sites to avoid further disturbance; (iii) notify the relevant authorities of found objects or sites;

²⁵⁴ Mitigation measures include, inter alia the relocation or modification of the physical footprint of the project; conservation and rehabilitation in situ; relocation of cultural heritage; documentation; strengthening the capacity of national and subnational institutions responsible for managing cultural heritage affected by the project; establishment of a monitoring system to track the progress and efficacy of these activities; establishment of an implementation schedule and the respective budget for the identified mitigation measures; and the cataloguing of finds. Such measures will take into account the provisions in Section D for specific types of cultural heritage.

²⁵⁵ The Cultural Heritage Management Plan will include an implementation timeline and an estimate of resource needs for each mitigation measure. This may be developed as a stand-alone document or, depending on the nature and the scale of the risks and impacts of the project, as part of the ESMP.

(iv) conduct an assessment of found objects or sites by cultural heritage experts and/or stakeholders who may have an association to the object or site; and (v) identify and implement actions consistent with the requirements of this OS and national law.

13. To identify and understand the risks and impacts of a project, the ESA will involve the participation of cultural heritage experts. If the ESA determines that the project may, at any time during the project life cycle, have significant potential risks to and impacts on cultural heritage, the Borrower shall engage cultural heritage experts and consult stakeholders that may have an association with the sites or objects to assist in the identification, valuation assessment, and protection of cultural heritage.

B. Stakeholder consultation and identification of cultural heritage

14. The Borrower shall identify, in accordance with OS10, stakeholders that are relevant for the known cultural heritage or any cultural heritage discovered during the project life cycle. Stakeholders will include, as relevant:

- a. project-affected parties, including individuals and communities within the country who use, have used or continue to ascribe meaning or significance to the cultural heritage; and
- b. other interested parties, who may include national or local regulatory authorities that are entrusted with the protection of cultural heritage, and NGOs and cultural heritage experts, including national and international cultural heritage organizations.

15. The Borrower shall carry out meaningful consultations²⁵⁶ with stakeholders in accordance with OS10 in order to identify cultural heritage that may be affected by the proposed project; consider the significance²⁵⁷ of the cultural heritage affected by the project; assess the potential risks and impacts; and explore avoidance and mitigation options.

Confidentiality

16. The Borrower, in consultation with the Bank and cultural heritage experts, and in agreement with project-affected parties (including individuals and communities), will

determine whether the disclosure of information regarding cultural heritage would compromise or jeopardize its safety or integrity or would endanger sources of information. In such cases, sensitive information may be omitted from public disclosure. If the project-affected parties (including individuals and communities) keep secret the location, characteristics or traditional use of the cultural heritage,²⁵⁸ the Borrower shall put in place measures to maintain confidentiality.

Stakeholders' access

17. Where the Borrower's project site contains cultural heritage or prevents access to previously accessible cultural heritage sites, the Borrower shall, based on consultations with all stakeholders with a cultural association, allow continued access to the cultural site or provide an alternative access route, subject to overriding health, safety, and security considerations.

C. Legally protected cultural heritage areas

18. As part of the ESA, the Borrower shall determine the presence of all listed legally protected cultural heritage areas affected by the project.²⁵⁹ If the proposed project is located within an area legally protected for cultural reasons or a legally defined buffer zone, the Borrower shall:

- a. comply with local, national, regional or international cultural heritage regulations²⁶⁰ and the protected area management plans;
- b. consult the protected area sponsors and managers, project-affected parties (including individuals and communities), and other interested parties on the proposed project; and
- c. implement additional programmes, as appropriate, to promote and enhance the conservation aims of the protected area.

D. Provisions for specific types of cultural heritage

Archaeological sites and material

19. Archaeological sites comprise any combination of structural remains, artifacts, human or ecological elements, and may be located entirely beneath, partially

²⁵⁶ The Borrower shall support the inclusion and cooperation of the various stakeholders through a dialogue with the appropriate authorities, including the relevant national or local regulatory authorities entrusted with the protection of cultural heritage, to establish the most effective means for addressing the views and concerns of the stakeholders, and involving them in the protection and management of the cultural heritage.

²⁵⁷ The significance of cultural heritage is considered according to the value systems and interests of project-affected parties (including individuals and communities) and other interested parties, who are concerned with the protection and appropriate use of the cultural heritage.

²⁵⁸ Communities often prefer to keep secret the significance of their cultural heritage. It may be known only to a specific segment of the local population and associated with ritual activities or events. The sacred character of this heritage may pose a challenge in determining how to avoid or mitigate damage.

²⁵⁹ e.g. World Heritage Sites and nationally and sub-nationally protected areas

²⁶⁰ The applicability of regional or international cultural heritage regulations to the project will be determined through the ESA.

above, or entirely above the land or water surface. Archaeological material may be found anywhere on the earth's surface,²⁶¹ singly or scattered over large areas. This material also includes burial areas,²⁶² human remains, and fossils. Archaeological sites and features may be located outside of legally protected and gazetted cultural heritage areas.

20. Where there is evidence or high probability of past human activity in the area of the project, the Borrower shall conduct desk-based research and field surveys to document, map, and investigate archaeological materials. The Borrower shall document the location and characteristics of archaeological sites and materials identified during the project life cycle, and provide the relevant documentation to the national or subnational cultural heritage authorities.

21. The Borrower shall determine, in consultation with cultural heritage experts, stakeholders, and communities to whom the sites are significant, whether archaeological material identified during the project life cycle requires: (i) documentation only; (ii) excavation and documentation; (iii) conservation in place, and shall manage the archaeological material accordingly; or (iv) relocation. The Borrower shall determine ownership and custodial responsibility for archaeological material in accordance with national and subnational law, and until such time as custody has been transferred, will arrange for identification, conservation, labelling, secure storage, and accessibility to enable future study and analysis.²⁶³

Built heritage

22. Built heritage refers to single or groups of architectural works in their urban or rural setting as evidence of a particular civilization, a significant development or a historic event. Built heritage includes groups of buildings, structures, and open spaces constituting past or contemporary human settlements that are recognized as cohesive and valuable from an architectural, aesthetic, spiritual or socio-cultural perspective.

23. The Borrower shall consult relevant interested and affected parties (including individuals and communities) on the presence of built heritage of cultural significance, and shall identify appropriate mitigation measures to address the impacts on built heritage, which may include: (i) documentation; (ii) conservation or rehabilitation in situ; and (iii) relocation and conservation or rehabilitation.

During any rehabilitation or restoration of cultural heritage structures, the Borrower shall maintain the authenticity of form, construction materials, and techniques of the structure(s).²⁶⁴

24. The Borrower shall preserve the auditory, physical, and visual context of individual or groups of historic structures by considering the appropriateness and effect of project infrastructure proposed for location within the range of sight and sound.

Natural features with cultural significance

25. Natural features may be imbued with cultural heritage significance. Communities play an active role in the natural environment by engineering landscapes²⁶⁵ and undertaking activities such as protecting and cultivating plants for medicinal, ceremonial, and daily use. The significance of such heritage may be localized in small community groups or minority populations.

26. The Borrower shall identify, through research and consultation with affected parties (including individuals and communities), natural features with cultural heritage significance affected by the project, the people who value these features, and the individuals or groups with the authority to represent the claimants/stakeholders and negotiate the location, protection, and use of the heritage site(s).

27. Most natural features with cultural heritage significance are best protected by preservation in situ. Where it is not possible to do so and the project proceeds, the option of transferring the natural features to another location without significant damage to the cultural heritage will be explored. Cultural heritage will be transferred to another location in consultation with project-affected parties and other stakeholders, including national authorities, in accordance with Good International Industry Practice (GIIP). The agreement reached regarding the transfer will respect, and enable the continuation of, the traditional practices associated with the cultural heritage that has been transferred. The transfer arrangements will provide that stakeholders retain rights to and authority over, and can easily access, the heritage through formal institutional arrangements. Additionally, the Borrower shall take steps to preserve and conserve the cultural heritage in perpetuity in accordance with international best practices. Compensation may be required.

²⁶¹ Most archaeological sites are hidden from view. Only rarely is there no archaeological material in any given area; however, local people may be unaware of the presence of archaeological material, or it might not be recorded by national or international archaeological agencies or organizations.

²⁶² The burial areas referred to in para. 19 are unrelated to current populations living in the project area. For more recent burial places connected directly to project-affected parties, appropriate mitigation measures will be identified pursuant to paras. 9 and 10 through consultations with such parties.

²⁶³ Future study and analysis may not be allowed if objected to by affected parties.

²⁶⁴ In compliance with applicable national and subnational laws and/or zoning regulations and in accordance with GIIP.

²⁶⁵ Examples include sacred hills, mountains, landscapes, streams, rivers, waterfalls, caves, and rocks; sacred trees or plants, groves, and forests; carvings or paintings on exposed rock faces or in caves; and paleontological deposits of early human, animal or fossilized remains.

Movable cultural heritage

28. Movable cultural heritage includes such objects as: historic or rare books and manuscripts; paintings, drawings, sculptures, statuettes, and carvings; modern or historic religious items; historic costumes, jewellery, and textiles; fragments of monuments or historic buildings; archaeological material; and natural history collections such as shells, flora or minerals. Chance-find discoveries and access resulting from a project may increase the vulnerability of cultural objects to theft, trafficking or abuse. The Borrower shall take measures to guard against theft and illegal trafficking of movable cultural heritage items affected by the project, and shall notify the relevant authorities of any such activity.

29. The Borrower, in consultation with relevant national cultural heritage authorities, shall identify movable cultural heritage objects that may be endangered by the project, activities or other initiatives, and make provisions for their protection throughout the project life cycle. The Borrower shall inform the religious or secular authorities, or other custodians with responsibility for overseeing and protecting the movable cultural heritage objects of the schedule for relevant activities, and alert them regarding their potential vulnerability.

Intangible cultural heritage

30. Intangible cultural heritage takes many forms, including the practices, representations, expressions, knowledge,²⁶⁶ and skills as well as the associated instruments, objects, artifacts, and cultural spaces that communities and groups recognize as part of their cultural

heritage, as transmitted from generation to generation and constantly recreated by them in response to their environment, their interaction with nature, and their history. Since intangible cultural heritage takes many forms, it can be challenging for the Borrower to ensure that all of its relevant forms are identified and considered during the ESA.

31. The Borrower, in consultation with community and affected stakeholders, will identify and assess the significance of the types of intangible cultural heritage affected by the project.

E. Commercial use of cultural heritage

32. Where a project, activity or initiative intends to use the tangible and intangible²⁶⁷ cultural heritage of project-affected parties (including individuals and communities) for commercial purposes,²⁶⁸ the Borrower shall inform these parties of: (i) their rights under national law; (ii) the scope and nature of the commercial development and the potential impacts; and (iii) the potential consequences of such development and impacts.

33. The Borrower shall comply with the applicable property laws and shall not proceed with such commercial use unless it: (i) carries out meaningful consultation with stakeholders as described in OS10; (ii) provides for fair and equitable sharing of benefits from commercial use of such cultural heritage, consistent with customs and traditions of the project-affected parties; and (iii) identifies mitigation measures according to the mitigation hierarchy.

²⁶⁶ Intangible cultural heritage may come in digital forms and/or may be preserved digitally. Digital cultural heritage may require digital mitigation and preservation tools. Digital content requires specific forms of protection, which may include intellectual property issues.

²⁶⁷ See para. 8.

²⁶⁸ This excludes international exchanges or loans of cultural heritage between countries or museums, which usually include the return and continuing use and practice by the owners.



Environmental and Social Operational Safeguard 9: Financial Intermediaries

Introduction

1. Environmental and Social Operational Safeguard 9 (OS9) recognizes that strong domestic capital and financial markets, and access to finance are important for economic development, growth, and poverty reduction. The Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets. This OS addresses the environmental and social (E&S) requirements associated with intermediated financing through financial and non-financial institutions.

2. Intermediated financing partners (i.e. financial intermediaries, or FIs) of the Bank/Fund are required to identify, assess, monitor, and manage the E&S risks and impacts associated with their overall portfolios and individual subprojects, as appropriate to the nature of the intermediated financing they provide. The way in which the FI will manage its portfolio will take various forms, depending on a number of considerations, including the capacity of the FI and the nature and scope of the funding to be provided by the FI, including the ultimate use of proceeds.

3. FIs are required to develop and maintain, in the form of an Environmental and Social Management System (ESMS), effective E&S systems, procedures, and capacity for assessing, managing, and monitoring risks and impacts of subprojects, as well as responsibly managing overall portfolio risk.

Objectives

4. The objectives of OS9 are as follows:

- To set out how the FI will assess and manage E&S risks and impacts associated with the subprojects that it finances.
- To promote good E&S management practices in the subprojects that the FI finances.

- To promote good environmental and sound human resources management within the FI.
- To support the adoption of best practice standards in corporate governance, business management, and corporate responsibility by enterprises supported by the Bank based upon the requirements of OS1 to OS10, as appropriate.
- To encourage the consideration of E&S governance issues in capital market institutions such as development finance entities and stock exchanges.

Scope of Application

5. This OS applies to FIs such as financial institutions and other entities (e.g. passive equity funds, insurance corporations, commodity exchange entities, capital markets, and capital market support institutions) that receive financial support from the Bank. The range of FIs includes (but is not limited to) public and private financial service providers such as national and regional development banks, microfinance institutions, leasing and factoring companies, bridge finance companies, private sector banks, and investment funds that channel and invest financial resources in a range of economic activities across industry sectors.²⁶⁹ Financial intermediation also includes the provision of financing or guarantees by FIs to other FIs. For the purposes of this OS, the term 'subproject' refers to projects financed by FIs with support from the Bank²⁷⁰ and investments supported by the Bank. Where the project involves on-lending by one FI (tier one) to another FI (tier two), the term 'FI subproject' will include the subprojects of each subsequent tier two FI.

6. The requirements of this OS apply to all FIs that receive support from the Bank, either directly from the Bank or through the Borrower to other FIs, as follows:

- Where Bank support is provided to the FI to fund clearly defined subprojects, the requirements of this OS will apply to each of the subprojects.

²⁶⁹ These FIs use various financial products such as equity investment, subordinated debt, guarantees, project finance, corporate finance, small and medium-sized enterprise finance, microfinance, housing finance, leasing, and trade finance. This OS covers all types of financing and financial products provided to and by FIs that are targeted for productive business activities.

²⁷⁰ FI subprojects' are defined as projects or activities financed by an FI. Where an FI provides financing or guarantees to other FIs, 'FI subprojects' are defined as projects or activities financed by the latter FI with support from the former FI.

- Where Bank support is provided to the FI for a general purpose,²⁷¹ the requirements of this OS will apply to the entire portfolio of the FI's future subprojects from the date on which the Financing Agreement becomes effective.
7. Where an FI receiving support from the Bank provides financing or guarantees to other FIs, the FI will apply the requirements of this OS and will cause each subsequent FI to also apply the requirements of this OS.

Requirements

A. General

8. FIs will put in place and maintain an ESMS to identify, assess, manage, and monitor the E&S risks and impacts of FI subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of E&S risks and impacts of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level.²⁷² Where the FI can demonstrate that it already has an ESMS in place, it will provide adequate documented evidence of such an ESMS, indicating which elements (if any) will be enhanced or modified to meet the requirements of this OS.²⁷³
9. The FI's ESMS will include the following elements: (i) E&S policy; (ii) clearly defined procedures for the identification, assessment and management of the E&S risks and impacts of subprojects; (iii) provisions for the necessary organizational capacity and competency, including the budget; (iv) monitoring and reporting of E&S risks of subprojects and the portfolio; and (v) an external communications mechanism and provisions for information disclosure and grievance mechanism, including on subprojects²⁷⁴ as appropriate.
10. Where FI subprojects are considered by the FI to have minimal or no adverse environmental or social risks or impacts, they will still be expected to comply with any and all national laws and regulations.²⁷⁵

11. The FI will review and adjust, in a manner acceptable to the Bank, its ESMS from time to time, including when the E&S risk profile of its portfolio changes significantly.

12. For FI subprojects to be funded (directly or indirectly, in all or in part) or participated in or guaranteed by the Bank or for all FI subprojects, as the case may be pursuant to para. 6 above, the FI will comply with any restrictions or exclusions in accordance with OS1 and/or in the financing agreement(s), and will apply relevant national law. In addition, the FI will apply the relevant requirements of the OSs to any FI subproject that involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on vulnerable groups and highly vulnerable rural minorities (HVRM) such as indigenous peoples, or significant risks or adverse impacts on the environment, community health and safety, labour and working conditions, biodiversity or cultural heritage.

13. FIs may be required to adopt and implement additional or alternative E&S requirements, depending on their nature, their activities, the sector or countries of operation, and the E&S risks and impacts of the potential FI subprojects.²⁷⁶

14. FIs will provide a safe and healthy working environment; accordingly, relevant aspects of OS2 will apply to them. The FIs will have in place and maintain appropriate Labour Management Procedures (LMPs), including procedures relating to working conditions and terms of employment, non-discrimination and equal opportunity, grievance mechanisms, and occupational health and safety (OHS). The FIs will provide adequate documented evidence of such procedures.

B. The Environmental and Social Management System

The Environmental and Social Policy

15. The Environmental and Social Policy of the FI will be endorsed by the FI's senior management and will include organizational commitments, objectives, and performance benchmarks with regard to the FI's E&S risk management. The policy will clearly state applicable requirements for FI subprojects, and will include the following:

²⁷¹ Support for a 'general purpose' refers to the support that cannot be traced to a specific FI subproject or specific types of financing.

²⁷² For the purpose of assessing the adequacy of the ESMS, the FI portfolio refers to the portfolio of current and/or proposed subprojects to which this OS applies, as described in para. 5.

²⁷³ Where the Bank is providing support to a project involving financial intermediaries (FIs), and other multilateral or bilateral funding agencies will provide or have already provided financing to the same FIs, the Bank may agree to rely on the requirements of such other agencies for the assessment and management of environmental and social (E&S) risks and impacts of the project, including the institutional arrangements already established by the participating FIs, provided that such requirements will enable the project to achieve objectives materially consistent with those of this OS and other OSs, as applicable. Following review by the Bank, an FI may be required to enhance its ESMS, as deemed necessary by the Bank.

²⁷⁴ This refers to disclosure at the project site where the African Development Bank is involved in subprojects of the existence of a project-level grievance redress mechanism (GRM) and the Bank's Independent Recourse Mechanism (IRM) and ensuring that this information is clearly visible, accessible, and understandable to affected communities.

²⁷⁵ This will rely on an assessment of the risks of the potential FI subprojects that the FI is proposing to finance, and the capacity of the FI. This may apply to certain retail financial products, such as consumer loans or credit cards.

²⁷⁶ These requirements will be incorporated into the ESMS and the Environmental and Social Procedures, and/or set out in the financing agreement(s).

- All FI subprojects will be prepared and implemented in accordance with the relevant national E&S laws and regulations.
 - All FI subprojects will be screened against exclusions in the financing agreement,²⁷⁷ including the Bank Group's Negative List.
 - All FI subprojects will be screened for E&S risks and impacts.
 - All FI subprojects that involve resettlement (unless the risks or impacts of such resettlement are minor), significant risks or adverse impacts on HVRM, or significant risks or adverse impacts on the environment, community health and safety, labour and working conditions, biodiversity or cultural heritage, will apply relevant requirements of OSs.²⁷⁸
- d. ensure that the measures needed to satisfy the requirements of (c) above are set out in the financing agreement between the FI and the sub-Borrower or investee company;
 - e. monitor and regularly update E&S information on FI portfolios and subprojects, including by site visits and by requiring subprojects report regularly to the FI on their E&S performance in a manner satisfactory to the FI;
 - f. if the risk profile of an FI subproject increases significantly, apply all relevant requirements of the OSs²⁸² and document them appropriately; and
 - g. monitor the E&S risk of the FI portfolio and prepare and submit to the Bank regular progress reports in line with the requirements in the ESMS. Quarterly reports are required as a minimum although the Bank may require additional reporting (including monthly) depending on the risks and impacts associated with the project and subprojects.

Environmental and Social Procedures

16. The FI will put in place and maintain clearly defined Environmental and Social Procedures that reflect and implement the FI's Environmental and Social Policy. The procedures will be proportionate to the nature of the FI and the level of potential E&S risks and impacts associated with the FI subprojects.²⁷⁹ The procedures will address internal reporting and approval pathways.

17. The FI's Environmental and Social Procedures will include measures to:

- a. screen all FI subprojects to be funded (directly or indirectly, in all or in part) or participated in or guaranteed by the Bank against any exclusions in the financing agreement, including the Bank Group Negative List;
- b. screen, review, and risk rate²⁸⁰ the subprojects according to their potential E&S risks and impacts;
- c. require that all the aforementioned FI subprojects are assessed, prepared, and implemented to meet relevant national laws and regulations. In addition, where an FI subproject involves resettlement (unless the risks or impacts of such resettlement are minor), significant risks or adverse impacts on HVRM, or significant risks or adverse impacts on the environment, community health and safety, labour and working conditions, biodiversity or cultural heritage, the relevant requirements of the OSs are applied;²⁸¹

Risk rating of subprojects

18. As part of the Environmental and Social Procedures, the FI will develop and adopt a risk rating/categorization system for subprojects with clearly defined risk categories. The categorization system will take into account: (i) the nature and magnitude of E&S risks and impacts of subprojects; (ii) the sectoral and geographical context; and (iii) the type of financing. The risk categorization will inform the scope and nature of the FI's Enhanced Due Diligence (EdD) and risk management of its subprojects. This categorization system will allow for a systematic aggregation and analysis of risk at the portfolio level.

19. As part of its E&S risk categorization system, the FIs will categorize as high risk any subproject that involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on vulnerable groups, or significant risks or impacts on the environment, community health and safety, labour and working conditions, biodiversity or cultural heritage.

Organizational capacity and competency

20. The FI will develop and maintain organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities.²⁸³ The FI will designate

277 These will be set out in the financing agreement(s) between the FI and the entity providing financing to the FI, and will reflect the exclusions in the financing agreement pursuant to which the Bank provides its support.

278 The relevant requirements of the OSs will be applied to such projects regardless of how such projects are categorized under the FI's own risk categorization system as referred to in para.18. The Environmental and Social Procedures will require that these FI subprojects conduct stakeholder engagement pursuant to OS10 in a manner proportionate to the risks and impacts of the FI subprojects.

279 Where the FI already has the appropriate Environmental and Social Procedures in place, it will provide adequate documented evidence of these procedures to the Bank and, following review, will enhance them, as deemed necessary.

280 A three-tier risk rating is sufficient (high, medium, low).

281 The Environmental and Social Procedures will require the FI subprojects to conduct stakeholder engagement pursuant to OS10 in a manner proportionate to the risks and impacts of the FI subprojects.

282 The 'relevant requirements of the OSs' will relate to the reasons for which the risk profile of the FI subproject has increased.

283 The ESMS must be in place and adequately resourced before lending or investing can take place using Bank support.

a representative of the FI's senior management to have overall accountability for the E&S performance of the FI subprojects, including the implementation of this OS and OS2, and the relevant necessary supporting resources. The representative will: (i) designate staff to be responsible for day-to-day implementation of the ESMS, including the Environmental and Social Procedures (some responsibilities should be assigned to credit/loan officers); (ii) ensure that adequate resources are available for management of and training in E&S issues; and (iii) ensure that adequate technical expertise, either in-house or external expert support, is available to carry out due diligence and manage the E&S risks of the FI subprojects, including by providing implementation support as required.

21. The FI will ensure that the requirements of this OS and OS2 are clearly communicated to all relevant FI personnel, which may include human resources, investment, legal, and credit officers, and security personnel, and that the relevant personnel have the necessary knowledge and capabilities (including by providing appropriate training) for managing E&S risks in accordance with the FI's ESMS.

Monitoring and reporting

22. The FI will monitor the E&S performance of the FI subprojects in a manner proportionate to the risks and impacts of the FI subprojects, and provide regular progress reports to the FI's senior management. This will include a periodic review of the effectiveness of the FI's ESMS.

23. The FI will promptly notify the Bank of any significant accidents or incidents associated with FI subprojects. If the risk profile of an FI subproject increases significantly, the FI will notify the Bank and will apply relevant requirements of the OSs in a manner agreed with the Bank, as set out in the ESMS. The FI will monitor the agreed measures and actions, and report to the Bank as appropriate.

24. The FI will submit to the Bank:

- quarterly reports on the E&S aspects of subprojects and on the overall portfolio, in a form and substance satisfactory to the Bank;
- Annual Environmental and Social Reports (AESRs) on the implementation of its ESMS, including its

Environmental and Social Procedures, this OS, and OS2, as well as the E&S performance of its portfolio of FI subprojects. The annual report will include details of how the requirements of this OS are being met, the nature of the FI subprojects financed through the project, and the overall portfolio risk, profiled by sector.

C. Stakeholder engagement

25. The FI will require FI subprojects to conduct stakeholder engagement in a manner proportionate to their risks and impacts, which will reflect the type of FI subprojects it will finance. The relevant provisions of OS10 will be included in the FI's Environmental and Social Procedures. In certain circumstances, depending on the risks and impacts of the project and the type of FI subprojects it will finance, the Bank may require the FI to be engaged in stakeholder engagement.

26. The FI will put in place procedures for external communications on E&S matters proportionate to the risks and impacts of the FI subprojects, and the risk profile of the FI's portfolio. The FI will respond to public enquiries and concerns in a timely manner.

27. The FI will disclose its ESMS through the FI's website, should it have one, and will allow, in writing, the Bank to disclose it on the Bank's website, in accordance with para. 59 of the Environmental and Social Plan (ESP).

28. The FI will require its sub-Borrowers to comply with national requirements for disclosure of information. In addition, the FI will require subprojects to disclose any project-related documents (e.g. ESA reports, resettlement plans, and vulnerable group plans) required (i) by the application of the OSs; and (ii) for any FI subprojects categorized as *high* risk in accordance with the FI's own categorization system. Also, any E&S monitoring reports will also be required relating to (i) or (ii). The FI will require that the subprojects disclose the Bank's support to them, the existence of the project-level GRM, and the Bank's IRM, and ensure that this information is clearly visible, accessible, and understandable to affected communities.



Environmental and Social Operational Safeguard 10: Stakeholder Engagement and Information Disclosure

Introduction

1. In its aim to meet its primary objective of assisting African countries to attain economic development and social progress, the Bank acknowledges that the right to effective participation in decision-making is essential for the development of inclusive and just societies.

2. This Environmental and Social Operational Safeguard (OS) therefore recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social (E&S) sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.

3. Stakeholder engagement is an inclusive process conducted throughout the project life cycle. When properly designed and implemented, it supports the development of strong, constructive, and responsive relationships that are important for successful management of a project's E&S risks. Stakeholder engagement is most effective when initiated at an early stage of the project development process, and is an integral part of early project decisions and the assessment, management, and monitoring of the project's E&S risks and impacts.

4. This OS must be read in conjunction with OS1. Requirements regarding engagement with workers are found in OS2. Special provisions on emergency preparedness and response are covered in OS2 and OS4. Where projects involve involuntary resettlement, vulnerable groups, high risk rural minorities (HVRM) or cultural heritage, the Borrower shall also apply the special disclosure and consultation requirements set out in OS5, OS7, and OS8.

Objectives

5. The objectives of OS10 are as follows:

- To establish a systematic approach to stakeholder engagement that will help Borrowers identify

stakeholders, and build and maintain a constructive relationship and channels of communication with them, in particular project-affected parties.

- To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and E&S performance.
- To promote and provide the means for safe, effective, and inclusive engagement with project-affected parties, inclusive of women's perspectives, in an equitable manner, and vulnerable groups, in a manner free of reprisal, throughout the project life cycle on issues that could potentially affect them.
- To enhance project benefits and mitigate harm to local communities.
- To ensure that appropriate project information on E&S risks and impacts is disclosed to stakeholders in a timely, understandable, accessible, and appropriate manner and format.
- To provide project-affected parties with accessible and inclusive means to provide input, raise issues, questions, proposals, concerns, and grievances, and allow Borrowers to respond to and manage such grievances.
- To promote development benefits and opportunities for project-affected communities, taking into account the needs of women, including vulnerable groups, in a manner that is accessible, equitable, culturally appropriate, and inclusive.

Scope of application

6. OS10 applies to all of the Bank Group's funded operations. The Borrower shall engage with stakeholders as an integral part of the project's ESA and project design and implementation, as outlined in OS1.

7. For the purpose of this OS, 'stakeholder' refers to individuals or groups who:

- are affected or are at risk of being affected by the operation, directly or indirectly (project-affected parties); and/or

- may have an interest in the operation (other interested parties).

Requirements

A. General

8. Borrowers shall engage with stakeholders throughout the project life cycle, commencing as early as possible in the project development process and in a time frame that enables meaningful consultations with stakeholders on project design. The nature, scope, and frequency of stakeholder engagement will be proportionate to the nature and scale of the project, and its potential risks and impacts.

9. Borrowers shall facilitate meaningful consultations with all stakeholders by providing them with timely, relevant, understandable, and accessible information, and consulting with them in a culturally appropriate manner, free of manipulation, interference, coercion, discrimination, intimidation, and reprisal.

10. As set out in further detail in this OS, the process of stakeholder engagement will involve the following: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; (vi) providing feedback to stakeholders; and (vii) a sufficient budget for implementation of all stakeholder engagement activities planned throughout the project life cycle.

11. The Borrower shall maintain and publicly disclose as part of the ESA a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received, and a brief explanation of whether or not the feedback was taken into account, and if so, how.

B. Engagement during project preparation

Stakeholder identification and analysis

12. The Borrower shall identify the different stakeholders, both project-affected parties and other interested parties.²⁸⁴

As set out in para. 7, individuals or groups that are affected or likely to be affected by the project will be identified as 'project-affected parties', and other individuals or groups that may have an interest in the project will be identified as 'other interested parties'.

13. The Borrower shall identify project-affected parties (individuals or groups) who may be vulnerable due to their particular circumstances.²⁸⁵ Based on this identification, the Borrower shall further identify individuals or groups who may have different concerns and priorities about project impacts, mitigation mechanisms, and benefits, and who may require different or separate forms of engagement. An adequate level of detail will be included in the stakeholder identification and analysis so as to determine the level of communication that is appropriate for the project.

14. Depending on the potential significance of E&S risks and impacts, the Borrower may be required to retain independent third-party specialists to assist in the stakeholder identification and analysis to support a comprehensive analysis and the design of an inclusive engagement process.

The Stakeholder Engagement Plan

15. In consultation with the Bank, the Borrower shall develop and implement a Stakeholder Engagement Plan (SEP)²⁸⁶ proportionate to the nature and scale of the project and its potential risks and impacts.²⁸⁷ A draft of the SEP will be disclosed as early as possible, and before project appraisal, and the Borrower shall seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the Borrower shall disclose an updated SEP.

16. The SEP will describe the timing and methods of engagement with stakeholders throughout the life cycle of the project as agreed between the Bank and the Borrower, distinguishing between project-affected parties and other interested parties. The SEP will also describe the nature and timing of information to be communicated to project-affected parties and other interested parties, as well as the type of information to be sought from them.

17. The SEP will be designed to take into account the main characteristics and interests of the stakeholders, and the different levels of engagement and consultation that will

²⁸⁴ The stakeholders of an operation/project will vary depending on the details of the operation or project. They may include local communities, national and local authorities, neighbouring projects, and NGOs.

²⁸⁵ As described in OS1 and OS7, 'vulnerable group' refers to populations of individuals who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. These individuals are also more likely to be excluded from or unable to participate fully in the mainstream consultation process, which therefore may require specific measures and/or assistance to remedy this situation.

²⁸⁶ Depending on the nature and the scale of the risks and impacts of the project, the elements of a Stakeholder Engagement Plan (SEP) may be included as part of the ESMP and preparation of a stand-alone SEP may not be necessary. Thus, for lower risk projects, the SEP may consist of a few paragraphs, while for a large complex infrastructure project, a separate and comprehensive SEP will be more appropriate.

²⁸⁷ Where possible, stakeholder engagement will utilize engagement structures within the national system, for example, community meetings, supplemented as needed with project-specific arrangements.

be appropriate for different stakeholders. The SEP will set out how communication with stakeholders will be handled throughout project preparation and implementation.

18. The SEPs will describe the measures that will be used to remove obstacles to participation, and how the views of differently affected groups will be captured. Where applicable, the SEP will include differentiated measures to allow the effective participation of those identified as vulnerable. Dedicated approaches and an increased level of resources and independent third-party specialists (e.g. stakeholder engagement, cultural, gender, indigenous specialists, or organizations representing persons with disabilities, women's organizations) may be needed for communication with such differently affected groups so that they can obtain the information they need regarding the issues that will potentially affect them. SEPs will state and include concrete measures to implement the Borrower's commitments to prevent reprisals against project stakeholders.

19. When stakeholder engagement with local individuals and communities depends substantially on community representatives (e.g. village heads, councils of elders, clan heads, tribal chiefs, community and religious leaders, local government representatives, civil society representatives, politicians or teachers), the Borrower shall make reasonable efforts to verify that they indeed represent their respective views and that they are facilitating the communication process in an appropriate, accurate, and timely manner, for example, by conveying information provided by the Borrower to the communities, and their comments and the concerns to the Borrower.

20. In certain circumstances,²⁸⁸ depending on the level of information available about the project, the SEP will outline the general principles and a collaborative strategy to identify stakeholders and plan for an engagement process in accordance with this OS, which will be further developed and implemented in accordance with this OS once the location(s) is (are) known.

Information disclosure

21. The Borrower shall disclose project information to allow stakeholders to understand the risks and impacts of the project and potential opportunities. The Borrower shall provide stakeholders with access²⁸⁹ to the following information, in a non-technical form, as early as possible, before the Bank proceeds to project appraisal, and in a time frame that enables meaningful consultations with stakeholders on project design:

- a. the purpose, nature, and scale of the project and its area of influence;
- b. the duration of proposed project activities;
- c. potential risks and impacts of the project on local communities, and the proposals for mitigating them, highlighting those that might disproportionately affect vulnerable groups and describing the differentiated measures taken to avoid and minimize them;
- d. the potential opportunities and development benefits from the project for local communities;
- e. the proposed stakeholder engagement process highlighting the ways in which stakeholders can participate;
- f. the locations where the disclosed information is available for review;
- g. the time and venue(s) of any proposed public consultation meetings, and the process by which meetings will be notified, conducted, summarized, and reported.
- h. the process and means by which grievances can be raised and will be addressed, including information about the project's grievance mechanism and the Bank's IRM.

22. Information will be disclosed on an ongoing basis as appropriate throughout the project life cycle, in relevant local languages²⁹⁰ and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (e.g. disability, literacy, gender, mobility, differences in language or accessibility).

Meaningful consultation

23. The Borrower shall undertake a process of meaningful consultation in a manner that provides stakeholders with opportunities to express their views on project risks, impacts, and mitigation measures, and allows the Borrower to consider and respond to them.²⁹¹ Meaningful consultation will be carried out on an ongoing basis as the nature of issues, impacts, and opportunities evolves.

24. Meaningful consultation is a two-way process that:

- a. begins early in the project planning process to gather initial views on the project proposal and inform project design;
- b. encourages stakeholder feedback, particularly as a way of informing project design and engagement

²⁸⁸ One example is where the exact location of the project or project components is not known, as referred to in footnote 42 of para. 53 of the Environmental and Social Policy (ESP).

²⁸⁹ Access needs to be in a manner that facilitates meaningful consultation. Ways to achieve this include placing copies of documents in locations where the public has access, leaving the information with chiefs or elders, and disclosing information through the media or national gazette.

²⁹⁰ The Borrower should identify the languages that people speak and understand and select appropriate choices. The aim is not to facilitate equality of languages in an area, but to efficiently maximize outreach to people.

²⁹¹ In situations where vulnerable groups are present, refer also to the stakeholder engagement requirement in OS7; specifically, for FPIC, see section D.

by stakeholders in the identification and mitigation of E&S risks and impacts;

- c. continues on an ongoing basis, as risks and impacts arise;
- d. is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful, and easily accessible information in a time frame that enables meaningful consultations with stakeholders in a culturally appropriate format and in relevant local language(s), and that is understandable to stakeholders;
- e. considers and responds to feedback;
- f. supports active and inclusive engagement with project-affected parties;
- g. is free of external manipulation, interference, coercion, discrimination, intimidation, and reprisal;²⁹² and
- h. is adequately documented and disclosed by the Borrower.

C. Engagement during project implementation and external reporting

25. The Borrower shall continue to engage with, and provide information to, project-affected parties and other interested parties throughout the life cycle of the project, in a manner appropriate to the nature of their interests and the E&S risks and impacts of the project.²⁹³

26. The Borrower shall continue to conduct stakeholder engagement in accordance with the SEP, and will build upon the channels of communication and engagement already established with stakeholders. In particular, the Borrower shall seek feedback from stakeholders on the E&S performance of the project and the implementation of the Environmental and Social Management Plan (ESMP).

27. If there are significant changes to the operation or project that result in additional risks and impacts, particularly on project-affected parties, the Borrower shall provide information on such risks and impacts, and consult with project-affected parties on how these risks and impacts will be addressed through the mitigation hierarchy. The Borrower shall disclose an updated ESMP, setting out any additional mitigation measures.

D. Grievance mechanisms

28. The Borrower shall respond to concerns and grievances of project-affected parties related to the E&S performance of the project in a timely manner. For this purpose, the Borrower shall propose and implement a grievance mechanism²⁹⁴ to receive and facilitate resolution of such concerns and grievances.

29. The grievance mechanism will be proportionate to the potential risks and impacts of the operation or project and will be accessible and inclusive. Where feasible and suitable, it will utilize existing formal or informal grievance and conflict resolution mechanisms, supplemented as needed with project-specific arrangements. Further details on grievance mechanisms are set out in Annex 1.

30. The grievance mechanism is expected to address concerns promptly, effectively, transparently, and in a manner that is culturally appropriate and readily accessible to all project-affected parties, at no cost and without retribution. The mechanism, process or procedure will not prevent access to judicial or administrative remedies. The Borrower shall inform the project-affected parties about the grievance process in the course of its community engagement activities, and will make publicly available a record documenting the responses to all grievances received.

31. Grievances will be handled in a culturally appropriate, accessible, and understandable manner, and will be discreet, objective, sensitive, and responsive to the needs and concerns of the project-affected parties. The mechanism will also allow for anonymous complaints to be raised and addressed.

E. Organizational capacity and commitment

32. The Borrower shall define clear roles, responsibilities, and authority, as well as designate specific personnel (with competency and experience in stakeholder engagement) to be responsible for the implementation and monitoring of stakeholder engagement activities and compliance with this OS.

²⁹² The Bank recognizes that fear of reprisal is a barrier for stakeholders' participation and would require the Borrower to ensure that it will not occur.

²⁹³ Additional information may need to be disclosed at key stages in the project cycle, for example, prior to the start-up of operations, and on any specific issues that the disclosure and consultation process or grievance mechanism has identified as of concern to stakeholders.

²⁹⁴ The grievance redress mechanism (GRM) to be provided under this OS will include aspects required under other OSs (see OS5 and OS7). However, the grievance mechanism for project workers required under OS2 will be provided separately.

Annex 1: Environmental and Social Operational Safeguard 10: Grievance Mechanism²⁹⁵

1. The scope, scale, and type of grievance mechanism required will be proportionate to the nature and scale of the potential risks and impacts of the project. Grievance mechanisms will need to be mindful of vulnerable people in the project context.
2. Grievance mechanisms may include the following:
 - a. different ways in which users can submit their grievances, which may include submissions in person or anonymously, by phone, text message, mail, email or web site;
 - b. a log where grievances are registered in writing and maintained as a database;
 - c. publicly advertised procedures, setting out the length of time that users can expect to wait for the acknowledgement, response, and resolution of their grievances;
 - d. transparency about the grievance procedure, governing structure and decision makers; and
 - e. an appeals process (including the national judiciary) to which unsatisfied grievances may be referred when resolution of grievance has not been achieved.
3. The Borrower may provide mediation as an option where users are not satisfied with the proposed resolution.

²⁹⁵ Where the risk of sexual exploitation, abuse and harassment (SEAH) or gender-based violence (GBV, child labour or modern slavery has been identified and/or a related complaint has been filed/registered, the grievance redress mechanism (GRM) shall include relevant technical expertise and remedial provisions

Annex 2: Environmental and Social Operational Safeguard 10: Addressing Reprisal Risks

1. In the event that reprisal risks are identified, the Borrower shall implement specific measures to prevent reprisals. These include the use of best practices in safe consultations, independent monitoring of project implementation, training, proactive community outreach, the enhancement of project-affected communities' awareness of and ability to access independent grievance mechanisms, or other modifications to project design to mitigate the risks of reprisals.
2. Safe consultations include:
 - a. using specialists when interacting with vulnerable populations in order to prevent incidental harm;
 - b. emphasizing that stakeholders will not face reprisals for opposing the project or engaging with grievance mechanisms, which makes the consultation process safer for them; and
 - c. establishing mechanisms for submitting anonymous feedback and conducting stakeholder consultation events in neutral spaces to further reduce reprisal risk.
3. Addressing reprisals after they occur:
 - d. The Borrower shall ensure the confidentiality of at-risk stakeholders participating in consultations or other engagements and the security of related data and communication channels.
 - e. The Borrower shall address reprisals in connection with a project, including through timely response to and engagement with stakeholders who report incidents.
 - f. The Borrower shall act only with the consent of the complainant(s) to avoid exposing the person(s) concerned to additional risks of retaliation if their identity becomes known.
 - g. The Borrower shall also stay in contact with the complainant(s) when possible and provide them (through secure communication channels if necessary) with information about the actions being taken to address the situation.
4. The Borrower shall cooperate with the African Development Bank by providing information on reprisal risks and how they are managed and resolved.

D. Glossary



Glossary

- **Accessibility** refers to the identification and elimination of obstacles and barriers to provide access to the physical environment, transportation, information and communications, including information and communications technologies and systems, and to other facilities and services open or provided to the public, both in urban and in rural areas.
- **Assimilative capacity** refers to the capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.
- **Associated facilities** refers to facilities or activities that are not funded by the Bank but which in its judgment are carried out or are planned to be carried out as a necessary requirement for the project financed by the Bank to be viable.
- **Biodiversity** is the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.
- **Categorization of project environmental and social risk:**
 - **Category 1:** High-risk operations likely to cause significant and/or irreversible adverse environmental and/or social impacts on a large scale, or to significantly affect environmental or social components that the Bank or the borrowing country considers sensitive. This includes projects classified as *high risk* under national legislation or *moderate-risk* projects financed by the Bank in a low environmental and social (E&S) implementation capacity or fragile context.
 - **Category 2:** *Moderate-risk* operations likely to cause adverse E&S impacts that are lower than in Category 1 operations, medium-scale, easily reversible, and readily minimized by applying appropriate management and mitigation measures, or incorporating internationally recognized design criteria and standards. These include projects classified as *moderate risk* under national legislation, or *low-risk* projects financed by the Bank in a lack of E&S implementation capacity or fragile context.
 - **Category 3:** *Low-risk* operations that do not directly or indirectly adversely affect the environment and that are unlikely to induce adverse social impacts. This category does not require a formal ESA although E&S mitigation or maximization measures may be included/recommended in the project design.
- **Chance-find (procedure).** A chance find is archaeological material encountered unexpectedly during the project construction or operation. A chance-finds procedure is a project-specific procedure that will be followed if previously unknown cultural heritage is encountered during project activities. The chance-finds procedure will set out how chance finds associated with the project will be managed. It will include a requirements to: notify relevant authorities of found objects or sites by cultural heritage experts; fence off the area of finds or sites to avoid further disturbance; conduct an assessment of found objects or sites by cultural heritage experts; identify and implement actions consistent with the requirements of OS8 and national law; and train project personnel and project workers on chance-find procedures.
- **A client** is an entity that is eligible to receive financing, investment or technical assistance (TA) from the Bank on non-sovereign terms, and to whom financing or investment flows will be disbursed. In addition, the client is responsible for fulfilling specific conditions and for repayments to the Bank as per financing agreements, in the case of non-grant resources.
- **Collective attachment** refers to a physical presence for generations 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.

- **Core functions** of a project constitute the production and/or service processes that are essential for a specific project activity without which the project cannot continue.
- **Critical habitat** is defined as areas with high biodiversity importance or value, including: (i) 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; (ii) habitat of significant importance to endemic or restricted-range species; (iii) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; (iv) a highly threatened or unique system; and (v) ecological functions or characteristics that are needed to maintain the viability of the biodiversity values described above in (i) to (iv).
- **Cultural heritage** is defined as resources with which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge, and traditions.
- **Ecosystem services** are the benefits that people derive from ecosystems, which are organized into four types: (i) provisioning services, which are the products that people obtain from ecosystems and which may include food, freshwater, timbers, fibres, and medicinal plants; (ii) 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; (iii) 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 recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.
- **Environmental, Health, and Safety Guidelines (EHSGs)** are technical reference documents with general and industry-specific statements of Good International Industry Practice (GIIP). The EHSGs contain the performance levels and measures that are generally considered achievable in new facilities by existing technology at reasonable cost. For a complete reference, consult the World Bank Group Environmental, Health, and Safety Guidelines.
- **The Environmental and Social Management Plan (ESMP)** refers to all the economic and social (E&S) impacts and measures, as approved in all the disclosed E&S documents and agreed between the Bank and Borrower. For projects involving multiple subprojects whose locations are not known by the Bank's Board date, the commitment refers to the ESMP as defined in section III.2.3 of the Environmental and Social Plan (ESP) and will include, at a minimum, the findings of ESA documents for the earliest scheduled investment(s) that involve(s) physical works.
- **Financial feasibility** is based on relevant financial considerations, including the relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment and operating and maintenance costs, and on whether this incremental cost could make the project nonviable for the Borrower.
- **Financing agreement** refers to the legal agreement signed between the Bank and the Borrower with respect to the Bank's support (financing and assistance) to operations.
- **Financing instrument** refers to loans, grants, guarantees, equity or any other forms of financing products and services and/or assistance provided by the Bank in support of the Borrower operations.
- **Forced eviction** is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land that they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles stated in OS5. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower shall not be considered to be forced eviction providing that it complies with the requirements of national law and the provisions of OS5, 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 appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).
- **Free, Prior and Informed Consent (FPIC)** is a process of dialogue and negotiation that goes beyond mere consultation, where seeking the consent of the HVRM is always the objective and in certain circumstances consent is actually required. The elements of FPIC are: *Free*: of intimidation or coercion; *Prior*: timely in relation to the assessment process, allowing sufficient time to access and understand information and prepare responses; and *Informed*: advance provision of relevant, understandable and accessible information, in the appropriate language. *Consent*: does not mean 'veto' or 'unanimity' on the project before the Board consideration. The pursuit of FPIC

should be undertaken in accordance with the HVRM group's own customary norms and traditional methods of decision-making, with their legitimate representatives, and should be culturally appropriate. Any conflict should be resolved within the community membership itself.

- **Good International Industry Practice (GIIP)** is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of this exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.
- **Habitat** is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. Habitats vary in their sensitivity to impacts and in the various values society attributes to them.
- **Highly vulnerable rural minorities (HVRM)** refer to specific socio-cultural minority groups in rural areas whose culture and life are vitally and sustainably dependent on natural resources and/or landscapes of their living environments, and whose cultures and quality of life are under threat whenever the features of these natural resources or landscapes may be substantially deteriorated. This includes minorities qualified as indigenous people under national legislation, forest dwellers, traditional pastoralists, etc.
- **Historical pollution** is defined as pollution from past activities affecting land and water resources for which no party has assumed or been assigned responsibility to address and carry out the required remediation.
- **Integrated pest management (IPM)** refers to a mix of farmer-driven, ecologically based pest control practices that seek to reduce reliance on synthetic chemical pesticides. It involves (i) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (ii) integrating multiple methods (relying, to the extent possible, on nonchemical measures) to keep pest populations low; and (iii) 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. It seeks to improve the efficacy, cost-effectiveness, ecological soundness and sustainability of disease vector control.
- **International waterways** are referred to as (i) any river, canal, lake, or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Bank members or not; (ii) any tributary or other body of surface water that is a component of any waterway described in (i) above; and (iii) any bay, gulf, strait or channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states, and any river flowing into such waters.
- **Involuntary resettlement** refers to impacts caused by project-related land acquisition or restrictions on land use, such as physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both. 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.
- **Land acquisition** refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property, and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (i) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (ii) repossession of public land that is used or occupied by individuals or households; and (iii) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. 'Land' includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies.
- **Livelihood** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

- **Modified habitats** are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area's primary ecological functions and species composition. Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed coastal zones, and reclaimed wetlands.
- **Natural habitats** are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.
- **Non-sovereign operation** refers to financing provided by the Bank to a non-government that is not covered by a sovereign guarantee and on non-concessional terms.
- **Operation** is an undertaking, in the form of a project or programme of initiatives, by a Borrower, towards the achievement of specific well-defined objectives and outputs. The African Development Bank may provide the Borrower with financing or non-financing assistance toward the realization of an operation.
- **Outcome** is an effect that materializes during or in the medium-term financing of the execution of a financing operation.
- **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, odour nuisances, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.
- **Pollution management** includes measures designed to avoid or minimize emissions of pollutants, including short- and long-lived climate pollutants, given that measures that tend to encourage a 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.
- **Primary suppliers** are suppliers who provide directly to the project goods, services or materials essential for the core functions of the project, set of activities or other initiatives, including during the implementation phase. 'Core functions' of a project constitute those production and/or service processes essential for a specific project activity without which the project, activities or other initiatives cannot continue.
- **Project** refers to the activities for which Bank support is sought by the Borrower and as defined in the project's financing agreement between the Borrower and the Bank.
- **Project worker** refers to: (i) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (*direct workers*); (ii) people employed or engaged through third parties to perform work related to core functions of the project, regardless of the location (*contracted workers*); (iii) people employed or engaged by the Borrower's primary suppliers (*primary supply workers*); and (iv) people employed or engaged in providing community labour (*community workers*). This includes full-time, part-time, temporary, seasonal, and migrant workers. Migrant workers are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.
- **Replacement cost** is defined as a method of valuation yielding compensation sufficient to replace assets, plus the necessary transaction costs associated with asset replacement. Where there are functioning markets, the replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where there are no functioning markets, the 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 labour for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, the 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 the replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure compensation at the 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** refer to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, and restrictions on land use within utility easements or safety zones.
- **Security of tenure** refers to the resettlement of individuals or communities 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. In no event will resettled persons be provided tenure rights that are in effect weaker than the rights they had to the land or assets from which they have been displaced.
- **Sexual abuse** refers to the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions, when such conduct interferes with work, is made in a condition of employment, or creates an intimidating, hostile, or offensive work environment.
- **Sexual exploitation** refers to any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including but not limited to, profiting monetarily or socially from the sexual exploitation of another, when such conduct interferes with work, is made in a condition of employment, or creates an intimidating, hostile or offensive work environment.
- **Sexual harassment** refers to any unwelcome sexual advance, request for sexual favour, verbal or physical conduct or gesture of a sexual nature, or any behaviour of a sexual nature that might reasonably be expected to cause offense or humiliation to another, when such conduct interfere with work, is made in a condition of employment or creates an intimidating, hostile or offensive work environment.
- **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.
- **Universal access** refers to unimpeded access for people of all ages and abilities in different situations and under various circumstances.
- **Vulnerable** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from or unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. Depending on the specific context of the project, vulnerable groups may include, among others, female-headed households, the landless, the elderly, youth and children, persons with disabilities, groups who are marginalized on the basis of ethnicity, religion, language, as well as sexual orientation and gender identity, and highly vulnerable rural minorities including groups referred to as indigenous peoples in some contexts. Vulnerability is not an inherent characteristic of people and does not occur in a vacuum. Women, for instance, are not inherently more vulnerable than men; but discrimination, entrenched social roles and attitudes, poverty, and lack of access to decision-making can weaken their resilience and render them vulnerable to project risk and adverse impacts. Vulnerability is thus context-specific and is to be understood through the interplay of three factors: (i) exposure to risk and adverse impacts; (ii) sensitivity to those risks and impacts; and (iii) adaptive capacity.



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