African Development Bank Group

Updated Integrated Safeguards System
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# ABBREVIATIONS AND ACRONYMS

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<th>Full Form</th>
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<tbody>
<tr>
<td>ACHPR</td>
<td>African Commission on Human and Peoples Rights</td>
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<td>AU</td>
<td>African Union</td>
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<td>BAP</td>
<td>Biodiversity Action Plan</td>
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<td>CBD</td>
<td>Convention on Biological Diversity</td>
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<td>CBO</td>
<td>Community Based Organization</td>
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<td>CDD</td>
<td>Community-Driven Development</td>
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<td>CO₂</td>
<td>Carbon Dioxide</td>
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<td>CITES</td>
<td>Convention on the International Trade in Endangered Species</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>DLI</td>
<td>Disbursement Linked Indicator</td>
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<td>DUC</td>
<td>Dam Under Construction</td>
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<td>EHSGs</td>
<td>World Bank Group Environmental, Health and Safety Guidelines</td>
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<td>ESIA</td>
<td>Environmental and Social Impact Assessment</td>
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<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
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<td>ERP</td>
<td>Emergency Response Plan</td>
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<td>ES</td>
<td>Environmental and Social</td>
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<td>ESA</td>
<td>Environmental and Social Assessment</td>
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<td>ESMP</td>
<td>Environmental and Social Plan</td>
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<td>ESMP</td>
<td>Environmental and Social Management Plan</td>
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<td>EMS</td>
<td>Environmental and Social Management System</td>
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<td>FAO</td>
<td>Food and Agriculture Organization (of the UN)</td>
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<td>FI</td>
<td>Financial Intermediary</td>
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<td>FPCI</td>
<td>Free, Prior and Informed Consultation</td>
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<td>GBV</td>
<td>Gender-Based Violence</td>
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<td>GCF</td>
<td>Green Climate Fund</td>
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<td>GHG</td>
<td>Greenhouse Gas</td>
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<td>GM</td>
<td>Grievance Mechanism</td>
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<td>GIIP</td>
<td>Good International Industry Practice</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IFI</td>
<td>International Financial Institution</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td>IPM</td>
<td>Integrated Pest Management</td>
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<td>IRM</td>
<td>Independent Recourse Mechanism</td>
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<td>ISS</td>
<td>Integrated Safeguards System</td>
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<td>IVM</td>
<td>Integrated Vector Management</td>
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<td>MFI</td>
<td>Multilateral Financial Institution</td>
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<td>NGO</td>
<td>Nongovernmental Organization</td>
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<td>NSO</td>
<td>Non-Sovereign Operation</td>
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<td>O&amp;M</td>
<td>Operation and Maintenance</td>
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<td>OHS</td>
<td>Occupational Health and Safety</td>
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<td>OP</td>
<td>Operational Policy</td>
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<td>OS</td>
<td>Environmental and Social Operational Safeguard</td>
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<td>PMP</td>
<td>Pest Management Plan</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
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<td>RAP</td>
<td>Resettlement Action Plan</td>
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<td>RBF</td>
<td>Results-Based Financing</td>
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<td>RHA</td>
<td>Risk Hazard Assessment</td>
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<td>RMC</td>
<td>Regional Member Country</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SEAH</td>
<td>Sexual Exploitation, Abuse and Harassment</td>
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<td>SEP</td>
<td>Stakeholder Engagement Plan</td>
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<tr>
<td>SESA</td>
<td>Strategic Environmental and Social Assessment</td>
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<td>SO</td>
<td>Sovereign Operation</td>
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<td>SPV</td>
<td>Special Purpose Vehicle</td>
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TA Technical Assistance
UNDRIP United Nations Declaration on the Rights of Indigenous Peoples
Overview of the African Development Bank Group’s Integrated Safeguards System

1. In 2013, the African Development Bank adopted an Integrated Safeguards System (also referred to as the “2013 ISS”) which established the Bank Group’s commitment to sustainable development, consolidating and building upon the Environment (2004) and Involuntary Resettlement (2003) safeguard policies, as well as cross-cutting policies and strategies on Gender (2001), the Civil Society Engagement Framework (2012) and the AfDB Climate Change and Green Growth Strategic Framework: Projecting Africa’s Voice (2021). This consolidated approach also built upon the Bank’s sector policies such as Forestry (1993), Agriculture and Rural Development (1999), Water (2021), and the Strategy for Quality Health Infrastructure in Africa 2021-2030 (2021).

2. The key aims underlying the ISS were to:
   - Better align the safeguards with the Bank’s new policies and strategies.
   - Adopt Good International Industry Practice.
   - Adapt the safeguards to an evolving range of lending and investment products.
   - Work towards greater harmonization of safeguards with those of other multilateral finance institutions.
   - Tailor safeguards 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 Operational safeguards on (i) Environmental and Social Assessment; (ii) Involuntary Resettlement, Land acquisition, Population Displacement and Compensation; (iii) Biodiversity and Ecosystem Services (iv) Pollution Prevention and Control, Hazardous Materials and Resource Efficiency and; (v) Labour Conditions, Health and Safety.
   - Environmental and Social assessment Procedures.

4. The ISS was the subject of a review following five years of implementation, as stipulated by the Bank’s Board of Directors and this included an evaluation carried out by the Bank’s Independent Development Evaluation. 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 that time, significant updates and revisions to safeguards frameworks have been carried out by most of the Multilateral Financial Institutions (MFIs), along with a significant number of bilateral

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1 This overview does not form part of the ISS and is for information only.
2 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 risks and impacts can be identified and addressed.
development partners and private sector financial institutions. Updating of the ISS will allow for AfDB’s ISS to converge once again with the safeguards of the other MFIs in line with the aim for greater harmonization amongst development partners.

5. Since the Board of Directors approved the 2013 ISS, policy review and updating has been carried out by the Islamic Development Bank (IsDB), World Bank (WB), European Bank for Reconstruction and Development (EBRD) (twice), and 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/IFC model. Many bilateral development agencies, export credit agencies and the Equator Principles institutions have also made considerable progress in convergence of their environmental and social governance policies and requirements towards those of the MFIs, principally the IFC and the World Bank.

6. The review and update has presented the opportunity to address both new emerging issues and elevated concerns and demands around existing issues. Key amongst these are (i) the need to enhance governance, 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; the Sustainable Development Goals and (x) natural and man-made climate change events and disasters such as increasing frequency of extreme and adverse weather events (flooding, drought, global warming, ocean warming, polar ice melt and glacier retreat) and (xi) 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 and strategies and innovative financing mechanisms.
- Further integrate consideration of environmental and social 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 and stakeholder engagement activities by adopting 10 Operational Safeguards.
- Broadens the coverage of environmental and social 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 environmental and social requirements and standards.
- Provides more direction and clarity on the Bank’s environmental and social requirements for the projects, activities and initiatives of its Borrowers.
• Increases the Bank’s alignment and support to Regional Member Countries in meeting the Sustainable Development Goals (SDGs).

• Assists Regional Member Countries and Borrowers in strengthening their own safeguards systems and their capacity to manage environmental and social risks.

9. The updated Integrated Safeguards System (ISS) comprises:

• The *African Development Bank Group’s Vision for Sustainable Development*, which sets out the Bank Group’s approach and aspirations regarding environmental and social sustainability.

• The *African Development Bank Group’s Environmental and Social Policy* that 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 Environmental and Social Operational Safeguards (OS)*, together with supporting Annexes, which set out the mandatory requirements that apply to the projects, activities and initiatives of Borrowers.

• *Environmental and Social Guidance Notes (ISS Guidance notes)* which 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 Operational Safeguards. Bank’s ISS Guidance Notes are supplemented where necessary by the World Bank Group Environmental, Health and Safety (EHS) Guidelines that were adopted by the MFI Working Group on Environment. The guidance notes provide advisory information³.

10. The *Ten E&S Operational Safeguards* (OS) set out the requirements for Borrowers relating to the identification and assessment of environmental and social 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 environmental and social risks and impacts, will support Borrowers’ goal of protecting communities and the environment from unintentional harm, as well as in achieving their goal to reduce poverty and increase prosperity, in a sustainable manner, for the benefit of the environment and communities. The E&S Operational Safeguards will support Borrowers: (a) in achieving good international practice relating to environmental and social sustainability; (b) in fulfilling their national and international environmental and social obligations; (c) enhance non-discrimination, transparency, participation, accountability and governance; and (d) enhance the sustainable development outcomes of projects, activities and other initiatives through ongoing stakeholder engagement.

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

  o **E&S Operational Safeguard 1**: Assessment and Management of Environmental and Social Risks and Impacts.

  o **E&S Operational Safeguard 2**: Labour and Working Conditions.

  o **E&S Operational Safeguard 3**: Resource Efficiency and Pollution Prevention and Management.

  o **E&S Operational Safeguard 4**: Community Health, Safety and Security.

  o **E&S Operational Safeguard 5**: Land Acquisition, Restrictions on Access to Land and Land Use, and Involuntary Resettlement.

³ See the disclaimer that prefaces all guidance materials.
o E&S Operational Safeguard 6: Habitat and Biodiversity Conservation and Sustainable Management of Living Natural Resources.

o E&S Operational Safeguard 7: Vulnerable Groups.

o E&S Operational Safeguard 8: Cultural Heritage.

o E&S Operational Safeguard 9: Financial Intermediaries.

o E&S Operational Safeguard 10: Stakeholder Engagement and Information Disclosure.

12. E&S Operational Safeguard 1 (OS1) applies to all projects, activities and other initiatives for which Bank financing is sought. OS1 establishes the importance of: (a) the Borrower’s existing environmental and social framework in addressing the risks and impacts of the project; (b) an integrated environmental and social assessment to identify the risks and impacts of a project, activity or other initiative; (c) effective stakeholder engagement through disclosure of relevant information, consultation and effective feedback; and (d) management of environmental and social risks and impacts, including climate risk and adaptation, by the Borrower throughout the life-cycle of operations. The Bank requires that all environmental, social risks and impacts, including climate vulnerability and adaptation, of the operations be addressed as part of the environmental and social assessment conducted in accordance with OS1.

13. OSs 2 to 10 complement OS1 and set out the obligations of the Borrower in identifying and addressing environmental and social risks and impacts that may require particular attention. These Operational Safeguards 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. Operational Safeguard 5 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 the Bank’s 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 Bank’s non-compliance with its own policies and procedural requirements.
A. An African Vision for Sustainable Development

1. In 2013, the African Development Bank Group reached an important milestone with the approval of the Bank’s Integrated Safeguards System by the Bank’s Board of Directors (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 challenges faced by Member countries on their pathways to economic development. Since that time much has changed. Climate change, continued biodiversity and habitat loss, natural disasters, extreme poverty, inclusion and pandemics have brought additional challenges. These are being targeted in many ways and in particular, by the establishment of Sustainable Development Goals under the auspices of the United Nations which frame development interventions. The African Development Bank, along with its development partners continues to evolve and progress its assistance to both the public and private sector whilst also tackling these global environmental and social problems. The Bank’s strategy for 2013-2022 ‘At the Centre of Africa’s 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 involvement and engagement of communities to the benefits of development. Through green growth, the Bank seeks pathways to a more sustainable development that eases pressure upon natural assets and better manages environmental and social risks and impacts. Green growth priorities include building resilience to climate change and adverse climate events and natural disasters, providing sustainable infrastructure, supporting and creating ecosystem services and making more efficient and sustainable use of natural resources.

2. To intensify its efforts to meet these goals and address more directly the SDGs, the Bank took additional steps in 2015 by establishing the ‘High 5s’, a gender strategy as well as, in subsequent years, new lending and investing instruments such as program-based lending and a revised non-sovereign operations policy in 2018.

3. The Bank’s updated Integrated Safeguards System provides a stronger, broader framework to support Bank efforts to realize 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, as well as providing pragmatic and risk-based approaches to addressing the environmental and social risks, impacts and opportunities presented by Bank operations. The updated ISS also provides a framework for addressing challenges related to application of E & S safeguards in situations of disasters and emergencies, such as during Ebola outbreaks and the Covid-19 pandemic where 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 its aims and goals. The Bank is committed to maximising operational efficiency and minimising costs for its borrowers in complying with environmental and social safeguards. Accordingly, the Bank supports harmonising 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 upon a common approach.

5. The Bank recognizes that the achievement of sustainable development is dependent on effective collaboration with everyone who has a stake in the development outcome of projects and other activities and initiatives, including public and private sector development partners. The Bank is committed to the use and development of country and borrower’s 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 Integrated Safeguards System. The Bank is committed to open dialogue, safe public consultation free of reprisal, timely and full access to information, and responsive grievance mechanisms.
Draft Updated Integrated Safeguards System – PUBLIC CONSULTATIONS

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 strategies for the coming decade. These strategies recognize that all economies, particularly developing ones, still need to grow, but they need to do so sustainably, so that development interventions and income-producing opportunities are not pursued in ways that limit or close off opportunities for future generations. It recognizes that climate change is affecting the nature and location of projects, and that Bank Group operations should reduce their impact on the climate by supporting lower carbon emissions development trajectories. The AfDB works on climate change because it is a fundamental threat to development in our lifetime. Even more importantly, the Bank is committed to supporting its borrowing countries to manage their economies by investing in climate resilience while ending poverty and boosting shared prosperity.

7. Equally, social development and inclusion are critical for all of the AfDB’s development interventions and for achieving sustainable development. For the Bank Group, inclusion means 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 the 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 recognises that poverty, environmental degradation and gender inequalities are often strongly interrelated and so the Bank 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 compensation plans that lead to enhanced gender equality.

8. In this regard, the AfDB’s activities support the realization of human rights expressed in the Universal Declaration of Human Rights, the UN 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 Group, the AfDB 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 AfDB uses its convening ability, financial instruments, and intellectual resources to embed this commitment to environmental and social sustainability across all its activities, which range from the Bank’s global engagement in issues such as climate change, disaster risk management, and gender equality, to ensuring that environmental and social 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 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 to people and the environment;
- Conserve or rehabilitate biodiversity and natural habitats, 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 toward project-affected individuals or communities and give particular consideration to vulnerable groups, including highly vulnerable

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4 For example, Toward a Green, Clean and Resilient World for All: An African Development Bank Group Environment Strategy 2012-2022.
5 Especially Article III, Section 5 (b) and IV, Section 10.
minority 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 and 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 environmental and social assessment 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, such 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 environmental and social issues with donor governments, international organizations, countries of operation and civil society. The updated ISS provides a strong basis for this, along with the Bank’s policies on disclosure, consultation and engagement with civil society.

13. The Bank recognizes the importance of extractive industries in African economies and its evident linkages to environmental and social sustainability. The Bank has also mainstreamed the Extractive Industries Transparency Initiative (EITI) in its own sector 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.

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6 ‘Do no harm’ refers to a strong focus on minimizing adverse impacts arising from projects rather than also considering ways and opportunities to bring about benefits.
B. 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 Group is committed through its operations to supporting Borrowers 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 country and Borrower’s environmental and social frameworks to assess and manage the environmental and social risks and impacts of their projects. To this end, the Bank has defined the E&S Operational Safeguards (OSs), which are designed to maximise positive impacts and to avoid, minimise, reduce, mitigate or compensate the adverse environmental and social 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.

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);

   (b) Screen all projects against the environmental and social exclusion list;

   (c) Undertake its own due diligence of proposed projects, proportionate to their nature and the potential significance of the environmental and social risks and impacts associated with them;

   (d) As and where required, support the Borrower to carry out early and continuing engagement and meaningful consultation with stakeholders, in particular affected communities, and in providing project-based grievance mechanisms;

   (e) Assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental, social and climate-related risks and impacts 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 Environmental and Social documents, provisions and the Financing agreement; and

   (g) Monitor the environmental and social performance of a project in accordance with all applicable Environmental and Social documents, provisions and the Financing agreement.

3. The environmental and social risks and impacts that the Bank will take into account in its due diligence shall be those associated with the projects including the following:

   - Mindful of the Bank’s long-term strategic approach to inclusive and green growth, the Bank Group is committed through its operations to supporting Borrowers 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 country and Borrower’s environmental and social frameworks to assess and manage the environmental and social risks and impacts of their projects. To this end, the Bank has defined the E&S Operational Safeguards (OSs), which are designed to maximise positive impacts and to avoid, minimise, reduce, mitigate or compensate the adverse environmental and social 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.

   - In this Policy, the term ‘Bank Group’ means the co-operative group of the AfDB that includes the Bank and Fund. Herein, the term ‘bank’ is used to refer to the bank or other entities within the AfDB group. However, both ‘bank’ and ‘fund’ may be used separately where a distinction between the two needs to be made.

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

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

   - Environmental and social risk is the combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence.

   - Environmental and social impacts refer (i) to any quantitative and/or qualitative, positive or negative, direct or indirect modification of the physical, natural, socio-economic and cultural features of the project’s receiving environment; and (ii) the impacts on the health and well-being on community and workers, in the project influence area and as result of the implementation of the activities of the project to be supported.

   - Project means Borrower’s activities and initiatives supported through all Bank financial and non-financial assistance.

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

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

   - Climate risks, mitigation and adaptation objectives are dealt with comprehensively within the Bank Group strategy on Climate change.
Environmental risks and impacts, including: (i) those identified in the E&S Operational Safeguards, cross-cutting policies and strategies and Environmental, Health, and Safety Guidelines (EHSGs) such as noise, vibration, soil integrity, hydrogeology, visual and landscape impacts; (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other trans-boundary 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

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 security through the escalation of personal, communal or inter-state conflict, crime or violence; (iii) risks that project impacts fall disproportionately on individuals or groups who, because of their particular circumstances, may be vulnerable; (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 Operational Safeguards, 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.
- OS 8: Cultural Heritage.
- OS 9: Financial Intermediaries.
- OS 10: Stakeholder Engagement and Information Disclosure.

5. The E&S Operational Safeguards are designed to help Borrowers to manage the risks and impacts of their projects, and improve their environmental and social 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 and proportionate to the level of environmental and social risks and impacts.

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16 The Bank prepares guidance and technical notes on environmental, health, safety, social, security, gender and climate issues. The Bank 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. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult the Bank’s website and the following link: http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehs/guidelines

17 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 environmental and social assessment itself.

18 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, amongst others, female-headed households, the landless, the elderly, youth and children, the disabled, 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.
II. Scope of Application

6. This Corporate Policy and the OSs apply to all Bank Group’s funded operations regardless of the type 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 timeframe 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, the Bank may choose not to proceed with them.

7. For the purpose of this Policy, the term “project” refers to 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 facilities or activities and/or existing facilities or activities, or a combination of the same. 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 environmental and social risks and impacts of the project. A common approach will be acceptable to the Bank, provided that such approach will enable the project to achieve objectives materially consistent with those of the OSs. The Bank will require the Borrower to apply the common approach to the project. The Bank will also coordinate with such 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.

10. For the purpose of this Policy, the term “Associated Facilities” means facilities or activities that are not funded by the Bank but which in the judgement of the Bank 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) A common approach has been agreed for the project, the common approach will apply to the Associated Facilities;

   (b) Associated Facilities are being funded by other multilateral or bilateral funding agencies, the Bank may agree to apply the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the Associated Facilities, provided that such requirements will enable the project to achieve objectives materially consistent with the those of the ISS.

III. Bank Commitments, Requirements and Responsibilities

III.1 Bank’s general Commitments and Responsibilities

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

13. The Bank’s environmental and social due diligence will be appropriate to the nature and scale of the operation, and proportionate to the level of environmental and social risks and impacts, with due regard to the mitigation hierarchy. The due diligence 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 environmental and social assessment of projects proposed for Bank support in accordance with OS1.

15. The Bank’s due diligence responsibilities will include, as appropriate: (a) reviewing the information provided by the Borrower relating to the direct, indirect, cumulative, and residual risks and impacts of the operations and requesting additional and relevant information where there are gaps that prevent the Bank from completing its due diligence; and (b) providing guidance to assist the Borrower in developing appropriate measures consistent with the mitigation hierarchy to address environmental and social 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 environmental and social due diligence in accordance with this Policy.

16. Where the Bank is approached to provide support for (i) a project that is under implementation; (ii) where the project has already received national permits, including the approval of environmental and social impact assessments or (iii) 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 environmental and social risks and impacts, the Bank will determine whether the Borrower will be required to retain independent third-party specialists to assist them in the environmental and social due diligence on the project.

18. The Bank recognizes that the total cost of the project includes the full cost of all resettlement activities, factoring in the loss of livelihood and earning potential among the affected population. The Bank will support borrower’s efforts on projects involving involuntary resettlement including direct financing of the investment costs of resettlement, either as a component of the project or as a standalone 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, the Bank may require the Borrower to retain an independent third-party resettlement specialist to support the Borrower in implementing the resettlement action plan.

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 timeframe acceptable to the Bank. In establishing the manner and an acceptable timeframe, the Bank will take into account the nature and significance of the environmental and social 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 The mitigation hierarchy is defined in OS1, paragraph 23.
23 For example, pre-feasibility studies, scoping studies, national environmental and social assessments, licenses and permits.
22. Where the Bank has agreed that the Borrower may plan or take specific measures or actions to avoid, minimize, reduce, mitigate or compensate specific risks and impacts of the project over a specified timeframe, the Bank 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 existing activities that do not meet the requirements of the OSs at the time of approval by the Bank, the Bank 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 timeframe acceptable to the Bank. In determining satisfactory measures and an acceptable timeframe, the Bank will take into account the nature and scope of the project and the technical and financial feasibility of the proposed measures.

24. Where relevant, the Bank will require the Borrower to apply the Bank’s ISS Guidance Notes. 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 environmental and social assessment. 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 EHSGs, and is unlikely to result in any significant environmental or social harm.

25. The Bank supports the use of the Borrower’s environmental and social framework (E&S Framework) in the assessment, development and implementation of projects supported by the Bank, provided this is likely to address the risks and impacts of the project, and enable the project to achieve objectives materially consistent with those of the OSs. The use of all, or part, of the Borrower’s E&S Framework will be agreed 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 E&S Framework that may materially adversely affect the project, the Bank will discuss the change with the Borrower. If, in the opinion of the Bank, such change is inconsistent with this section and 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 take such other measures as the Bank deems appropriate, including applying the Bank’s remedies.

27. The Bank is committed to ensuring, at any time during the operations life cycle, protection of all stakeholders against reprisals, SEAH, GBV or discrimination on the ground 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 after such project documents are accompanied by the Environmental and Social Compliance Note (ESCON) cleared by the Bank’s E&S Safeguards and Compliance function.

III.2. 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: High Risk (Category 1), Moderate Risk (Category 2) or Low Risk (Category 3). In determining the appropriate project’s E&S risk

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24 E&S Guidance Notes (ISS Guidance Notes) includes specific methodological approaches, Good International Industry Practice (GIIP) and standards relevant to meeting the requirements of the E&S Operational Safeguards. Bank Guidance Notes are supplemented where necessary by the World Bank Group Environmental, Health and Safety Guidelines (EHSG) that were adopted by the MFI Working Group on Environment and contain the performance levels and measures that are normally acceptable and applicable to projects.

25 The decision to use all, or parts, of the Borrower’s ES Framework will not relieve the Bank of any of its due diligence obligations set out in Section III of this Policy.

26 See definitions of each category in the Glossary.
classification, the Bank will take into account relevant issues, such as the project’s E&S categorization as per country’s legislation, the type, location, sensitivity, and scale of the project; the nature and magnitude of the potential environmental and social 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 environmental and social risks and impacts in a manner consistent with the OSs. Other areas of risk may also be relevant to the delivery of environmental and social 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 documents that the borrower will prepare and disclose prior to appraisal.

30. The Bank will review the risk classification assigned to operations on a regular basis, including during implementation\(^\text{27}\), and will change the classification where necessary, 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**\(^{28}\)

31. Where Bank support is sought for a Borrower’s undertaking that involves a single project or defined use of proceeds (including restructuring, refinancing or retroactive financing), the Borrower will carry out environmental and social 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 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 OSs 1-10 as relevant.

33. If Bank support is sought for a project which involves existing facilities or business activities and/or associated facilities, the assessment will consider the environmental and social risks and impacts associated with such facilities and activities. This may take the form of an environmental and social audit, which amongst other things, will identify and consider legacy issues.

34. In reviewing request for support for retroactive finance, refinancing or restructuring the Bank will need to review the following information provided by the Borrower: (i) its Environmental and Social Management System and/or its Environmental and Social Management Plan and associated capacity; (ii) the environmental and social 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 environmental and social performance against OSs 1-10.

**Undertakings involving Multiple Projects, Sub-projects 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 *Environmental and Social Management System* (ESMS) that, in form and substance is satisfactory to the Bank.

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\(^{27}\) Adaptive management of E&S risk along the project cycle

\(^{28}\) The Bank may finance specific activities (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 and quasi-equity (such as subordinated, mezzanine and convertible debt) instruments, etc.
• Ensure that all activities, sub-projects and other initiatives of the undertaking co-financed by the Bank comply with the Environmental & 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, sub-projects and other activities that the Borrower considers supporting or investing in.

• Require for sub-projects, investee companies and other activities co-financed by the Bank, compliance with local and national requirements and with the relevant requirements of Operational Safeguards 1-10 as determined during environmental and social due diligence or specified by the Bank.

• Monitor and manage environmental and social risks and impacts associated with the loans, investments and other activities supported by the Borrower.

• Report to the Bank promptly any Materially Significant Adverse Events that arise (such as accidents, emergencies, spills, legal action, civil unrest, human rights abuses) in relation to any projects, sub-projects, investments or other activities supported by the Bank Group.

Public Projects Involving Multiple Subprojects

36. For Bank operations involving multiple subprojects, that are identified, prepared and implemented during the course of the operation, the Bank will approve the project subject to the commitment of the Borrower, which will be disclosed within the timeframe required in this ISS and reflected in the Financing agreement, 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 appropriate environmental and social assessment of High Risk and Moderate Risk subprojects and prepare and implement such subprojects in accordance with the national laws and the OSs.

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

Intermediated Financing (IF)

38. Where the Bank is providing support to an FI, the Bank will require the FI to put in place and maintain an Environmental and Social Management System (ESMS) to identify, assess, manage, and monitor the environmental and social risks and impacts of FI subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts 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.

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.

29 Specified in the Financing agreements between the Bank and the Borrower but no more than three calendar days.
30 Paragraphs 36 to 37 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 Bank’s Board approval date.
31 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.
32 The ‘relevant requirements of the OSs’ will relate to the reasons for which the risk rating has increased.
33 Such support may be provided directly by the Bank to the FI, or from the Borrower to the FI. Financial intermediation also includes provision of financing or guarantees by FIs to other FIs.
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40. If the risk profile of a FI subproject increases significantly, the Bank will require the FI to (a) notify the Bank; (b) apply relevant requirements of the OSs in a manner agreed with the Bank as set out in the ESMS; and (c) monitor the measures and actions agreed, 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 (RBF)

42. When the Bank provides financial support using the RBF mechanism in support of objectives agreed with the Bank, the Bank will conduct an environmental and social system assessment (ESSA) of the program/project, in collaboration with the borrower. The Bank’s approach will focus upon Borrower country frameworks (often termed country systems\(^{35}\)), 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 upon by stakeholders and disclosed by the Bank prior to appraisal. High risk (Category 1) operations are not eligible for results-based financing.

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 OSs in a manner agreed with the Bank. The measures and actions agreed will be included in the appropriate action or management plan and will be monitored by the Bank.

Projects with Transboundary E&S risks

Project on international waterways

44. Projects on international waterways\(^{37}\) 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.

45. 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, formally to notify the other riparians of the proposed project and its details (risks, impacts and measures.) If the prospective borrower indicates to the Bank that it does not wish to give notification\(^{38}\), the Bank itself will notify. If the borrower also objects to the Bank’s doing so, the Bank discontinues processing of the project.

46. The Bank ascertains whether the riparians have entered into agreements or arrangements or have established any institutional framework for the international waterway concerned. In the latter case, the

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\(^{34}\) The ‘relevant requirements of the OSs’ will relate to the reasons for which the risk profile of the FI subproject has increased.

\(^{35}\) A ‘country E&S safeguard system means 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 environmental and social policies and greening of development policies, establishment of environmental and social standards, compliance and quality assurance, support to public and private entities on environmental and social management, and application of decision-making procedures for mainstreaming climate change into development interventions’

\(^{36}\) The ‘relevant requirements of the OSs’ will relate to the reasons for which the risk rating has increased.

\(^{37}\) Include (a) 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 (b) detailed design and engineering studies of projects under (a) above, including those to be carried out by the Bank as executing agency or in any other capacity.

\(^{38}\) Notification is not required in the following situations: (a) For any ongoing schemes, projects involving additions or alterations that require rehabilitation, construction, or other changes that in the judgment of the Bank (i) will not adversely change the quality or quantity of water flows to the other riparians and (ii) will not be adversely affected by the other riparian states’ possible water use; (b) 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; (c) 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.

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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.

47. Following notification, if the other riparians 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 riparians, the Bank informs them of its decision.

Projects in Disputed Areas

48. Projects located in disputed areas may raise a number of issues 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 neighboring 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.

49. 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.

50. For any project located in a disputed area, the Bank's team will study the nature of the dispute. The Appraisal report for any project located in a disputed area will analyze the nature of the dispute and indicates that the Bank team have examined the issue and made sure:

(a) that the other parties to the dispute concerning the area have no objection to the project; or

(b) that, in any other case, the project has particular characteristics justifying its support by the Bank, regardless of any objection or non-consent of other parties to the dispute. Such characteristics include the fact that:

(i) the project does not harm the interests of other parties to the dispute; or

(ii) a contradictory claim has not been the subject of international recognition or scrutiny.

51. In all cases, the Financing agreement will contain a declaration stipulating that the Bank's support to the project does not mean that the Bank takes a position as to the legal or other status of the territories in question, nor that it prejudices the final settlement of requests of the involved parties. The legal function of the Bank will draft the appropriate corresponding sections of the Financing agreement.

III.2.3. Environmental and Social Management Plan (ESMP)

52. The Bank will agree an ESMP with the Borrower. The ESMP will set out the material measures and actions required for the project to meet the OSs over a specified timeframe. 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.

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

54. Where circumstances arise during the implementation of operations, such as changes in project scope or unforeseen circumstances, that have a material effect on E&S risks and impacts and their management,

39 The ESMP refers to all the E&S measures, as approved in all the disclosed E&S documents and agreed between the Bank and Borrower.

40 The availability of the resettlement and compensation cost, part of the environmental and social management plan's (ESMP) costs included in the overall project cost, is evidenced either as: (i) included in the Bank financing (loan, grant, etc.); or (ii) a co-financing from another donor; or (iii) a counterpart funding, which is the less preferable option to consider, due to lessons learnt based on 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 condition for effectiveness or first disbursement in the Financing agreement. Any operation inducing resettlement of people and that do not clarify the at least one of the abovementioned three financial liquidity option, is not ready for implementation.
the Bank will require the Borrower to develop and implement an adaptive management plan and/or process. This will become an integral part of the ESMP and the Financing agreement.

**III.2.4. Information Disclosure**

55. The Bank will apply the African Development Bank ‘Policy on Disclosure and Access to Information’ with regard to all documents provided to it by the Borrower, subject to the confidentiality concerns described therein.

56. For all projects, the Bank will require the Borrower to provide sufficient information about the potential risks and impacts of a project or programme for the Borrower’s consultations with its stakeholders. Such 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 they can provide meaningful input into project design and mitigation measures.

57. For all projects, upon review and clearance⁴¹ of the E&S documentation, the Bank will require the Borrower to disclose said E&S documentation prior to appraisal and then authorize the Bank to do so within the same timeframe, regardless of the E&S category. The documentation will address, in an adequate manner, the key risks and impacts of the proposed project and project alternatives, 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 E&S assessment documentation prior to project appraisal, and at least one hundred and twenty (120) days before Board consideration.

58. When an assessment of the Borrower’s E&S Framework has been completed, the Bank will disclose a summary of the assessment on its website.

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

60. The Bank will maintain an Integrated Safeguards Tracking System (ISTS) as a mechanism through which environmental and social 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 a number of key functions:

   (a) **Repository function.** The ISTS acts as a repository for key environmental and social assessment information generated over the lifetime of the project. At each stage of the project cycle, fundamental environmental and social information relevant to that stage 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 that documentation, are accompanied by the Environmental and Social Compliance Note (ESCON) issued by the Bank’s E&S Safeguards and Compliance function.

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⁴¹ The Bank’s clearance of E&S documentation does not confer legal and implementation responsibility on the Bank for the risks, impacts and management measures that may ensue during any phase of the project, that are the responsibilities of the Borrower. Rather, clearance in this context confirms that the Bank has exercised its due diligence in following the Bank’s requirements in supporting the borrower and in obtaining and analyzing available information to determine that the project is materially consistent with the requirements of the Bank’s ISS. (To be further considered in the light of the results of public consultations.)
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(c) Access to information function. The ISTS provides a mechanism through which the public can access environmental and social assessment information. It contains links to the environmental and social documents over the project cycle, including all the reports reviewed and cleared during the implementation of the project. Environmental and social assessment documents are made public at relevant stages of the project cycle through the ISTS, which is disclosed on the AfDB websites.

III.3. Consultation and Participation

61. 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 and impacts on affected communities. The Borrower will 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, and how such concerns 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 of its due diligence, the implementation of consultation and stakeholder engagement by the Borrower.

62. 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’ (HVRM) may be present, the criteria in paragraphs 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 people concerned, and the Borrower. The Bank may follow the Borrower host country’s national processes during its screening for identification of ‘Highly vulnerable rural minorities’, where these processes meet the requirements of OS7. Where ‘Highly vulnerable rural minorities’ are present in, or have a collective attachment to, the proposed project area, the Bank will require the Borrower to undertake a process of meaningful consultation tailored to ‘Highly vulnerable rural minorities’ in accordance with OS7. The outcome of the meaningful consultation will be documented. The Bank will undertake the necessary due diligence, ascertain the outcome of the meaningful consultation and this will contribute to the Bank’s decision making as to whether to proceed with the proposed project or not.

63. The Bank recognizes that ‘Highly vulnerable rural minorities’ (some of which 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 natural and cultural resources. In recognition of this vulnerability, the Bank will require the Borrower to obtain the Free, Prior and Informed Consent (FPIC) of the affected HVRM when such circumstances described in OS7 are present. 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. It may exist 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, the Bank will not proceed further with the aspects of the project or activities and initiatives that are relevant to those highly vulnerable rural minorities for which FPIC cannot be ascertained. In such cases, the Bank will require the Borrower to ensure that the project or activities and initiatives will not cause adverse impacts on such highly vulnerable rural minorities.

42 ‘Highly vulnerable rural minorities’ 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.

3 In accordance with paragraphs 18 and 19 of OS7.

44 See OS7, paragraph 32.

45 ‘FPIC’ of intimidation or coercion; ‘Prior’ timely in relation to the assessment process, allowing sufficient time to access and understand information and prepare responses; ‘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.

46 Further details are set out in OS7, Section C.
III.4. Monitoring and Implementation Support

64. The Bank will provide implementation support regarding the environmental and social performance of the project, which will include reviewing the Borrower’s monitoring reports on compliance of the project with the requirements of the Financing agreement, and carrying out implementation support visits. The Bank will monitor the environmental and social 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 environmental and social performance will be proportionate to the potential environmental and social risks and impacts. The Bank monitors implementation through (i) monthly and quarterly E&S implementation reports, prepared by borrowers, (ii) annual environmental and social audits prepared by an independent consultant of the borrower, (iii) and also during its own implementation support visits. The Bank will carry out implementation support visits on a risk driven basis but at least twice a year for high and moderate risk operations.

65. For projects presenting high environmental and social 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 environmental and social requirements, where conflicts may arise or in other cases that the Bank deems appropriate.

66. For large-scale or complex Resettlement Action Plans, the Bank will require the Borrower to retain an independent third-party resettlement specialist to monitor and evaluate the implementation of the resettlement action plan, with an obligation to report back to both parties.

67. Projects that include large-scale resettlement will be subjected to monthly reporting and in-depth annual reviews in a manner consistent with overall operation implementation support activities. The monitoring and implementation support will also consider the effectiveness and performance of the project grievance mechanism and progress in achieving compliance with project resettlement plans.

68. Compliance with the main E&S measures and actions set out in the Financing agreement may (i) constitute conditions precedent to either effectiveness or disbursement, if they need to be fulfilled before or during the implementation period, and (ii) give rise to default or other remedies, if they have not been implemented and/or complied within the timeframe(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 case is resolved.

69. 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 nongovernmental 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 such mitigation measures.

70. Where the Bank has identified and agreed with the Borrower and, as relevant, other agencies, on corrective or preventive measures and actions, all material measures and actions will be included in the ESMP. Such measures and actions will be addressed in accordance with the timeframe set out in the ESMP or, if they are not included in the ESMP, in a reasonable timeframe, in the opinion of the Bank. The Bank will have the right to apply the Bank’s remedies if the Borrower fails to implement such measures and actions in the timeframes specified.

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47 Where the Bank has agreed on a common approach with other multilateral or bilateral funding agencies, the Bank will review any corrective or preventive measures and actions agreed with the Borrower in accordance with paragraph 8.
III.5. Grievance Mechanism and Accountability

71. The Bank will require the Borrower to provide a grievance mechanism, process, or procedure to receive and facilitate resolution of concerns and grievances of project-affected parties and other interested parties, arising in connection with the project, in particular about the Borrower environmental and social performance. The grievance mechanism will be proportionate to the risks and impacts of the project.48

72. The Bank’s grievance provisions comprise the following elements: (i) the Borrower’s project-level Grievance Mechanisms that enable tracking and monitoring grievances and their resolutions at the project level; (ii) the Bank’s Independent Recourse Mechanism that enables investigation of complaints on 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 Independent Recourse Mechanism as appropriate. However, complaints unresolved by the project grievance mechanisms may be submitted at any time to the IRM, after concerns have been brought directly to the Bank’s Management attention, and Management has been given an opportunity to respond.

73. Independent Recourse Mechanism. The mandate of the Bank’s Independent Recourse Mechanism (IRM) is to provide people who are, or are likely to be, adversely affected by a project financed by the Bank Group as a result of violation of the Bank Group’s policies and procedures with an avenue to request the Bank to comply with its own policies and procedures. The requestors first seek to resolve their complaints with Bank Management; but if in their opinion, Bank Management has not adequately handled their complaints, they may submit their requests to IRM.

III.6. Strengthening of borrower’s Capacity for Environmental and Social Risk Management

74. To support increasing use of the Borrower’s E&S 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 for addressing environmental and social 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 E&S Framework for a specific Bank operation. However, where the overview assessment has been completed, it will inform the Bank’s assessment of the Borrower’s E&S Framework.

IV. Institutional and Implementation Arrangements

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

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

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

78. Without prejudice to paragraph 76 above, this Policy abrogates the 2013 ISS Policy and supersedes the provisions of all prior instruments to the extent of any inconsistency.

79. This Policy will be reviewed on an ongoing basis, every five years 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.

48 The grievance mechanism or grievance redress mechanism may utilize existing formal or informal grievance redress mechanisms, provided they are properly designed and implemented, and deemed suitable for project purposes; these may be supplemented as needed with project-specific arrangements.
V. Waiver and deferral of the Bank E&S requirements

80. The Bank may waive its requirements or defer them, with no prejudice to the objectives of this policy, hereunder subject to approval by the Bank’s Board of Directors:

(i) where a Borrower is deemed by the Bank to: (a) be in urgent need of assistance because of a natural or man-made disaster, large-scale epidemic, pandemic or conflict; or (b) experience capacity constraints because of fragility or specific vulnerabilities; or

(ii) [on account of justifications, reasons and/or circumstances provided by the Borrower and to be evaluated on a case-by-case basis. (To be further considered in the light of the results of public consultations).]
AfDB E&S Operational Safeguards (OS) requirements for the Bank’s Borrowers
E&S Operational Safeguard 1. Assessment and Management of Environmental and Social Risk and Impact

Introduction

1. The aim of this overarching Operational Safeguard (OS), along with the OSs that complement it, is to mainstream environmental and social 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 work carried out under this OS helps to determine the scope and extent to which other Operational Safeguards are addressed. It sets out the Borrower’s responsibilities for assessing, managing and monitoring environmental and social 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 environmental and social assessment 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 environmental and social performance, through a risk and outcomes-based approach. The desired outcomes for such 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 environmental and social risks and impacts.

4. This OS, together with OS10 (Stakeholder Engagement and Information Disclosure) provide the overall process framework for the environmental and social assessment and management of Bank financed operations at the level of the project, activities or other undertakings supported through Bank financing.

Objectives

5. The objectives of OS1 are as follows:

- Identify and assess the environmental and social risks and impacts—including those related to gender, climate change and vulnerability—of Bank lending, investment and grant-financed operations, in their areas of influence in a manner consistent with the OSs;

- Provide opportunity for stakeholder engagement and consultation in the process of assessing and managing the environmental and social risks and impacts;

- To adopt a mitigation hierarchy approach to:
  - 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; and
  - Where significant residual impacts remain, compensate for or offset them, where technically and financially feasible.

- To adopt differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and they are not disadvantaged in sharing development benefits and opportunities resulting from the project.

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1 Hereinafter referred to as ‘Borrowers’.
2 Bank operations may support projects, sets of activities or other undertakings under various financial instruments. Unless stated otherwise the term ‘project’ means any project, set of sub-projects or activities and other undertakings supported by the Bank Group through its operations.
3 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.
4 Financial feasibility is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project’s investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable for the Borrower.
• To utilize national environmental and social institutions, systems, laws, regulations and procedures in the assessment, development and implementation of projects, whenever appropriate.

• Contribute to strengthening regional member country (RMC) systems for environmental and social risk management by assessing and building their capacity to meet Bank Group requirements set out in the Integrated Safeguards System (ISS).

Scope of Application

6. This OS applies to all Bank Group’s funded operations—including programme-based operations, programme lending that leads to individual subprojects, and lending to or investing in financial intermediaries—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.

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

8. OS1 also applies to all Associated Facilities. Associated Facilities will meet the requirements of the OSs, to the extent that the Borrower has control or influence over such Associated Facilities.

9. For the purposes of this OS, the term ‘Associated Facilities’ means facilities or activities that are not funded by the Bank but which in the judgement of the Bank are carried out or are planned to be carried out as a necessary requirement for the project financed by the Bank to be viable.

Where:

(a) A common approach has been agreed for the project, the common approach will apply to the Associated Facilities;

(b) Associated Facilities are being funded by other multilateral or bilateral funding agencies, the Borrower may agree with the Bank to apply the requirements of such 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 Financial Intermediary (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 environmental and social risks and impacts of the project, activities or other undertakings, including the institutional arrangements already established by the FI, provided that such requirements will enable to project, activities or other undertakings to achieve objectives materially consistent with those of the OSs.

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

6 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 measures and actions that have been agreed will be included in the ESMP.

The Borrower will 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.
Requirements

A. General

11. The Borrower will assess, manage and monitor the environmental and social 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 timeframe acceptable to the Bank.

12. The Borrower will:

   (a) Conduct an environmental and social assessment of the proposed project, including stakeholder engagement;

   (b) Undertake stakeholder engagement and disclose appropriate information in accordance with OS10;

   (c) Develop an ESMP, and implement all measures and actions set out in the Financing agreement including the ESMP; and

   (d) Conduct monitoring and reporting on the environmental and social performance of the project.

13. Where the ESMP requires the Borrower to plan or take specific measures and actions over a specified timeframe to maximize positive impacts and avoid, minimize, reduce or compensate specific risks and adverse impacts of the project, the Borrower will not carry out any activities in relation to the project that may cause material adverse environmental or social 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 existing activities that do not meet the requirements of the OSs at the time of Board approval, the Borrower will 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 or 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 will be required to achieve or implement 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 will provide full and detailed justification for any proposed alternatives through the environmental and social assessment. 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 Borrower’s Environmental and Social Framework

16. If the Borrower and the Bank propose to use all, or part, of the Borrower’s E&S Framework, the Bank will review the Borrower’s E&S Framework in accordance with the requirement of paragraph 19. The Borrower will provide information to the Bank in connection with the assessment.

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8 In establishing the manner and an acceptable timeframe, the Bank will take into account the nature and significance of the potential environmental and social 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 project, and the specific measures and actions to be put in place or taken by the Borrower to address such risks and impacts.

9 The Borrower’s E&S Framework will include those 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 environmental and social risks and impacts of the project. Where there are inconsistencies or lack of clarity within the Borrower’s E&S Framework as to relevant authorities or jurisdiction, these will be identified and discussed with the Borrower. The aspects of the Borrower’s existing E&S Framework that are relevant will vary from project to project, depending on such factors as the type, scale, location and potential environmental and social risks and impacts of the project and the role and authority of different institutions.

10 The information provided by the Borrower will assist in determining whether and to what extent the Borrower’s E&S 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 will 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 these are relevant to the proposed project.
17. If the assessment identifies gaps in the Borrower’s E&S Framework, the Borrower will work with the Bank to identify measures and actions to address such gaps. 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 timeframes for their completion, will form part of the ESMP.

18. The Borrower will take all actions necessary to maintain its E&S 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 will notify and discuss with the Bank any significant changes in the Borrower’s E&S Framework that may affect the project.11 If the E&S Framework is changed in a manner inconsistent with the requirement of paragraph 19 and the ESMP, the Borrower will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the OSs, and propose changes, for approval by the Bank, to the ESMP.

C. Environmental and Social Assessment

19. The Borrower will carry out an environmental and social assessment12 of the project proposed for Bank support to assess their environmental and social risks and impacts throughout the project life cycle.13 The assessment will be proportionate to the potential risks and impacts, and will assess, in an integrated way, all relevant direct14, indirect15 and cumulative16 environmental and social risks and impacts throughout the project life cycle, including those specifically identified in OSs2 to 10, as well as contextual issues, such as the prevailing political economy, which may affect how risks and impacts manifest themselves.

20. The environmental and social assessment 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 environmental and social baseline data at an appropriate level of detail sufficient to inform both 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 environmental and social 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 environmental and social impacts, and identify opportunities to enhance the positive impacts of the project. The environmental and social assessment will include stakeholder engagement as an integral part of the assessment, in accordance with OS10.

21. The environmental and social assessment will be an adequate, accurate, and objective evaluation and presentation of the risks, impacts and measures; the assessment 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 will retain independent specialists to carry out the environmental and social assessment.

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11 If, in the opinion of the Bank, such changes serve to improve the Borrower’s ES Framework, the Borrower will apply such changes to the project.

12 The Borrower, in consultation with the Bank, will identify and use appropriate methods and tools, including zoning, environmental and social analyses, investigations, audits, surveys and studies, to identify and assess the potential environmental and social 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: environmental and social impact assessment (ESIA); environmental and social audit; hazard or risk assessment; social and conflict analysis; resettlement action plan; 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, Biodiversity Compensation Plan, Pest and/or Vector Management Plan, Hazardous Waste Management Plan, etc. Where the project is likely to have significant sectoral or regional impacts, a sectoral or regional 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.

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

14 A direct impact is an impact that is caused by the project, and occurs contemporaneously in the location of the project.

15 An indirect impact is an impact that is caused by the project and is later in time or farther removed in distance than a direct impact, but 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, and related effects on air and water and other natural systems, including ecosystems. When analyzing 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.

16 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 environmental and social assessment 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 screening.
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22. The Borrower will ensure that the environmental and social assessment takes into account in an appropriate manner all issues relevant to the project, including: (a) the host country's applicable policy framework, national laws and regulations, and institutional capabilities (including implementation) relating to environment and social 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; (b) applicable requirements under the OSs; and (c) the EHSGs, and other relevant Good International Industry Practice (GIIP)\textsuperscript{17}. The assessment of the project, and all proposals contained in the assessment, will be consistent with the requirements of this paragraph.

23. The environmental and social assessment will always apply the mitigation hierarchy\textsuperscript{18}, which will:

- 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\textsuperscript{19}; and
- Where significant residual impacts remain, compensate for or, in the case of biodiversity and habitat losses, offset them\textsuperscript{20}, where technically and financially feasible\textsuperscript{21}.

24. The environmental and social assessment, informed by the scoping of the issues, will take into account all relevant environmental and social risks and impacts of the project, including:

- **Environmental risks and impacts**, including: (i) those defined by the EHSGs (such as noise, vibration, soil integrity, hydrogeology, visual, landscape impacts); (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other trans-boundary 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\textsuperscript{22} 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, their community (ii) threats to human safety and security through the escalation of personal, communal or inter-state conflict, crime or violence; (iii) risks that project impacts fall disproportionately on individuals and groups who, because of their particular circumstances, may be disadvantaged or vulnerable;\textsuperscript{23} (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 disadvantaged or vulnerable; (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\textsuperscript{24}, including (as relevant) potential project impacts on

\textsuperscript{17} Good International Industry Practice (GIIP) is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

\textsuperscript{18} The mitigation hierarchy is further discussed and specified in the context of OSs 2-10, where relevant.

\textsuperscript{19} The requirement to mitigate impacts include resettlement as well as measures to assist affected parties to improve or at least restore their livelihoods as relevant in a particular project setting.

\textsuperscript{20} 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.

\textsuperscript{21} The Borrower will 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 will consider the significance of such residual impacts, the long-term effect of these 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 environmental and social assessment, and may be a basis for the implicated project component/activity not proceeding.

\textsuperscript{22} Ecosystem services are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timber, fibers, 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.

\textsuperscript{23} See OS7 for a full treatment. ‘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, amongst others, female-headed households, the disadvantaged, the landless, the elderly, youth and children, the disabled, 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.

\textsuperscript{24} Due to the complexity of tenure issues in many contexts, and the importance of secure tenure for livelihoods, careful assessment and design is 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 will at a minimum demonstrate to the Bank’s
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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 environmental and social assessment of the project identifies specific individuals or groups as disadvantaged or vulnerable, the Borrower, in consultation with members of disadvantaged or vulnerable groups, will propose and implement differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and they are not disadvantaged in sharing any development benefits and opportunities resulting from the project.

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

27. For public projects involving multiple subprojects, that are identified, prepared and implemented during the course of the project, the Borrower will comply with the requirements of paragraphs 48 and 49 of this OS.

28. The environmental and social assessment will also identify and assess, to the extent appropriate, the potential environmental and social risks and impacts of Associated Facilities. The Borrower will address the risks and impacts of Associated Facilities in a manner proportionate to its control or influence over the Associated Facilities. To the extent that the Borrower cannot control or influence the Associated Facilities to meet the requirements of the OSs, the environmental and social assessment will also identify the risks and impacts that the Associated Facilities 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. Such 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.

30. The environmental and social assessment will also consider risks and impacts associated with the primary suppliers, as required by OS2 and OS6. The Borrower will 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 environmental and social assessment will consider potentially significant project related trans-boundary and global risks and impacts, such as impacts from effluents and emissions, increased use or contamination of international waterways, emissions of climate pollutants, and impacts on threatened or depleted migratory species and their habitats. The environmental and social assessment will also incorporate assessments of climate change mitigation, adaptation and resilience issues, as appropriate.
D. Environmental and Social Management Plan

32. The Borrower will develop and implement an Environmental and Social Management Plan (ESMP)\textsuperscript{29}, which will set out measures and actions required for the project to achieve compliance with the OSs over a specified timeframe\textsuperscript{30}. The ESMP will be agreed with the Bank, be binding and referred to in the Financing agreement.

33. The ESMP will take into account the findings of the environmental and social assessment, the Bank’s environmental and social due diligence, project-related climate change and gender risks and impacts and the results of engagement with stakeholders. It will be an accurate summary of the material measures and actions required to maximise the positive impacts and to avoid, minimize, reduce, mitigate or compensate the environmental and social risks and adverse impacts of the project\textsuperscript{31}. A performance indicator and a completion date for each action will be specified in the ESMP.

34. Where a common approach\textsuperscript{32} has been agreed, the ESMP will include all measures and actions that have been agreed by the Borrower to enable the project to meet 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 such changes or circumstances will be managed and reported on, and any necessary changes will be made to the ESMP and relevant management tools.

36. The Borrower will implement diligently the measures and actions identified in the ESMP in accordance with the timeframes specified, and will review the status of implementation of the ESMP as part of its monitoring and reporting.\textsuperscript{33} All Contractors, sub-contractors and suppliers should be 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 EMSP will describe the different management tools\textsuperscript{34} that the Borrower will 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\textsuperscript{35} 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.

39. The Borrower will 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 will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the OSs, and propose changes, for approval

\textsuperscript{29} The ESMP is the set of all the environmental and social measures necessary for the adequate management of the project associated risks and impacts, including resettlement measures; it can be simple or made up of several sub-plans (waste, biodiversity, emergency preparedness, etc.) depending on the scope and nature of the project. All IFIs and RMCs have requirements for a project level plan to address environmental and social risks and impacts of projects; they may have differing terminology and titles (ESAP, ESCP, ESMP, ESMS, etc.) but they essentially have the same purpose and constituent parts. See the Annexes to this OS for further information.

\textsuperscript{30} The Bank will assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project and developing the ESMP.

\textsuperscript{31} 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 ES 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.

\textsuperscript{32} See paragraph 7 and 9.

\textsuperscript{33} See Section D.

\textsuperscript{34} 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 with the project, including the implementing agencies, project-affected communities and other interested parties, and aim to support improved environmental and social performance.

\textsuperscript{35} Including relevant GIIP.
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 will monitor the environmental and social 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 environmental and social risks and impacts, and compliance requirements. The Borrower will 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 will engage stakeholders and third parties, such as independent experts, local communities or 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 will collaborate with such agencies and third parties to establish and monitor such mitigation 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 will document monitoring results.

42. The Borrower will 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 in many cases, monthly). Such reports will provide an accurate and objective record of operation implementation, including compliance with the ESMP. Such reports 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, with consultation with relevant stakeholders, will identify any necessary corrective and preventive actions, and will incorporate these in an amended ESMP or the relevant management tool, in a manner acceptable to the Bank. The Borrower will implement the agreed corrective and preventive actions in accordance with the amended ESMP or relevant management tool, and monitor and report on these actions.

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

45. The Borrower will 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 such incident or accident, including any fatalities or serious injuries. The Borrower will 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 technical assistance and not the potential future Borrower undertaking or investment operation that the Bank may support.

47. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will 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 technical assistance, are not subject to the Bank’s Environmental and Social Policy.
Public Projects Involving Multiple Subprojects

48. For public operations involving multiple subprojects, that are identified, prepared and implemented during the course of the operation, the Borrower will prepare an ESMP, which will be disclosed within the timeframe required in this ISS 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 will carry out appropriate environmental and social assessment of High Risk and Moderate Risk subprojects and prepare and implement such subprojects in accordance with the national laws and the OSs.

49. If the environmental and social risk rating of a subproject increases to a higher risk rating, the Borrower will apply relevant requirements of the OSs in a manner agreed with the Bank. The measures and actions agreed 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 support is sought for a Borrower’s undertaking that involves a single project or defined use of proceeds (including restructuring, refinancing or retroactive financing), the Borrower will carry out environmental and social studies on the undertaking in accordance with OS1 and its Annexes.

51. If the undertaking involves new activities (such as 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 environmental and social impact assessment as described in OS1. The assessment will address all the requirements of OS1 to 10.

52. If Bank support is sought for a Borrower undertaking which involves existing facilities or business activities and/or associated facilities, the assessment will consider the environmental and social risks and impacts associated with such facilities and activities. This may take the form of an environmental and social audit.

Specific Requirements

53. For corporate financing, where the use of Bank’s proceeds is fungible in nature (such as working capital, balance sheeting lending and some types of equity investment) the Borrower will 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 on the way in which the Borrower will 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 will be required to align its corporate environmental and social systems with the OSs and develop measures at the corporate level (such as an ESMS if one is lacking) to manage the environmental and social risks and impacts of the business activity in a manner consistent with the OSs.

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36 Paragraphs 48 to 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 Bank’s Board approval date.
37 The ESMP as defined in section D of this OS and which will include at minimum the findings of ESA documents for the earliest scheduled investment(s) that involve(s) physical works.
38 The ‘relevant requirements of the OSs’ will relate to the reasons for which the risk rating has increased.
39 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 (such as subordinated, mezzanine and convertible debt) instruments.
55. A Borrower seeking support for retroactive finance, refinancing or restructuring will need to provide information on and/or an assessment of (i) its ESMS and associated capacity; (iii) the environmental and social 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 environmental and social performance against OSs 1 to 10; and (viii) an ESMP to bring the project into compliance with Bank’s requirements to the extent possible.

Undertakings involving Multiple Projects, Sub-projects 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 will:

- Develop and implement an Environmental and Social Management System (ESMS) that, in form and substance is satisfactory to the Bank.

- Ensure that all undertaking’s activities, sub-projects and other initiatives, co-financed by the Bank, comply with the Environmental & 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, sub-projects and other activities that the Borrower considers supporting or investing in.

- Require for sub-projects, investee companies and other activities, co-financed by the Bank, compliance with local and national requirements and with the relevant requirements of Operational Safeguards 1 to 10 as determined during environmental and social due diligence or specified by the Bank.

- Monitor and manage environmental and social 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.\(^{40}\)

- Report to the Bank promptly\(^{41}\) any Materially Significant Adverse Events that arise (such as accidents, emergencies, spills, legal action, civil unrest, human rights abuses) in relation to any projects, sub-projects, investments of other activities supported by the Bank Group.

Specific Requirements

57. Capital market transactions such as support to bond issues, 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 will assess potential risks and impacts of the transaction on the basis of publicly available information and knowledge of the inherent environmental and social 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 will conduct studies (such as assessment, audits or risk assessments) to characterize environmental and social

\(^{40}\) With no prejudice to the quarterly and monthly environmental and social reports.

\(^{41}\) To be specified in the Financing agreements between the Bank and the Borrower but no more than three calendar days.
risk, impacts and liabilities and prepare an action plan to address them in accordance with relevant parts of the OSs.

58. **Trade finance operations** provide following instruments: (i) Risk Participation Agreements, (ii) Trade Finance Lines of Credit, (iii) the Soft Commodity Finance Facility, and (iv) Trade Finance Guarantees. The Borrower/Participating Bank(s) (PB) 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 or guaranteed by the Bank against the Environmental and Social Exclusion List.

- Risk rate the transactions based upon an assessment of environmental and social risks and impacts, transaction amount and duration/tenor:
  - (i) for short term (<2 year) and low risk transactions, compliance with national requirements and against Environmental and Social Exclusion List.
  - (ii) for medium and high risk and terms over 2 years, compliance with relevant aspects of the OSs in addition to national requirements and against Environmental and Social Exclusion List.
  - (iii) Borrower will not rollover a short term transaction so that it is a hidden project loan or whatever.

- Report to the Bank promptly any Materially Significant Adverse Events that arise (such as accidents, emergencies, spills, legal action, civil unrest, human rights abuses) in relation to any projects, sub-projects, investments of other activities supported by the Bank.

- 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.

59. **Insurance Companies and their products** vary significantly in terms of the environmental and social risks and opportunities associated with them. Life insurance products are exempted from environmental or social requirements. In all other respects, Borrowers in the insurance sector must meet the following requirements:

- 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 or guaranteed by the Bank against the Environmental and Social Exclusion List.

- Risk rate proposed cover based upon the environmental and social risk associated with (i) the applicant’s business activities and (ii) the type of insurance product.

- Carry out environmental and social due diligence on proposed insurance cover in accordance with the requirements of this OS1, and make decisions on an offer of cover incorporating appropriate risk management (limitations and exclusions for example).

- Report to the Bank promptly any Materially Significant Adverse Events that arise (such as accidents, emergencies, spills, legal action, civil unrest, human rights abuses) in relation to any projects, sub-projects, investments of other activities supported by the Bank Group.

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

43 There may be other environmental and social reporting requirements.

44 For high-risk activities this may involve environmental and social assessment, auditing and hazard risk assessment.

45 To be specified in the Financing agreements between the Bank and the Borrower but no less than five calendar days.
• Provide to the Bank/Fund 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.

Passive Equity Investment Entities

60. Passive investment funds are those where (i) the investor takes a small stake in an investee (<5%) company and (ii) the investor is unlikely to have influence over the investee company; (iii) the amount of environmental and social 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 such funds 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.
• Where issues have been identified engage in focused due diligence on the issues concerned.
• 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 environmental and social performance of its investee companies.

Commodity Exchange Entities

61. Environmental and social risks and impacts associated with commodity exchange and clearance houses (CCPs) entities depend upon (i) the nature of commodities being traded and (ii) the role of the entity itself in commodity trading (ex. is it involved in investment and speculation for example). Most current commodity exchanges in Africa deal in agricultural products (coffee, cocoa, palm oil etc.) with a few facilitating the trade in metals, oil, gas, minerals, and foreign exchange. There are environmental and social 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 World Federation of Exchanges Five Sustainability Principles.

• Promote the adoption of Good Environmental and Social Governance by commodities companies trading at the Centre.

• Prepare 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, 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 (such as retail investing at stock exchanges and mutual funds) whilst 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 who have a public offering.

46 There may be other environmental and social reporting requirements.
47 For example, the IFC Good Practice Handbook on Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain.
48 Derivatives trading involves options, forwards, futures, swaps, other debt instruments.
64. Where an undertaking is for the establishment of a mutual fund, the investment objectives should include environmental and social considerations such as:

- 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 should also be considered to foster ethical investing, impact investing, Socially Responsible Investment or Green Growth.

- Divestment criteria should be agreed and incorporated in the Fund and Fund Manager Financing agreements in the event that an investee’s environmental and social performance becomes unacceptable.

- The Fund will establish effective internal governance and operational processes and policies to incorporate sustainability issues within its building and operational activities.

- Prepare an Annual Sustainability Report on the sustainability performance of the Fund satisfactory to the Bank.

65. Where trading transactions take place electronically, based upon publicly available (and usually limited) information through computer systems at high speed, environmental and social risks and impacts associated with the transactions themselves are not amenable to environmental and social risk management. Environmental and social performance issues in such undertakings are therefore limited to internal performance issues such as energy efficiency, building design, housekeeping, occupational health and safety and labour standards. Therefore:

- 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 World Federation of Exchanges Five Sustainability Principles.

- An Annual Sustainability Report on the sustainability performance of the capital market institution satisfactory to the Bank, will be prepared.
OS1 ANNEX 1: ENVIRONMENTAL AND SOCIAL ASSESSMENT

A. General

1. The Borrower will undertake an environmental and social assessment to assess the environmental and social risks and impacts of a project throughout the project life cycle. The term ‘environmental and social assessment’ is a generic term that describes the process of analysis and planning used by the Borrower to ensure the environmental and social impacts and risks of a project, activities or other initiatives are identified, maximized, avoided, minimized, reduced, mitigated or compensated.

2. The environmental and social assessment is the primary means of ensuring projects are environmentally and socially sound and sustainable, and will be used to inform decision making. The environmental and social assessment 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 paragraph 5 below).

3. The environmental and social assessment will be conducted in accordance with OS1, and will consider, in an integrated way, all relevant direct, indirect and cumulative environmental and social risks and impacts of the project, activities and other initiatives including those specifically identified in OS1-12. The breadth, depth, and type of analysis undertaken as part of the environmental and social assessment will depend on the nature and scale of the project, and the potential environmental and social risks and impacts that could result. The Borrower will undertake the environmental and social assessment at the scale and level of detail appropriate to the potential risks and impacts.⁴⁹

4. The manner in which the environmental and social assessment will be conducted and the issues to be addressed will vary for each project, set of activities or other initiatives. The Borrower will consult with the Bank/Fund to determine the process to be used, taking into account a number of activities, including scoping, stakeholder engagement, potential environmental and social issues and any specific issues raised between the Bank and Borrower. The environmental and social assessment 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 environmental and social risks and impacts are identified and addressed.

5. The different methods and tools used by the Borrower to carry out the environmental and social assessment and to document the results of such assessment, including the mitigation and maximization measures to be implemented, will reflect the nature and scale of the project⁵⁰. As specified in OS1⁵¹, these will include, as appropriate, one or the combination of the documents set out below.

B. Environmental and Social Impact Assessment (ESIA)

Environmental and social impact assessment (ESIA) is an instrument to identify and assess the potential environmental and social impacts of a proposed project, set of activities or other initiatives, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.

Indicative Content of an ESIA

(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.

(B) Legal and institutional framework

- Analyzes the legal and institutional framework for the project, within which the environmental and social assessment is carried out, including:

⁴⁹ See OS1 Section C.
⁵⁰ These will also reflect national regulatory requirements, which may be relied on by the Borrower to the extent they meet the requirements of the OSs.
⁵¹ See OS1, paragraph 24.
✓ Host country applicable policy framework, national and local laws and regulations, and institutional capabilities related to them (including implementation) relating to environment and social issues.
✓ National environmental or social action plans or strategies; and obligations of the country directly applicable to the project under relevant international treaties and agreements.
✓ Applicable requirements under the OSs and the AfDB ISS Guidance Notes.
✓ 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.
✓ Description of how any deficiencies in the host framework can be addressed through administrative, legislative or regulatory change and institutional strengthening and capacity building.

(C) Analysis of alternatives

- Evaluate a reasonable range of feasible project alternatives to meet the project’s purpose and need (for example, location, or technology options, among others) and their environmental and social implications, including a no project alternative. During the project scoping process, borrowers will consult stakeholders and the public and allow for their participation in the identification of feasible project alternatives through public consultation meetings and through the opportunity to comment.

- Assesses the alternatives’ feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of alternative mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the alternative mitigation measures.

- For each of the alternatives, quantifies the environmental and social 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 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 projects direct, indirect, and cumulative impacts.

(F) Baseline data

- Sets out in detail the baseline data that is relevant to decisions 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.

- Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions. Assess the significance of data gaps on the characterization of anticipated E&S risks and impacts.
Draft Updated Integrated Safeguards System – PUBLIC CONSULTATIONS

• Describes relevant physical, biological, health, safety, security, social (including gender), cultural and socioeconomic issues and conditions and receptors of impact; including any changes in them anticipated before the project commences.

• Describes 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.

• Identifies and characterizes individuals and groups that are disadvantaged, vulnerable, marginalized, discriminated against, under-served or excluded in relation to mainstream society. Disaggregated data on all such social groups should be provided to the extent that personal and group safety and data confidentiality and privacy is not compromised.

• Describes contextual risks (such as 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.

• Be informed by current and proposed development activities within the project area but not directly connected to the project but that may have a cumulative effect on project impact.

(G) Environmental and social risks and impacts

• Takes into account all relevant environmental and social risks and impacts of the project, including cumulative impacts. This will include the environmental and social risks and impacts specifically identified in the OSs, and any other environmental and social 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, residual impacts should be characterized in terms of their magnitude, extent, duration, reversibility and significance.

(H) Mitigation measures

• Identifies avoidance, minimization and mitigation measures and significant residual impacts that cannot be mitigated and, to the extent possible, assesses the acceptability of those residual impacts.

• Identifies measures to enhance positive impacts and opportunities.

• Identifies differentiated measures so that adverse impacts do not fall disproportionately on the vulnerable.

• Assesses the feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of proposed mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the proposed mitigation measures.

• Specifies issues that do not require further attention, providing the basis for this determination.

(I) Key measures and actions for the Environmental and Social Management Plan (ESMP)

• Summarizes key measures and actions and the timeframe required for the project to meet the requirements of the OSs. This will be used in developing the Environmental and Social Management Plan (ESMP).
Appendices

- List of the individuals or organizations that prepared or contributed to the environmental and social assessment.
- References—setting out the written materials both published and unpublished, which have been used.
- Record of meetings, consultations and surveys with stakeholders, including those with affected people and other interested parties. The record specifies the means of such 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.
- List of associated reports or plans.

C. Environmental and Social Audit

An Environmental and Social Audit is an instrument to determine the nature and extent of all the environmental and social aspects of concern of a project or a set of activities under implemented. It identifies and justifies compliance and non-compliance with applicable regulations (ESMP, ESMS, national regulations and norms and standards, etc.), assesses the risks (environmental and social, reputational, economic and financial) associated with such non-compliance, proposes corrective measures, estimates the cost, and recommends a timetable for their implementation. For some projects, the environmental and social assessment may consist of a simple environmental and social audit; in other cases, the audit is only part of an environmental and social assessment.

Indicative Outline of Environmental and Social Audit

The aim of an audit is to identify significant environmental and social 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 set out recommended measures and actions and timeframes.

(B) Legal and Institutional framework

- Analyzes the legal and institutional framework for the existing project or activities, including the issues set out in OS1, and (where relevant) any applicable environmental and social 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 the existence of any plans already developed to address specific environmental and social risks and impacts (e.g. land acquisition or resettlement plan, cultural heritage plan, 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.

52 Technically, financially, and economically viable.
(D) Environmental and Social issues associated with the existing project or activities

- The review will consider the key risks and impacts relating to the existing project and activities. This 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) Environmental and social risk analysis

- The audit will also assess (i) the potential impacts of the proposed project, activities or initiatives (taking into account the findings of the audit with regard to the existing project activities or initiatives); and (ii) the ability of the proposed 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 such findings. These measures will be included in the Environmental and Social Management Plan (ESMP) for the proposed 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.

- Measures to avoid or mitigate any potential adverse environmental and social risks or impacts associated with the proposed project.

D. Hazard and/or Risk Assessment

Hazard and/or Risk Assessment is an instrument for identifying, analyzing, 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 environmental and social assessment may consist of the hazard or risk assessment alone; in other cases, the hazard or risk assessment forms part of the environmental and social assessment.

E. Cumulative Impact Assessment

Cumulative Impact Assessment is an instrument to consider 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 environmental and social assessment; in certain specific cases, it may be the subject of a separate document.

F. Social and Conflict Analysis

Social and Conflict Analysis is an instrument that assesses the degree to which the project may (a) exacerbate existing tensions and inequality within society (both within the communities affected by the project and between these communities and others); (b) have a negative effect on stability and human security; (c) be negatively affected by existing tensions, conflict and instability, particularly in circumstances of war, insurrection and civil unrest.
G. Contextual Risk Assessment

Contextual Risk Assessments are used to understand the broader political economy and dynamics of human interaction within the project area of influence as well as regional or national concerns. It gathers information on social, cultural, political and economic factors which may have a bearing on social conflict, inclusion, discrimination, intimidation, violence including Sexual Exploitation, Abuse and Harassment, Gender-based Violence, limitations to meaningful consultation and free speech, limitations on the enjoyment of human rights, human rights abuses, 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; to exacerbate social inequality; and to compromise the potential for project benefits to be received by project affected people in an equitable manner. Contextual risk assessment begins with the collection of publicly available information in order to scope potential issues of concern. Useful sources of information include the reports and activities of agencies involved in human rights advocacy, third party reports on the host government, the international press, NGOs and CSOs, the European Commission, the US State Department website, UN agencies and the case law of the Inter-American Court of Human Rights. Stakeholder engagement should further inform the contextual risk assessment and based upon the information collected, approaches can be developed to prevent or minimize the potential negative effects on project outcomes.

H. Environmental and Social Management Plan (ESMP)

The Environmental and social management plan (ESMP)\textsuperscript{53} is the document that details (a) the measures to be taken during the implementation of a project to maximise the positive impacts and to eliminate or offset environmental and social risks and adverse impacts, or to reduce them to acceptable levels; and (b) the costs, processes and implementation arrangements needed to implement these measures.

*Indicative Outline of ESMP*

The indicative content of an ESMP will include the following:

**(A) Mitigation, compensation and maximisation**

The ESMP identifies measures and actions, in accordance with the mitigation hierarchy, that avoid and reduce potentially adverse environmental and social impacts to acceptable levels, and those that maximise positive impacts. The plan will include compensatory measures, if applicable. Specifically, the ESMP:

i. Identifies and summarizes all anticipated adverse environmental and social impacts (including those involving highly vulnerable rural minorities or involuntary resettlement);

ii. 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;

iii. Estimates any potential environmental and social impacts of these measures;

iv. Takes into account, and is consistent with, other mitigation plans required for the project (e.g., for involuntary resettlement, highly vulnerable rural minorities, or cultural heritage); and

v. Describes—with technical details—each maximization measure.

**(B) Monitoring and reporting**

The ESMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the environmental and social assessment and the measures described in the ESMP\textsuperscript{54}. Specifically, the monitoring section of the ESMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be

\textsuperscript{53} This ESMP refers to all the E&S measures, as approved in all the disclosed E&S documents and agreed between the Bank and Borrower. Section III.2.3 refers.

\textsuperscript{54} Monitoring during an operation/project’s implementation provides information about its key environmental and social aspects, particularly the environmental and social impacts of the project, activities and other initiatives and the effectiveness of mitigation measures. Such 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.
used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

(C) Capacity development and training

- To support timely and effective implementation of environmental and social 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.

- Specifically, the ESMP provides 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 of implementation, remedial action, financing, reporting, and staff training).

- To strengthen the environmental and social management capacity of the agencies responsible for implementation, the ESMP identifies the responsible entities - on the basis of their prerogatives -, and recommends strengthening said prerogatives and / or training their staff and, any other measure that may be necessary to support the implementation of the ESMP.

(D) Implementation schedule and cost estimates

- For all three aspects (mitigation-compensation-maximisation, monitoring, and capacity development), the ESMP provides (a) 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 (b) the capital and recurrent cost estimates and sources of funds. These figures are part of the total project cost.

(E) Integration of ESMP with 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 institutional responsibilities relating to each, and the costs of so doing will all be integrated into the project's overall planning, design, budget, and implementation.

I. Strategic Environmental and Social Assessment (SESA)

Strategic Environmental and Social Assessment is a systematic examination of environmental and social risks and issues, associated with a policy, plan or program, typically at the national level but also in smaller areas. The examination of environmental and social risks will include consideration of the full range of environmental and social risks incorporated in the OSs. A strategic ESA can be either regional or sectoral as follows:

- **Regional SESA:** Regional SESA examines environmental and social stakes, risks and issues, associated with a particular strategy, policy, plan, or program, 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, etc.); 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 environmental and social management in the region. 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, in which case the Borrower must develop supplemental information.

- **Sectoral SESA**: Sectoral SESA examines environmental and social risks and potential impacts, and issues, associated with a a development/planning of a particular sector (e.g. agriculture, energy, transports, mining, water resources management, forestry and protected areas, etc.) 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 consultation and comment on the proposal, and then recommends broad measures to strengthen environmental and social management in the sector. 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.

SESA are therefore not mandatory documents for Board 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**

Strategic environmental and social assessment can provide opportunities for coordinating environmental and social-related responsibilities and actions in the host country in a way that goes beyond project boundaries/responsibilities and, where feasible, should be linked to other environmental and social strategies and action plans, and free-standing projects. The environmental and social assessment for a specific project can thereby help strengthen environmental and social management capability in the host country.

The Borrower may include components in the operation to strengthen its legal or technical capacity to carry out key environmental and social assessment functions. If the Bank concludes that the Borrower has inadequate legal or technical capacity to carry out such functions, the Bank may require strengthening programs 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.

**J. 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, direction for development and provide strategic direction relevant to the project and for environmental and social 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 ESIA/SESA, compensation following involuntary land acquisition/resettlement).
  - Regulations - that put particular legal provisions into effect (usually gazetted). [Outline explanation of formal provisions/requirements with regard to OSs. E.g., for ESIA: projects types/initiatives requiring ESIA, process and steps, requirements for EMSPs and monitoring, examination of alternatives, cumulative effects, requirements for public participation/consultation, communication on assessment results/reports.]

- Adopted Standards and Guidelines – for specific tools and practices.
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• Rules or local regulations used to interpret national commitments in the local context

(B) Capacity – institutional arrangements

• Institutions responsible for Managing Environmental and Social Risks
  o Responsibilities, roles, functions
  o Capacities and skills
  o Performance

• Coordination mechanisms
  o Coordination between institutions/ministries/departments/agencies
  o Cross sector coordination

• Roles of Research and academic institutions, and professional bodies
  o Focus, skill-base, key products, potential contribution to project

• Non-governmental and civil society organisations (working on issues relevant to the project)
  o Focus, skill-base, potential contribution to project

(C) Capacity – Management systems

• Planning & other relevant procedures or procedural manuals (e.g. national, sector, land use, etc.; roles and responsibilities)

• Environmental and social issues
  o Screening, scoping, and preparing Environmental and Social Assessments
  o Addressing sensitive issues (e.g. rights and interests of indigenous peoples, existence of child labour or GBV or SEAH or modern slavery or gender exclusion/inclusion, or any other social anomaly and inequity, needs/concerns of vulnerable groups, disputes and conflicts)
  o Gender equality and Sexual and Gender based Violence

• Reviewing and clearance procedures
  o Consents and licenses

• Inspections, monitoring, auditing and evaluation

• Data management (records of decisions, progress and review reports, etc.)

• Training & 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).
OS1 – ANNEX 3, MANAGEMENT OF CONTRACTORS

1. The Borrower will require that all contractors engaged on 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 will manage all contractors in an effective manner, including:

   (a) Assessing the environmental and social risks and impacts associated with such contracts;

   (b) 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;

   (c) Incorporating all relevant aspects of the ESMP into tender documents;

   (d) Contractually requiring contractors to apply the relevant aspects of the ESMP and the relevant management tools, and including appropriate and effective non-compliance remedies;

   (e) Monitoring contractor compliance with their contractual commitments;

   (f) In the case of subcontracting, requiring contractors to have equivalent arrangements with their subcontractors; and

   (g) Ensuring protection of workers against SEAH, GBV, forced labour and modern slavery.
OS1 – ANNEX 4. ENVIRONMENTAL AND SOCIAL EXCLUSION LIST AS COMPLEMENTARY TO THE BANK GROUP’S NEGATIVE LIST

- Production or trade of products with un-bonded asbestos fiber. This does not apply to the purchase and use of bonded asbestos products such as asbestos sheets where asbestos content is less than 20%.
- 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:
  a) Ozone depleting substances, PCB’s (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals.
  b) Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES).
- Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length).
- Production, use or sale of pharmaceutical products, pesticides/herbicides, 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\textsuperscript{55} 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 MFIs).
- Mining and processing of and trade in Conflict Minerals (3TG; tin, tantalum, tungsten and gold) (not mined and processed in accordance with the Responsible Minerals Initiative).
- Trans-boundary 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 agencies 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.
- Activities that impact significantly on local or national food security.

\textsuperscript{55} Unless the request/proposal is aiming at transitioning to mercury-free production methods.
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. The 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 Declaration on the Fundamental Principles and Rights at Work.

Objectives

2. The objectives of OS2 are as follows:
   - To protect workers’ rights,
   - To promote safety and health at work.
   - To promote the fair treatment, non-discrimination and equal opportunity of project workers.
   - To protect project workers, including vulnerable workers such as women, 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 harmful child labour.
   - To support the principles of freedom of association and collective bargaining of project workers and align Bank requirements with the ILO’s Fundamental Principles and Rights at Work, and the UN Convention on the Rights of the Child, 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 informed promptly of any material adverse impacts and events relating to labour protection and health and safety at work.

Scope of Application

3. The applicability of OS2 is established during the environmental and social assessment described in OS1.

4. The scope of application of OS2 depends on the type of employment relationship 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 in relation to the project (direct workers);

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1 The Bank and Borrower will 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 Combating Sexual Violence and its Consequences in Africa.
2 Children helping in the family business or on the family farm and part-time ‘pocket money’ jobs like newspaper rounds are acceptable provided that they do not interfere with the children’s’ rights to education, health and quality of life.
3 Such as multiple injuries, any fatalities or significant incidence of occupational health and disease.
4 In conducting the environmental and social assessment 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.
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- People employed or engaged through third parties\(^5\) to perform work related to core functions\(^6\) of the project, regardless of location (\textit{contracted workers});

- People employed or engaged by the Borrower’s primary suppliers\(^7\) (\textit{primary supply workers});

- People employed or engaged in providing community labour\(^8\) (\textit{community workers}).

5. OS2 applies to project workers including full-time, part-time, temporary, seasonal and migrant workers.\(^9\) 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. Situations may arise where people do not fit readily into these categories\(^10\). The Bank will identify the applicable requirements in such circumstances.

\textit{Direct Workers}

6. The requirements of paragraphs 9 to 35 of this OS will apply to direct workers.

\textit{Contracted Workers}

7. The requirements of paragraphs 9 to 38 of this OS will apply to contracted workers, as specified in Section E.

\textit{Community Workers} (\textit{to be further considered in the light of the results of public consultations})

8. The requirements of paragraphs 39 to 44 of this OS will apply to community workers, as specified in Section F.

\textit{Primary Supply Workers}

9. The requirements of paragraphs 45 to 48 of this OS will apply to primary supply workers, as specified in Section G.

10. Where government civil servants are working in connection with the project, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project\(^11\). OS2 will not apply to such government civil servants, except for the provisions of paragraphs 23 to 25 (Protecting the Work Force) and paragraphs 29 to 35 (Occupational Health and Safety).

\(^5\) Third parties may include contractors, subcontractors, brokers, agents or intermediaries.

\(^6\) 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.

\(^7\) Primary suppliers are those 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.

\(^8\) Community workers are workers who have migrated from one country to another or from one part of the country to another for 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.

\(^9\) 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 and are employed in accordance with local laws and on comparable terms and conditions as non-migrant workers who are employed in similar work.

\(^10\) The application of OS2 to migrants depends upon their legal status within the host country.

\(^11\) Such transfer will be conducted in accordance with all legal requirements and transferred workers will be subject to all requirements of this OS.
Requirements

A. Working Conditions and Management of Worker Relationships

11. The Borrower will develop and implement written labour management procedures 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. The procedures 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 will require third parties to manage their workers in accordance with paragraphs 12 to 22.

Terms and Conditions of Employment

12. Project workers will be provided with information and documentation that is clear and understandable regarding their terms and conditions of employment. The information and documentation will set out their rights under national labour and employment law (which will include any applicable collective agreements), including their rights related to hours of work, wages, overtime, compensation and benefits, as well as those 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 occur.

13. Project workers will be paid on a regular basis as required by national law and labour management procedures. Deductions from payment of wages will only be made as allowed by national law or the labour management procedures, 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 and family leave, as required by national law and labour management procedures. Where the Borrower is party to a collective bargaining agreement with a workers’ organisation, it respects that agreement. Where such agreements do not exist, or do not address working conditions and terms of employment, the Borrower provides reasonable working conditions and terms of employment that, at a minimum, comply with national law and are otherwise consistent with this OS.

14. Where required by national law or the labour management procedures, project workers will receive written notice of termination of employment and details of severance payments in a timely manner. All wages that have been earned, social security benefits, pension contributions and any other entitlements will 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.

15. Where the Borrower or other third parties directly or indirectly provide residential or temporary accommodation to workers, facilities shall provide all basic services, including water and sanitation; in certain cases, medical care should also be provided. The services are provided in a manner consistent

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12. To the extent that provisions of national law are relevant to project activities and satisfy the requirements of this OS, the Borrower will not be required to duplicate such provisions in labour management procedures. The provisions of national law are 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 labour-management procedures.

13. The term collective bargaining extends to all negotiations that take place between an employer, a group of employers or one or more employers’ organisations, on the one hand, and one or more workers’ organisations, on the other, to (a) determine working conditions and terms of employment, and/or (b) regulate relations between employers and workers, and/or (c) regulate relations between employers or their organisations and a workers’ organisation(s) (ILO Collective Bargaining Convention, 1991).

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

15. 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.
with the principles of non-discrimination and equal opportunity. Workers’ accommodation arrangements should not restrict workers’ freedom of movement or of association.

**Non-Discrimination and Equal Opportunity**

16. 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, 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 labour management procedures will set out measures to prevent and address harassment, intimidation and/or exploitation and reprisal. Where national law is inconsistent with this OS and/or ILO standards, the Borrower must carry out project activities in a manner consistent with this OS and/or ILO standards to the extent possible.

17. 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 as discrimination, provided they are consistent with national law.

18. The Borrower will provide appropriate measures of protection and assistance to address the vulnerabilities of project workers, including specific groups of workers, such as women, people with disabilities, migrant workers and children (of working age in accordance with this OS). Such 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**

19. Prior to implementing any collective dismissals, the Borrower will carry out an analysis of alternatives to retrenchment. 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 comply with collective bargaining agreements if they exist. The Borrower complies with all legal and contractual requirements related to notification of public authorities, and provision of information to and consultation with workers and their organizations. The borrower complies with national laws in terms of supplying severance payments and benefits.

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

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

17 Including Sexual Exploitation, Abuse and Harassment (SEAH)

18 For example, where the project, a component of the project or set of activities or initiatives is designed to target a specific group or set of individuals, such as in operations with a local hiring requirement, social safety net projects or work for peace projects. This may also include positive affirmative measures as required by national law.

19 Collective dismissals cover all multiple dismissals that are a result of an economic, technical, or organizational reason or other reasons unrelated to performance or other personal reasons.

20 Examples of alternatives may include negotiated working-time reduction programs, employee capacity building programs, long-term maintenance works during low production periods, etc.
payments are made for the benefit of workers, workers will be provided with evidence of such payments.

**Worker’s Organizations**

21. The Borrower will comply with all national labour laws and requirements. The Borrower shall allow workers to form, join, and participate in workers’ organisations, such as trade unions or alternative organisations of their own choosing, to express their joint requests and grievances and protect their rights regarding working conditions and terms of employment. The Borrower shall not exert influence on or try to control these workers’ organisations. The Borrower shall allow workers to freely elect their own representatives and to engage in collective bargaining. Within the employment relationship, the Borrower shall engage with workers’ representatives and workers’ organisations, and provide them with the information needed for meaningful negotiation in a timely manner. The Borrower shall not discriminate or retaliate against workers who participate, or seek to participate, in such organisations and engage in collective bargaining.

**B. Protecting the Work Force**

**Child Labour and Minimum Age**

22. A child under the minimum age established in accordance with this paragraph will not be employed or engaged in connection with the project. The labour management procedures will specify the minimum age for employment or engagement in connection with the project, which will be the age of 14 unless national law specifies a higher age.

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

- The work is not hazardous as per the footnote below;
- An appropriate risk assessment is conducted prior to the work commencing; and;
- The Borrower conducts regular monitoring of health, working conditions, hours of work and the other requirement of this OS.
- A child over the minimum age and under the age of 18 will not be employed or engaged 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**

24. Forced labour, which consists of any work or service not voluntarily 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

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21 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: (a) with exposure to physical, psychological or sexual abuse; (b) underground, underwater, working at heights or in confined spaces; (c) with dangerous machinery, equipment or tools, or involving handling or transport of heavy loads; (d) in unhealthy environments exposing children to hazardous substances, agents, or processes, or to temperatures, noise or vibration damaging to health; or (e) under difficult conditions such as work for long hours, during the night or in confinement on the premises of the employer.

22 Work is on a voluntary basis when it is done with the free and informed consent of a worker. Such consent must exist 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 a 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.
labour, or similar labour-contracting arrangements. No trafficked persons will be employed in connection with the project.23

C. Grievance Mechanism

25. A grievance mechanism will be provided for all direct workers and contracted workers24 (and, where relevant, their organizations) to raise workplace concerns25. Such 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 such project workers.

26. The grievance mechanism will be proportionate to the nature and 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, without any retribution, and will operate in an independent and objective manner. 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. Existing grievance mechanisms may be supplemented as needed with project-specific arrangements.

27. 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 (OHS)

28. Measures relating to occupational health and safety 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 GIIP. The OHS measures applying to the project will be set out in the ESMP.26

29. The OHS measures will be designed and implemented to address: (a) identification of potential hazards to project workers, particularly those that may be life-threatening; (b) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (c) training of project workers and maintenance of training records; (d) documentation and reporting of occupational accidents, diseases and incidents; (e) emergency prevention and preparedness and response arrangements to emergency situations; and (f) remedies for adverse impacts such as occupational injuries, deaths, disability and disease.27

30. All parties who employ or engage project workers will develop and implement procedures to establish and maintain a safe working environment, including that workplaces, machinery, equipment and processes under their control are safe and without risk to health, including by use of appropriate measures relating to chemical, physical and biological substances and agents. Such parties will actively collaborate and consult with project workers in promoting understanding, and methods for,

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

24 For community workers, see paragraph 36.

25 This grievance mechanism will be provided separately from the grievance mechanism required under OS10.

26 Section 2 of the General Environmental Health and Safety Guidelines (EHSGs) on Occupational Health and Safety applies to all projects and can be found at http://www.ifc.org/wps/wcm/connect/9adfe2e99d4688597d11a5156b13f/2BOccupational%2BHealth%2Band%2BSafety.pdf?MOD=AJPERES. Each of the industry-specific guidelines addresses the OHS issues relevant to the particular industry. Links to each of these guidelines can be found at http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines.

27 These arrangements will be coordinated with the Emergency Preparedness and Response measures established under OS4.

28 Such 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.
implementation of OHS requirements, as well as in providing information to project workers, training on occupational safety and health, and provision of personal protective equipment without expense to the project workers.

31. Workplace processes will be put in place for project workers to report work situations that they believe are not safe or healthy, and, if the project or employer does not act, to remove themselves from a work situation which 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 to correct the situation has been taken. Project workers will not be retaliated against or otherwise subject to reprisal or negative action for such reporting or removal.

32. 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 services\(^{29}\) 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.

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

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

E. Contracted Workers

35. The Borrower will make reasonable efforts to ascertain that third parties\(^{30}\) who engage contracted workers are legitimate and reliable entities and have in place labour management procedures applicable to the project that will allow them to operate in accordance with the requirements of this OS, except for paragraphs 34 to 42.

36. The Borrower will establish procedures for managing and monitoring the performance of such third parties in relation to the requirements of this OS. In addition, the Borrower will 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 will require such third parties to include equivalent requirements and non-compliance remedies in their contractual agreements with subcontractors.

37. Contracted workers will 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 will make the grievance mechanism provide under Section C of this OS available to the contracted workers.

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\(^{29}\) Those services might be provided either directly by the Borrower or by third parties.

\(^{30}\) See footnote 3: this may include contractors, subcontractors, brokers, agents or intermediaries.
F. Community Workers

38. Projects may include the use of community workers in a number of different circumstances, including where labour is provided by the community as a contribution to the project, activities or initiatives or where projects are designed and conducted for the purpose of fostering community-driven development, providing a social safety net or providing targeted assistance in fragile and conflict-affected situations. Given the nature and objectives of such, the application of all requirements of OS2 may not be appropriate. In all such circumstances, the Borrower will require measures 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.

39. Accordingly, where the project includes the provision of labour by community workers, the Borrower will apply the relevant provisions of this OS in a manner that reflects and is proportionate to:

- The nature and scope of the project;
- The specific project activities in which the community workers are engaged; and
- The nature of the potential risks and impacts to the community workers.

40. Paragraphs 11 to 22 (Working Conditions) and paragraphs 29 to 35 (Occupational Health and Safety) will be assessed in relation to community labour, and will be applied in a manner that reflects (a) to (c) above. The way in which these requirements will apply in the circumstances of the project will be set out in the labour management procedures.

41. In preparing the labour management procedures, the Borrower will clearly identify the terms and conditions on which community labour will be engaged, including amount and method of payment (if applicable) and times of work. The labour management procedures will also specify the way in which community workers can raise grievances in relation to the project, activities or other initiatives. The Borrower will 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 EHSGs and industry-specific EHSGs.

42. The Borrower will assess whether there is a risk of child labour or forced labour within community labour, identifying those risks consistent with paragraphs 23 to 24 above. The labour management procedures will set out roles and responsibilities for monitoring community workers. If cases of child labour or forced labour are identified, the Borrower will take appropriate steps to remedy them.

43. The review established pursuant to paragraph 43 will take into account the provision of labour by community workers in the project, and that adequate training is provided to such workers, tailored to their particular needs and the potential risks and impacts of the project.

G. Primary Supply Workers

44. As part of the environmental and social assessment, the Borrower will identify potential risks of child labour, forced labour and serious occupational, health and/or safety issues which may arise in relation to primary suppliers.

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31 For example, food-for-work programs and public works as safety nets programs.
32 These measures will be documented in the labour management procedures.
33 Reasonable working conditions and terms of employment could be assessed by reference to (i) conditions established for work of the same character in the trade or industry concerned in the area/region where the work is carried out; (ii) collective agreement or other recognized negotiation between other organisations of employers and workers’ representatives in the trade or industry concerned; (iii) arbitration award; or (iv) conditions established by national law.
45. Where there is a significant risk of child labour or forced labour related to primary supply workers, the Borrower will require the primary supplier to identify those risks consistent with paragraphs 23 to 25 above. The labour management procedures will set out roles and responsibilities for monitoring primary suppliers. If cases of forced labour are identified, the Borrower will take immediate steps to remove the workers from the condition of forced labour; address and remedy the specific incidents and the practices that led to the worker’s 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 discovered working on the project, measures will be taken to terminate the employment or engagement of the child in a responsible manner.34

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

47. The ability of the Borrower to address these risks will depend upon the Borrower’s level of control or influence over its primary suppliers. Where remedy is not possible, the Borrower will, 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.

H. Prompt Reporting of Materially Adverse Labour and Health and Safety Events

48. Notwithstanding regular reporting requirements prescribed by the Bank or national requirements, the Borrower will notify the Bank promptly, within 3 working days, of any materially adverse event such as serious accidents, fatalities, labour disputes, significant security issues or any other matters addressed within this OS. The Borrower will assist the Bank in any follow up actions of the Bank.

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34 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 presented with alternatives to child labour, for example ensuring access to education or vocational training.
E&S Operational Safeguard 3. Resources Efficiency and Pollution Prevention and Management

Introduction

1. OS3 recognizes that economic activities often generate pollution to air, water, and land, 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 (GHG) threatens the welfare of current and future generations. At the same time, more efficient and effective resource use, pollution prevention and GHG emission avoidance, and mitigation technologies and practices have become more accessible and achievable.

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

3. Throughout the different phases of the project’s lifecycle—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 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 trans-boundary 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 pollution from project activities.

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35 The term “pollution” is used to refer to both hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as thermal discharge to water, emissions of short- and long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

36 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 which tend to encourage reduction in energy and raw material use, as well as emissions of local pollutants, also generally result in encouraging a reduction of emissions of short- and long-lived climate pollutants.

37 ‘Pollution’ includes materially significant man-made introductions to the environment and includes light, sound, vibration, solid, liquid and gaseous matter whether hazardous or not. It thus includes wastepaper and plastic.
• To avoid or minimize project-related emissions of short and long-lived climate pollutants\textsuperscript{38}.
• To avoid or minimize generation of hazardous and non-hazardous waste.
• To minimize and manage the risks and impacts associated with pesticide use.

\textit{Scope of Application}

6. The applicability of this OS is established during the environmental and social assessment described in OS1.

\textit{Requirements}

7. The Borrower will include resource-efficiency and pollution-prevention principles into the project activities or initiatives in accordance with the principles of cleaner production\textsuperscript{39}.

8. The Borrower will 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 GIIP, in the first instance the ISS guidance notes.

\textbf{A. Resources Efficiency}

9. The Borrower will implement technically and financially feasible measures for improving efficient consumption of energy, water and raw materials, as well as other resources. Such 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 will make a comparison to establish the relative level of efficiency.

\textit{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 will adopt measures specified in the EHSGs to optimize energy usage, to the extent technically and financially feasible.

\textit{Water Use}

11. When the project is a potentially significant user of water\textsuperscript{40} or will have potentially significant impacts on water quality, in addition to applying the resource efficiency requirements of this OS, the Borrower will 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 Borrowers operations, the use of alternative

\textsuperscript{38} This includes all GHGs and black carbon (BC).
\textsuperscript{39} 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 mean taking advantage of renewable energy sources (IFC EHS Guidelines (Guidance note No. 3) and UNEP).
\textsuperscript{40} Whilst the significance of the amount of water used is contextual, a threshold of 5,000 liters per day is a commonly used benchmark.
water supplies, water consumption offsets to maintain total demand for water resources within the available supply, and 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 will be identified and implemented;
- Specific water use (measured by volume of water used per unit production) will be assessed; and
- Operations must be benchmarked to available industry standards of water use efficiency.

The Borrower will assess, as part of the environmental and social assessment, the potential cumulative impacts of water use upon 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 avoids 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 assesses and manages environmental flows for the conservation and sustainable use of biodiversity and ecosystem services. 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 ensures that flows are maintained so that they are optimally managed to allow for the 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 is responsible for ensuring compliance through its appropriate water resources management agency.

15. The borrower ensures that the environmental and social assessment 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 no river basin plan exists, 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 jeopardised by an individual project or the cumulative impacts of multiple projects. The borrower will send notification, mentioning 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 environmental and social assessment.

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*Environmental flow* includes classical ecological flow and the optimal needs of downstream communities, including for their economic activities and domestic consumption.
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 will adopt measures\textsuperscript{42} specified in the EHSGs and other GIIP to support efficient use of raw materials, to the extent technically and financially feasible.

B. Pollution Prevention and Management

18. The Borrower will apply pollution prevention and control measures consistent with national legislation and standards, applicable international conventions, and internationally recognised standards and good practice, particularly the EHS Guidelines.

19. When national legislation and regulations differ from the standards and measures presented in the EHS Guidelines, the Borrower is required to achieve whichever is more stringent. However, if less stringent levels or measures are appropriate to specific project circumstances, the Borrower will provide full and detailed justification for any proposed alternatives through the environmental and social assessment 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 will 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 trans-boundary impacts.

21. Where the project/activities to be supported by the Bank involve historical pollution,\textsuperscript{43} the Borrower will establish a process to identify the responsible party, in accordance with national law, to take part in determining 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 will undertake a health and safety risk assessment\textsuperscript{44} 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.\textsuperscript{45}

22. To address potential adverse impacts on human health and the environment,\textsuperscript{46} the Borrower will consider relevant factors, including, for example: (a) existing ambient conditions; (b) in areas already impacted by pollution, the remaining assimilative capacity\textsuperscript{47} of the environment; (c) existing and future land use; (d) the project’s proximity to areas of importance to biodiversity; (e) the potential for cumulative impacts with uncertain and/or irreversible consequences; and (f) 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/activities has the potential to constitute a significant source of emissions in an already degraded area, the Borrower will consider additional strategies and adopt measures that avoid or

\textsuperscript{42} These measures can include reuse or recycling of materials. The Borrower will reduce or eliminate the use of toxic or hazardous raw materials.

\textsuperscript{43} 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.

\textsuperscript{44} Such assessment will follow a risk-based approach consistent with GIIP, in the first instance the EHSGs.

\textsuperscript{45} If one or more third parties are responsible for the historical pollution, the Borrower will consider seeking recourse from such parties so that such pollution is appropriately remediated. The Borrower will 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.

\textsuperscript{46} Such as air, surface and groundwater and soils.

\textsuperscript{47} 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.
minimize negative effects. These strategies include, but are not limited to, 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 will consider project alternatives and implement technically and financially feasible and cost-effective\(^{49}\) options\(^{50}\) to avoid or minimize air emissions during the design, construction and operation of the project or activities.

25. As part of the environmental and social assessment, the Borrower will characterize and estimate sources of air pollution related to the project or activities\(^{51}\).

**Assessment of Climate Change Impacts and Effects**

26. As part of the environmental and social assessment, the Borrower will characterize and estimate sources of GHG emissions related to the project or activities\(^{52}\). This will include 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\(^{53}\). For projects that have diverse and small sources of emissions (for example, community-driven development projects) or where emissions are not likely to be significant (for example, projects in education and social protection), GHG estimations will not be required.

27. The Borrower will consider project alternatives and implement technically and financially feasible and cost-effective options\(^{54}\) 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 will identify the potentially hazardous waste to be generated throughout the project’s lifecycle and determine cost-effective alternatives for its use and/or environmentally sound disposal.

29. The Borrower will avoid the generation of hazardous and non-hazardous waste. Where waste generation cannot be avoided, the Borrower will minimize the generation of waste, and reuse, recycle and recover waste in a manner that is safe for human health and the environment. Where waste cannot be reused, recycled or recovered, the Borrower will treat, destroy, or dispose of it in an environmentally

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\(^{48}\) ‘Air pollution’ refers to the release of air pollutants (often associated with the combustion of fossil fuels), such as nitrogen oxides (NOx), sulfur dioxide (SO2), carbon monoxide (CO), particulate matter (PM), as well as other contaminants including GHGs.

\(^{49}\) Cost-effectiveness is determined according to the capital and operational cost and financial benefits of the options considered over the life of the project.

\(^{50}\) The options for reducing or preventing air pollution may include a combination of approaches such as: enhancing 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; and carbon sequestration and storage; sustainable transport alternatives; and proper waste management practices.

\(^{51}\) For the purposes of such estimate, the Borrower may utilize national methodologies accepted in the context of international agreements on climate change, with the agreement of the Bank.

\(^{52}\) For the purposes of such estimate, the Borrower may utilize national methodologies accepted in the context of international agreements on climate change, with the agreement of the Bank.

\(^{53}\) 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 conflict states, working with Borrower counterparts and using project information provided by the Borrower. The Bank can also provide technical assistance to the Borrower in the use of the methodologies established by the Bank so that Borrower competency is strengthened in this respect.

\(^{54}\) 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; and carbon sequestration and storage; sustainable transport alternatives; and proper waste management practices.
sound and safe manner that 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, the Borrower will comply with existing requirements for management (including storage, transportation and disposal) of hazardous wastes including national legislation and regulation, and applicable international conventions, including those relating to trans-boundary movement. Where such requirements are absent, the Borrower will adopt GIIP alternatives for its environmentally sound and safe management and disposal. When third parties conduct hazardous waste management, the Borrower will use contractors that 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 will ascertain whether licensed disposal sites are being operated to acceptable standards and, the Borrower will use acceptable and approved sites. Where licensed sites are not being operated to acceptable standards, the Borrower will 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 Borrower, in consultation with potentially affected workers and communities, will prepare a management plan taking a whole lifecycle 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 reutilisation 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 evaluates their legitimacy and legality for conducting hazardous waste management activities and obtains 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. Consistent with host country commitments under any relevant applicable international agreements, the Borrower will avoid the manufacture, trade and use of chemicals and hazardous materials subject to international bans, restrictions or phase-outs unless for an acceptable purpose as defined by the conventions or protocols or if an exemption has been obtained by the Borrower.

33. The Borrower will minimize and control the release and use of hazardous materials. The production, transportation, handling, storage, and use of hazardous materials for project activities will be assessed through the environmental and social assessment. The Borrower will consider less hazardous substitutes where hazardous materials are intended for use in manufacturing processes or other operations.

C. Pests and vectors Management

34. Where projects involve recourse to pest management measures, the Borrower will give preference to integrated pest management (IPM) or integrated vector management (IVM) approaches using

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55 As defined by the EHSGs and relevant national law.
56 These materials may include chemical fertilizer, soil amendments and chemicals other than pesticides.
57 IPM refers to a mix of farmer-driven, ecologically based pest control practices that seeks to reduce reliance on synthetic chemical pesticides. It involves: (a) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (b) integrating multiple methods (relying, to the extent possible, on nonchemical measures) to keep pest populations low; and (c) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment.
58 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.”
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 will assess the nature and degree of associated risks,
taking into account the proposed use and the intended users.\textsuperscript{59} The Borrower will not use any pesticides
or pesticide products or formulations unless such use is in compliance with the EHSGs. In addition, the
Borrower will 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
meeting, 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 will also not use any formulated pesticide products
that meet the criteria of carcinogenicity, mutagenicity, or reproductive toxicity as set forth by relevant
international agencies\textsuperscript{60}. For any other pesticide products that poses other potentially serious risk to
human health or the environment and that are identified in internationally recognized classification and
labeling systems, the Borrower will not use pesticide formulations of products if: (a) the country lacks
restrictions on their distribution, management and use; or (b) 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 these products properly.

36. The following additional criteria apply to the selection and use of such pesticides: (a) they will have
negligible adverse human health effects; (b) they will be shown to be effective against the target species;
(c) they will 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 programs will be demonstrated to be safe for inhabitants and domestic
animals in the treated areas, as well as for personnel applying them; (d) their use will take into account
the need to prevent the development of resistance in pests; (e) 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.

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

38. For any project involving significant pest management issues\textsuperscript{61} or any project contemplating activities
that may lead to significant pest and pesticide management issues,\textsuperscript{62} the Borrower will prepare a Pest
Management Plan (PMP)\textsuperscript{63}. A pest management plan will also be prepared when proposed financing of
pest control products represents a large component of the project or Borrower activities.\textsuperscript{64}

\textsuperscript{59} This assessment is made in the context of the environmental and social impact assessment.
\textsuperscript{60} This includes pesticides classified as Class 1a (extremely hazardous), Ib (highly hazardous) or II (moderately hazardous).
\textsuperscript{61} Such issues would include: (a) migratory locust control; (b) mosquito or other disease vector control; (c) bird control; (d) rodent control, etc.
\textsuperscript{62} Such as: (a) new land-use development or changed cultivation practices in an area; (b) significant expansion into new areas; (c) diversification into new crops in
agriculture; (d) intensification of existing low-technology systems; (e) proposed procurement of relatively hazardous pest control products or methods; or (f) specific
environmental or health concerns (e.g., proximity of protected areas or important aquatic resources; worker safety).
\textsuperscript{63} Depending on the nature and the scale of the risks and impacts of the project, the elements of a PMP may be included as part of the ESMP and preparation of a stand-
alone PMP may not be necessary.
\textsuperscript{64} This is when financing of substantial quantities of pesticides is envisaged. A pest management plan 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.
E&S Operational Safeguard 4. Community Health, Safety and Security

Introduction

1. OS4 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 and impacts on project-affected communities and the corresponding responsibility of the Borrower to avoid or minimize such risks and impacts, with particular attention to people whom, because of 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 life cycle 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, which 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 have in place effective measures to address emergency events.
   • 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 principles1.
   • 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 described in OS1.

5. This OS addresses potential risks 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.

1 Such as The Voluntary Principles on Security and Human Rights, the International Code of Conduct on Private Security Providers and the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.
**Requirements**

**A. Community Health and Safety**

6. The Borrower/ will 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, because of their particular circumstances, may be vulnerable. To this end, the Borrower/ will develop and implement a health and safety management plan. This plan will as a minimum, (i) identify risks and impacts and propose mitigation measures in accordance with the mitigation hierarchy (ii) address requirements for emergency prevention, preparedness and response and disease prevention and containment planning. The Plan will inter-relate functionally with other plans such as a Labour Influx Management Plan or plan against SEAH as appropriate.

7. The Borrower/ will 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 Environmental and Social Management Plan, which should be regularly reviewed and updated as required.

**Infrastructure and Equipment Design and Safety**

8. The Borrower will design, construct, operate, and decommission the structural elements of the project in accordance with national legal requirements, 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\(^2\). 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 the disabled.

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 will 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 will also apply the concept of universal access\(^3\) 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 with risk of extreme weather or slow onset events, and their failure or malfunction may threaten the safety of communities, the Borrower will 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 will 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 involves provision of services to communities, the Borrower will establish and implement appropriate quality management systems to anticipate and minimize risks and

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\(^2\) This may include, where appropriate, third party life and fire safety audits for existing buildings that are used for communal purposes and for new buildings prior to their commissioning or use.

\(^3\) The concept of universal access means unimpeded access for people of all ages and abilities in different situations and under various circumstances, as set out in GHP.
impacts that such services may have on community health and safety. In such circumstances, the Borrower will also apply the concept of universal access, where technically and financially feasible.

**Traffic and Road Safety**

12. The Borrower will identify, evaluate and monitor the potential traffic 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 will 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 will undertake a road safety assessment for each phase of the project or activities, and will monitor incidents and accidents, and prepare regular reports of such monitoring. The Borrower will use the reports to identify negative safety issues, and establish and implement measures to resolve them.

14. For vehicles or fleets of vehicles for the purposes of the project or activities (owned or leased), the Borrower will put in place appropriate processes, including driver training, to improve driver and vehicle safety, as well as systems for monitoring and enforcement. The Borrower will 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 will take appropriate safety measures to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment.

**Ecosystem Services**

16. Direct impacts on ecosystem services may result in adverse health and safety risks to and adverse impacts on affected communities. With respect to this OS, ecosystem services are limited to provisioning and regulating services as defined in OS1. Where appropriate and feasible, the Borrower will identify the operation or project’s potential risks and impacts on ecosystem services that may be exacerbated by climate change. Adverse impacts will be avoided, and if they are unavoidable, the Borrower will 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 environmental and social scoping phase of E&S assessment. These may be addressed by competent and experienced experts during environmental and social assessment though, 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 (HIA).

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

   - Release of and exposure to hazardous materials or chemicals (e.g. seepage into ground water, contamination of surface water supplies);

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4 May include all motorized transportation relevant to the project.
5 For example, 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, 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.
• 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, etc.);

• When new building and structures will be 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;

• Changes in population composition through, for example, in-migration of labour force, opportunity seekers or sex workers, in turn provoking pressure on health systems and infrastructure, exposure to sexually transmitted/communicable diseases, pressure on existing natural resources, increased vulnerability of local populations;

• Resource use related impacts (e.g. through modification of water courses, changes from earth movements);

• Structural components impacts (e.g. from failure of structures such as dams, faulty design, disruption of existing access); and,

• Introduction of new, or change of existing (public or private) security arrangements.

19. In line with OS2, in the event that hazardous materials and substances are part of existing project infrastructure or components, the Borrower will take special care that these are transported, made operational and decommissioned in accordance with good international industry practice, 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 promoter will take due care to identify, eliminate and substitute such hazardous materials and substances accordingly. An emergency preparedness plan is required accordingly.

20. The Borrower will avoid or minimize the potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and 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\(^6\) are endemic in communities in the operation area, the Borrower is encouraged to explore opportunities during the operation 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 will 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. Such risks and impacts may be associated with

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\(^6\) Such as encephalitis, malaria, cholera, onchocerciasis, elephantiasis etc.
changes in population composition, intangible cultural heritage, health implications and exposure to communicable diseases and the increased vulnerability of communities in the area of influence of the project due to increased pressure on available health facilities. The Borrower will take measures to avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent labour. In conflict and post-conflict areas, the Borrower shall also endeavor to mitigate the exacerbation of rivalries that in-migration can cause.

22. The Borrower will ensure that women, girls and children, in particular, are protected from SEAH and GBV; and avoid and contain the spread of diseases associated with immigration, especially sexually transmitted diseases (including HIV/AIDS), tuberculosis, COVID-19, Ebola and malaria. To these ends, 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 GIIP7.

23. Where project-induced migration risks are deemed to be significant, the Borrower will prepare a Labour Influx Management Plan. This will be complementary to or part of broader environmental and social assessment 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 will 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 will collaborate with public authorities and other stakeholders (such as NGOs, CMOs) and build upon existing measures to implement public programmes and policies, including disease monitoring plans, that will raise the public’s awareness and understanding of communicable and preventable diseases and will effectively counter their spread. Such existing 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 program, the Borrower will monitor any incidence of such diseases.

Management and Safety of Hazardous Materials

25. The Borrower will avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be life-threatening, the Borrower will exercise special care to avoid or minimize their exposure by modifying, substituting, or eliminating the condition or material causing the potential hazards. Where hazardous materials are part of existing project infrastructure or components, the Borrower will exercise due care during construction and implementation of the project, including decommissioning, to avoid exposure to the community.

26. The Borrower will 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.

7 Such as the AfDB Bank Best Practice Note on Managing the Risk of Adverse Impacts on Communities from Temporary Project Induced Labour Influx.
Emergency Preparedness and Response

27. The Borrower will 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 or 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 (RHA), as part of the environmental and social assessment undertaken pursuant to OS1. Based on the results of the RHA, the Borrower will 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.

29. An EPRP will include, as appropriate: (a) engineering controls (such as containment, automatic alarms, and shut-off systems) proportionate to the nature and scale of the hazard; (b) identification, of and secure access to emergency equipment available on-site and nearby; (c) notification, response and evacuation procedures and protocols for designated emergency responders; (d) diverse media channels for notification of the affected community and other stakeholders; (e) a training program for emergency responders including drills at regular intervals; (f) public evacuation procedures; (g) designated coordinator for EPRP implementation; and (h) measures for restoration and clean-up of the environment following any major accident.

30. The Borrower will 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 will 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 will review the EPRP on a regular basis, 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 will support affected communities, relevant government agencies and other relevant parties through training and collaboration, and will conduct such training in conjunction with the training provided to workers as part of the OHS requirements under OS2.

B. Security Personnel

32. In the course of ensuring that project assets and personnel are secured and safeguarded in a legitimate manner, the Borrower/ will assess the risks and impacts upon 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. Such security arrangements shall be defined in the ESP. A security management plan may be required by the Bank, where deemed necessary.

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8 OS2, paragraph 29 to 35.
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 Voluntary Principles on Security and Human Rights, the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials, the UN Code of Conduct for Law Enforcement Officials and the International Code of Conduct on Private Security Providers, therein maintaining the safety and security of assets and persons on the project within an operating framework that ensures respect for human rights and fundamental freedoms.

34. In particular, such arrangements will reflect the principles of proportionality and GIIP, and by applicable law, in relation to hiring, rules of conduct, training, equipping, and monitoring of security personnel. The Borrower will 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 will ensure that government security personnel deployed to provide security services act in a manner consistent with the above, and encourage the relevant authorities to disclose the security arrangements for the Borrowers’ facilities to the public, subject to overriding security concerns.

36. The Borrower will (i) make reasonable inquiries to verify that the direct or contracted workers retained by the Borrower 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 will 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.
OS4 – ANNEX 1. DAM SAFETY

A. New Dams

38. The Borrower will engage experienced and competent professionals for the supervision of the design and construction of new dams\(^1\), and 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.

39. The dam safety requirements set out in this Annex apply to:

(a) “Large dams” which are defined as dams with a height of 15 meters or greater from the lowest foundation to crest or dams between 5 meters and 15 meters impounding more than 3 million cubic meters;

(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.

40. 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\(^2\):
   a plan for construction supervision and quality assurance, an instrumentation plan, an operation and maintenance plan, and an emergency preparedness plan;

(c) Prequalification 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.

41. The risks associated with a dam are design and situation specific, and will vary depending on structural components, socioeconomic factors and the environment within which the dam is being constructed and will operate. Application of the requirements set out in paragraph 40 will reflect these considerations, and be proportionate to the size, complexity and potential risk of the dam.

42. Where a dam does not fall into the categories set out in paragraph 39, dam safety measures designed by qualified engineers in accordance with GIIP will be adopted and implemented.\(^3\)

43. The Panel referred to in paragraph 40 above consists of competent qualified and experienced experts, appointed by the Borrower and acceptable to the Bank, with expertise in the various technical fields

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\(^1\) 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.

\(^2\) 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 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.

\(^3\) In such circumstances, the Borrower will confirm, through the environmental and social assessment, that there will be no or negligible risk of significant adverse impacts due to potential failure of the dam structure to local communities and assets, including assets to be financed as part of the proposed project. Such dams could include farm ponds, local silt retention dams and low embankment tanks.
relevant to the safety aspects of the particular dam. 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 will normally extend the Panel's composition and terms of reference beyond dam safety, to cover such areas as project formulation; technical design; construction procedures; and, for water storage dams, associated works such as power facilities, river diversion during construction, ship lifts, and fish ladders.

44. The Borrower will contract the services of the Panel and will provide administrative support for its activities. Beginning as early in project preparation as possible, the Borrower will 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. The Borrower will inform the Bank in advance of the Panel meetings. 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 will 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 and start-up of the dam, the Borrower may disband the Panel.

B. Existing Dams and Dams under Construction (DUC)

45. 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 will arrange for one or more independent dam specialists to: (a) inspect and evaluate the safety status of the existing dam or DUC, its appurtenances, and its performance history; (b) review and evaluate the owner's operation and maintenance procedures; and (c) 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.

46. Such projects include, for example, 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 increases in the 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.

47. The Borrower may use a previously prepared dam safety assessment or recommendations for improvements needed in an existing dam or DUC, if: (a) an effective dam safety program is already in operation; and (b) 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.

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

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

5 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.

6 The Bank will normally send an observer to these meetings.
49. When the owner of the existing dam or DUC is an entity other than the Borrower, the Borrower will enter into agreements or arrangements providing for the measures set out in paragraphs 45 to 48 of this Annex to be undertaken by the owner.

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

C. Dam Safety Reports

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

(a) **Plan for construction supervision and quality assurance.** 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 dam⁷, this plan takes 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) **Instrumentation plan.** This is a detailed plan for the installation of instruments to monitor and record dam behavior and the related hydro-meteorological, structural and seismic factors. This plan will be prepared and submitted to the Panel and Bank before bid tendering.

(c) **Operation and maintenance (O&M) plan.** This plan will set out details of 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) **Emergency preparedness and response plan.** This plan 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 itself will be prepared during implementation and is provided to the Panel and Bank for review not later than one year before the projected date of initial filling of the reservoir.

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⁷ For example, tailings dam or ash impoundment dam.
E&S Operational Safeguard 5. Land Acquisition, Restrictions on Access to Land and Land Use, and Involuntary Resettlement

Introduction

1. OS5 recognizes that project-related land acquisition, and restrictions on land access or land use, and loss of property/assets can have adverse impacts on communities and persons. Project-related land acquisition\(^1\) or restrictions on land use\(^2\) 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),\(^3\) 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 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 face impoverishment if their productive resources or other income sources are lost; 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.\(^4\) 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. No physical investment supported by the Bank can be carried out if the required land is not free from any encumbrances, occupation, or conflict, and/or has been the subject to negotiated adequate prior compensation, and finally secured for the benefit of the investment concerned.

Objectives

3. The objectives of OS5 are as follows:

- Avoid involuntary resettlement where feasible, or minimize resettlement impacts where involuntary resettlement is deemed unavoidable after all alternative project designs have been explored;
- To avoid forced eviction.\(^5\)

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\(^1\)“Land acquisition” refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. “Land” includes 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.

\(^2\)“Restrictions on land use” refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, restrictions on land use within utility easements or safety zones.

\(^3\)“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.

\(^4\) 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.

\(^5\) See paragraph 40.
To mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by: (a) providing timely compensation for loss of assets at full replacement cost\(^6\) and (b) 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 living conditions of poor or vulnerable persons who are physically displaced by the project, through provision of adequate housing, access to services and facilities, security of tenure\(^7\) and safety.

To establish a mechanism for monitoring the performance and effectiveness of involuntary resettlement activities which result from project activities, and for remediating problems as they arise.

To conceive and execute resettlement activities as sustainable development programs, 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 appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.

*Scope of Application*

4. This OS applies to all Bank Group’s funded operations, both public and private sector, and to project funded through all financial instruments managed by the Bank. The applicability of OS5 is established during the environmental and social assessment 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;\(^8\)

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\(^6\) “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 functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, full replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the un-depreciated 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, full 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 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 full 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.

\(^7\) “Security of tenure” means that resettled individuals or communities are resettled to a site over which they have legally recognized documentation, with such documentation granting the project-affected people protection against 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.

\(^8\) 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 in order 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.
(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;\(^9\)

(d) 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;\(^10\)

(e) 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;

(g) Land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation;\(^11\) 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, the project.

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. Such 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 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.\(^12\)

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 minimise disruption to the affected people, avoid irreversible negative impacts, ensure gender equitable resolutions, provide satisfactory temporary services and, where appropriate, compensate for transitional hardships.

\(^9\) In such situations, affected persons frequently do not have formal ownership. This may include 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 and put in place to mitigate adverse impacts, if any, on the vulnerable members of the community.

\(^10\) The cut-off date will be determined on a project-by-project basis.

\(^11\) 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 the Borrower demonstrates that: (a) the potential donor or donors have been appropriately informed and consulted about the project and the choices available to them; (b) potential donors are aware that refusal is an option, and have confirmed in writing their willingness to proceed with the donation; (c) 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; (d) no household relocation is involved; (e) the donor is expected to benefit directly from the project; and (f) for community or collective land, donation can only occur with the consent of individuals using or occupying the land. The Borrower will maintain a transparent record of all consultations and agreements reached.

\(^12\) This may include situations where a project supports voluntary transactions between communities, governments and investors involving significant areas of land (for example 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: (a) that all tenure rights and claims (including those of customary and informal users) affecting the land in question are systematically and impartially identified; (b) that potentially affected individuals, groups or communities are meaningfully consulted, informed of their rights, and provided reliable information concerning environmental, economic, social and food security impacts of the proposed investment; (c) that community stakeholders are enabled to negotiate fair value and appropriate conditions for the transfer; (d) that appropriate compensation, benefit-sharing and grievance mechanisms are put in place; (e) that terms and conditions of the transfer are transparent, and (f) mechanisms are put in place for monitoring compliance with those terms and conditions.
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 impacts, especially those that affect poor and vulnerable groups.

10. This OS does not apply to disputes between private parties in land titling or related contexts. However, where persons are required to vacate land as a direct result of a project-supported determination that the land in question is state land, this OS will apply (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 on 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 will be required to conduct a social, legal and institutional assessment under OS1, in order to identify potential economic and social 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 persons:

(a) Those who have formal legal rights to land or other assets recognised 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) Those who do not have formal legal rights to land or other assets at the time of the census/evaluation but can prove that they have a claim that would be recognised 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 recognised by communities as customary inheritors. Depending 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) Those who have no recognisable 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 conditions.

See OS 1, footnote 23.
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standards (compensation for loss of livelihood activities, common property resources,14 structures and crops, etc.).

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

Project Design

15. The Borrower will 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 will 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 impacts15 and impacts on the poor and vulnerable. When the resettlement implications of a project would appear to be particularly severe, the Borrower will 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.

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 will 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 paragraph 35 through 44 of this OS.

17. Compensation standards for categories of land and fixed assets will be disclosed and applied consistently. 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,18 or where land is collectively owned, the Borrower will offer the displaced persons an option for replacement land in accordance with paragraph 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 will also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project. In the case of affected persons under paragraph 13 (c), resettlement assistance will be provided in lieu of compensation for land, as described in paragraphs 38 and 43 (c).

19. Affected people are to be compensated for all their losses at 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 will give preference to land-based resettlement strategies and as a matter of priority offer land-to-land compensation and/or compensation-in-kind 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.

14 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.

15 Including access to female health care providers and to such services 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.

16 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 satisfaction of the Bank. The Bank will determine how far back in time such legacy issues can be considered.

17 At the request of 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.

18 The term “land-based” includes livelihood activities such as rotational cropping and grazing of livestock as well as the harvesting of natural resources.
20. The Borrower will 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 the displaced persons in addition to compensation. In addition, livelihood restoration and improvement programs will commence in a timely fashion in order 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 prior agreement of the Bank, 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 will 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, in accordance with OS7.

23. The consultation process should ensure that women’s perspectives are obtained, 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 nongovernmental organisations 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 will carry out a detailed analysis of host communities\(^\text{19}\) to identify potential problems (if any) associated with receiving displaced people, and to address these problems so that adverse impacts on host communities are minimised and the host communities are able to share in the development

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\(^{19}\) In situations where people choose cash-based compensation or where displaced peoples disperse widely in the country, there may not be discrete host communities.
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, services, and so on, or if those affected by the project are provided with services and housing superior to those of the hosts. The Borrower will 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 environmental and social impacts. The dispute-settlement procedures should be sufficiently agile to quickly resolve conflicts between hosts and the affected population.

**Grievance Mechanism**

28. The Borrower will ensure that a grievance mechanism\(^20\) for the project is in place, in accordance with OSs 1 and 10 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 fashion. Where possible, such grievance mechanisms will utilize existing formal or informal grievance mechanisms suitable for project purposes, supplemented as needed with project-specific arrangements designed to resolve disputes in an impartial manner. 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 will, as part of the environmental and social assessment, conduct a census to identify the persons who will be affected by the project, to establish an inventory of land and assets to be affected,\(^21\) to determine who will be eligible for compensation and assistance,\(^22\) 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 will 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 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 cutoff 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 environmental and social assessment, the Borrower will prepare a plan\(^23\) proportionate to the risks and impacts associated with the project:

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\(^{20}\)Grievance Mechanisms are sometimes referred to as Grievance Redress Mechanisms. They are essentially the same.
\(^{21}\)See Annex 1. Such 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.
\(^{22}\)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.
\(^{23}\)See Annex 1.
(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; and

(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 use and set out the mitigation and compensation measures to address adverse impacts on livelihoods that may result from such 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. The full costs of resettlement activities necessary to achieve the objectives of the project are included in the total costs of the project. 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 (as 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 will 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 evaluating must be conducted in a timely manner and with appropriate frequency so as to provide the best opportunity to identify noncompliance 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 will 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 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 the adverse impacts of resettlement have been addressed in a manner that is consistent with the relevant plan as well as the objectives of this OS. For all projects with significant involuntary resettlement impacts, the Borrower will commission an external completion audit of the plan when all mitigation measures have been completed.

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

25 The availability of the resettlement and compensation cost, part of the environmental and social management plan’s (ESMP) costs included in the overall project cost, is evidenced either as: (i) included in the Bank financing (loan, grant, etc.); or (ii) a co-financing from another donor; or (iii) a counterpart funding, which is the less preferable option to consider, due to lessons learnt based on 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 condition for effectiveness or first disbursement in the financing agreement. Any operation inducing resettlement of people and that do not clarify at least one of the abovementioned three financial liquidity option, is not ready for implementation.
substantially completed. The completion audit (i) will be undertaken by competent resettlement professionals, (ii) will assess whether livelihoods and living standards have been improved or at least restored and, (iii) as necessary, will propose corrective actions to meet objectives not yet achieved.

34. 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 will include in the ESMP the general principles and procedures compatible with this OS. Once the individual project activities are defined and the necessary information becomes available, such 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

35. In the case of physical displacement, the Borrower will develop a plan that covers, at a minimum, the applicable requirements of this OS regardless of the number of people affected. 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 will document all transactions to acquire land rights, provision of compensation and other assistance associated with relocation activities.

36. If people living in the project area are required to move to another location, the Borrower will: (a) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation; and (b) 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 preexisting 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.

37. In the case of physically displaced persons under paragraph 13 (a) or (b), the Borrower will 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.

38. In the case of physically displaced persons under paragraph 13 (c), the Borrower will provide arrangements to allow them to obtain adequate housing with security of tenure. Where these displaced persons own structures, the Borrower will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost. Based on consultation with

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26 Payment of cash compensation for lost land and other assets may be appropriate where: (a) livelihoods are not land-based; (b) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (c) active markets for land, housing, and labour exist, displaced persons use such markets, there is sufficient supply of land and housing, and the Borrower has demonstrated to the satisfaction of the Bank that insufficient replacement land is available.

27 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.
such displaced persons, the Borrower will provide relocation assistance in lieu of compensation for land sufficient for them to restore their standards of living at an adequate alternative site.\textsuperscript{28}

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

40. The Borrower will 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 which 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 will not be considered to be forced eviction providing it complies with the requirements of national law and the provisions of this OS, 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).

41. 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**

42. In the case of projects affecting 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 these are provided in a transparent, consistent, and equitable manner. 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 affected persons or communities have received all of the assistance for which they are eligible, and have been provided with adequate opportunity to reestablish their livelihoods.

43. Economically displaced persons who face loss of assets or access to assets will be compensated for such loss at full replacement\textsuperscript{29} cost:

(a) In cases where land acquisition or restrictions on land use affect commercial enterprises,\textsuperscript{30} affected business owners will be compensated for the cost of identifying a viable alternative location; for lost net income during the period of transition; for the cost of the transfer and reinstallation of the plant, machinery, or other equipment; and for reestablishing commercial activities. Affected employees will receive assistance for 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 paragraph 13 (a) and (b)), replacement property (e.g., agricultural or

\textsuperscript{28}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.

\textsuperscript{29}The Bank interprets ‘Replacement Cost’ and Full Resettlement Cost’ to be the same.

\textsuperscript{30}This includes shops, restaurants, services, manufacturing facilities and other enterprises, regardless of size and whether licensed or unlicensed.
commercial sites, constructions, etc.) of equal or greater value will be provided, or, where appropriate, cash compensation at replacement cost; and

(c) Economically displaced persons who are without legally recognizable claims to land (see paragraph 10(c)) will be compensated for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at replacement cost. Additionally, the Borrower will provide assistance in lieu of land compensation sufficient to provide such persons with an opportunity to reestablish 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.

44. 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:

(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 paragraph 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 associated with restrictions on natural resource usage may be collective in nature; and

(c) If it is demonstrated that replacement land or resources are unavailable, the Borrower will 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 additional 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

45. The Borrower will 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 provision of necessary assistance. In addition, where the capacity of other responsible agencies is limited, the Borrower will 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 will 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

46. The Borrower may request technical assistance from the Bank to strengthen Borrower capacity, or the capacity of other responsible agencies, for resettlement planning, implementation and monitoring. Such
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.

47. 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 will be required to submit to the Bank a resettlement plan in line with the requirements of this OS (Annex 1).
1. This Annex describes the elements of the plans addressing physical and/or economic displacement described in paragraph 30 of OS5. For 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 “process framework.” This Annex also describes the general principles and procedures referred to in paragraph 34 of OS5.

A. Resettlement Plan

2. The scope of requirements and level of detail of the resettlement plan\(^\text{31}\) vary with the magnitude and complexity of resettlement. The plan is based on up-to-date and reliable information about (a) the proposed project and its potential impacts on the displaced persons and other adversely affected groups, (b) appropriate and feasible mitigation measures, and (c) 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:
  - Project components or activities that give rise to displacement, explaining why the selected land must be acquired for use within the timeframe of the project;
  - Zone of impact of such components or activities;
  - Scope and scale of land acquisition and impacts on structures and other fixed assets;
  - Any project-imposed restrictions on use of, or access to, land or natural resources;
  - Alternatives considered to avoid or minimize displacement and why those were rejected; and
  - Mechanisms established to minimize displacement, to the extent possible, during project implementation.
- **Objectives.** The main objectives of the resettlement program.
- **Census survey and baseline socio-economic studies.** The findings of a household-level census identifying and enumerating affected persons, and, 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-sensitive 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;
  - Information on vulnerable groups or persons for whom special provisions may have to be made;

\(^{31}\) The Bank considers the terms ‘Resettlement Plan’ and Resettlement Action Plan’ to be essentially the same.
Draft of the Updated Integrated Safeguards System – PUBLIC CONSULTATIONS

- Identifying public or community infrastructure, property or services that may be affected;
- Providing a basis for the design of, and budgeting for, the resettlement program;
- In conjunction with 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:

(a) 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 local recognized land allocation mechanisms, and any issues raised by different tenure systems in the project area;
(b) 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
(c) Social and cultural characteristics of displaced communities, including a description of formal and informal institutions (e.g., community organizations, ritual groups, nongovernmental organizations (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 timeframe for such procedures, and any available grievance redress mechanisms 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, imposition of land use restrictions and provision of resettlement measures and OS 5, and the mechanisms to bridge such gaps.

- Institutional Framework. The findings of an analysis of the institutional framework covering:

  - The identification of agencies responsible for resettlement activities and NGOs/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. 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 and 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 these views 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 such vulnerable groups as ethnic minorities, the landless and women, and HVRM like 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 timely flow of funds, and funding for resettlement, if any, in areas outside the jurisdiction of the implementing agencies.

Grievance (redress) mechanism. The plan describes 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; involvement of the displaced persons in the monitoring process; evaluation of results for a reasonable period after all resettlement activities have been completed; using 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 include:

Transitional assistance. The plan describes assistance to be provided for relocation of household members and their possessions (or business equipment and inventory). The plan describes any additional assistance to be provided for households choosing cash compensation and securing their own replacement housing, including 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;
  - Identification and consideration of opportunities to improve local living standards by supplemental investment (or through establishment of project benefit-sharing arrangements) in infrastructure, facilities or services;
  - Any measures necessary to prevent land speculation or influx of ineligible persons at the selected sites;
  - 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; 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.** The plan describes methods of consultation with physically displaced persons on their preferences regarding relocation alternatives available to them, including, as relevant, choices related to forms of compensation and transitional assistance, to relocating as individual households families or with preexisting communities or kinship groups, to sustaining existing patterns of group organization, and for relocation of, or retaining access to, cultural property (e.g. places of worship, pilgrimage centers, 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 upon 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 livelihood is 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, 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 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 continues for the duration of the transition period.
E&S Operational Safeguard 6. Habitat and Biodiversity Conservation and, Sustainable Management of Living Natural Resources

Introduction

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

2. It 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, the UN 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, pests and pest risk analysis for quarantine pests, including analysis of the risks and impacts of genetically modified organisms.

3. OS6 recognizes that protecting and conserving biodiversity and sustainably managing living natural resources is 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; this includes diversity within species, between species, and of ecosystems. Biodiversity often underpins ecosystem services valued by humans. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services.

4. OS6 recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. ‘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 sustainable management of primary production and harvesting of living natural resources.

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32 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” (The Convention on Biological Diversity).

33 Ecosystem services are the benefits that people derive from ecosystems. There are four types of ecosystem services: (i) provisioning services, which are the products people obtain from ecosystems (food, freshwater, wood and fiber, fuel); (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes (climate regulation, flood regulation, disease regulation, water purification); (iii) cultural services, which are the nonmaterial benefits 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).

34 For the purposes of this Convention, the following are considered as “natural heritage”: natural features consisting of physical and biological formations or groups of such formations, which 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.

35 Requirements related to ecosystem services are set out in OS1.

36 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, plantation forestry, etc.

37 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 extraction of these resources from natural and modified ecosystems and habitats.
6. OS6 recognizes the need to consider the livelihood 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.

**Objectives**

7. The objectives of OS6 are as follows:

- To protect and conserve biodiversity and differing types of habitats.

- To apply the mitigation hierarchy 38 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.

- Endeavour to reinstate or restore biodiversity informed by the mitigation hierarchy, including, where some impacts are unavoidable, through implementing biodiversity offsets to achieve “not 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.

- Sustain the availability and productivity of ecosystem services to maintain benefits to 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 values of natural resources.

**Scope of Application**

- The applicability of this OS is established during the environmental and social assessment described in OS1.

- Based on the environmental and social assessment, the requirements of this OS are applied to all projects that potentially affect biodiversity or habitats, either positively or negatively, directly or indirectly, or that depend upon biodiversity for their success.

- This OS also applies to projects that involve primary production and/or harvesting of living natural resources.

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38 As set out in OS1.
Requirements

A. General

8. The environmental and social assessment 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 differing values attached to biodiversity and habitats by project-affected parties and other interested parties.

9. The Borrower will avoid adverse impacts on biodiversity and habitats. When avoidance of adverse impacts is not possible, the Borrower will 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 will ensure that competent biodiversity expertise is utilized to conduct the environmental and social assessment and to verify the effectiveness and feasibility of mitigation measures. Where significant risks and adverse impacts on biodiversity have been identified, the Borrower will develop and implement a Biodiversity Action Plan or Management Plan.

Assessment of Risks and Impacts

10. Through the environmental and social assessment, the Borrower will 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 IUCN conservation status as well as their local and regional status. In accordance with the mitigation hierarchy, the Borrower will make the initial assessment of project risks and impacts without taking into account the possibility of biodiversity offsets. The assessment undertaken by the Borrower will 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 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 environmental and social assessment related to the biodiversity baseline, the Borrower will follow relevant GIIP utilizing desktop review, consultation with experts, and field-based approaches, as appropriate. Where further investigations are needed to evaluate the significance of potential impacts, the Borrower will 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 environmental and social assessment has identified potential risks and impacts on biodiversity or habitats, the Borrower will manage those risks and impacts in accordance with the

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

40 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 inherent risks of the project.
mitigation hierarchy and GIIP. The Borrower will adopt a precautionary approach and apply adaptive management practices in which the implementation of mitigation and management measures is 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 different stakeholders attribute to them. Because, 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', along 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 recognised 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. Offsets will be considered as 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 outcomes that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity. In the case of an offset 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” principle 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 Borrower will 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 will 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

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41 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.

42 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).

43 ‘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.

44 ‘Net gains’ are additional conservation outcomes that can be achieved for the biodiversity values for which the natural or critical habitat was designated. Net gains 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 paragraph 24 of this OS without a biodiversity offset, through the implementation of additional programs in situ to enhance habitat and protect and conserve biodiversity.

45 The principle of “like-for-like or better” means that 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 as offsets for residual adverse impacts in critical habitats will also be critical habitats, meeting the criteria of paragraph 24 of this OS.
expected to result in a sustainable net gain of biodiversity values for which the critical habitat was designated.

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 will not undertake the project unless it is redesigned to avoid the need for such offset, and to meet the requirements of this OS.

**Modified Habitat**

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\(^\text{46}\). Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed\(^\text{47}\) coastal zones, and reclaimed wetlands.

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

**Natural Habitat**

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 will seek to 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 will 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 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 impacts, 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 Habitat**

25. Critical habitat is defined as areas with high biodiversity importance or value, including:

(a) Habitat of significant importance to Critically Endangered or Endangered species, as listed in the IUCN Red List of threatened species or equivalent national approaches;

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\(^{46}\) A habitat will not be deemed to be a modified habitat where it has been converted in anticipation of the project.

\(^{47}\) Reclamation as used in this context is the process of creating new land from sea or other aquatic areas for productive use.
(b) Habitat of significant importance to endemic or restricted-range species;

(c) Habitat 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 will not implement any project activities that have potential adverse impacts unless all of the following conditions are met:

(a) No other viable alternatives within the region exist for 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 adverse impacts, or likelihood of such, on the habitat will not lead to measurable net reduction or negative change in those biodiversity values for which the critical habitat was designated;

(d) The project is not anticipated to lead to a net reduction in the population\(^{48}\) of any Critically Endangered, Endangered, or restricted-range species, over a reasonable time period;\(^{49}\)

(e) The project will not involve 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;

(f) The project’s mitigation strategy will be designed to achieve net gains of those biodiversity values for which the critical habitat was designated; and

(g) A robust and appropriately designed, long-term biodiversity monitoring and evaluation program aimed at assessing the status of the critical habitat is integrated into the Borrower’s management program.

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 paragraph 26, the project’s mitigation strategy will be described in a Biodiversity Management Plan and reflected in the project ESMP.

\(^{48}\) 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.

\(^{49}\) The timeframe in which Borrowers will 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.
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\textsuperscript{50}, designated for protection, or regionally or internationally recognized,\textsuperscript{51} the Borrower will ensure that any activities undertaken are consistent with the area’s legal protection status and management objectives. The Borrower will 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 will meet the requirements of paragraphs 13 through 28 of this OS, as applicable. In addition, the Borrower will:

   (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 programs, as appropriate, to promote and enhance the conservation aims and effective management of the area.

31. The Borrower will 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 for the purposes of encouraging or facilitating development.

Invasive Alien Species

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

33. The Borrower will not intentionally introduce any new alien species (not currently established in the country or region of the project) unless this is carried out in accordance with the existing regulatory framework for such introduction. Notwithstanding the above, the Borrower will not deliberately introduce any alien species with a high risk of invasive behavior regardless of whether such introductions are permitted under the existing regulatory framework. All introductions of alien species will be subject to a risk assessment (as part of the Borrower’s environmental and social assessment) to determine the potential for invasive behavior. The Borrower will implement measures to avoid the potential for accidental or unintended introductions including the transportation of substrates and vectors (such as soil, ballast, and plant materials) that may harbor alien species.

34. Where alien species are already established in the country or region of the proposed project, the Borrower will exercise diligence in not spreading them into areas in which they have not already become established or by undertaking activities that may enhance their competitiveness in comparison with native/indigenous species.

35. The Borrower assesses the feasibility and cost-effectiveness of eradicating the invasive alien species from the natural habitats over which the Borrower has management control.

\textsuperscript{50} 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.

\textsuperscript{51} Internationally recognized areas of high biodiversity value include AfDB Heritage Natural Sites, Biosphere Reserves, Ramsar Wetlands of International Importance, Key Biodiversity Areas, Important Bird Areas, and Alliance for Zero Extinction Sites, among others.
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.

37. The Borrower will manage living natural resources in a sustainable manner, through the application of good management practices and available technologies. Where such 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 will apply GIIP.

38. For projects involving small-scale producers\(^52\), the Borrower will require producers to operate in a sustainable manner and to 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 will assess the potential for cumulative risks and impacts.

39. Where the project includes commercial agriculture and forestry plantations (particularly projects involving land clearing or afforestation), the Borrower will locate such projects 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, such projects will be designed to prevent and mitigate these potential threats to natural habitats. When the Borrower invests in production forestry in natural forests, these forests will be managed sustainably. Where the Borrower invests in commercial crop plantations such palm oil, coffee, cocoa and tea these will be managed in accordance with relevant codes of best practice.

40. Where projects involve harvesting of living natural resources, the Borrower will require that these resources are managed in a sustainable manner. 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 will ensure such operations are certified under an independent forest certification system\(^53\) or adhere to a time-bound phased action plan acceptable to the Bank for achieving certification to such a system.

- For projects involving forest harvesting operations conducted by small-scale producers, by local communities under community forest management, or by such entities under joint forest management arrangements, where such operations are not directly associated with an industrial-scale operation, the Borrower will ensure that they: (i) have achieved a standard of sustainable forest management developed with the meaningful participation of project-affected parties including highly vulnerable rural minorities, 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 will ensure that all such operations are monitored with the meaningful participation of project-affected parties.

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\(^{52}\) Small scale can be determined by the national context of a given country and is generally relative to the average size of household landholdings.

\(^{53}\) 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.
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• For projects involving industrial-scale harvesting of fish populations and all other types of marine and freshwater organisms, the Borrower will demonstrate that their activities are being undertaken in a sustainable manner, consistent with the principles and criteria for sustainable harvesting such as the principles and standards set out in the FAO Code of Conduct for Responsible Fisheries and complies with all relevant conservation and management measures. Industrial scale fishery activities are not necessarily related to fishing per se. Re-population or 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 entail salvage logging, for example in areas to be inundated, the Borrower will limit clearance to that justified by the project’s technical requirements, and 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 (such as milk, eggs, wool) will employ GIIP in animal husbandry techniques, with due consideration for religious and cultural principles. To minimize antimicrobial resistance (AMR), the Borrower will only use antibiotics on healthy food producing animals, judiciously, for the treatment of infection and as prescribed by a competent veterinarian practitioner.

Genetically Modified Organisms

43. The Bank’s approach to Genetically Modified Organisms (GMOs) will be consistent with the laws and policies of RMCs and sub-regional entities. Where the relevant provisions regarding risk-related assessments do not exist, the Bank will be guided by the Cartagena Protocol on Biosafety in this respect.

B. Primary Suppliers of Natural Resource Commodities

44. Where a Borrower is purchasing natural resource commodities, including food, timber and fiber, 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 environmental and social assessment will include an evaluation of the systems and verification practices used by the primary suppliers.

45. The Borrower will establish systems and verification practices which will:

(a) identify where the supply is coming from and the habitat type of the source area;
(b) Where possible, limit procurement to those suppliers that can demonstrate 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.

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54 Such as the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations.
55 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. Core functions of a project constitute those production and/or service processes essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.
56 Primary suppliers are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.
57 This may be demonstrated by delivery of certified products or 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.
46. The ability of the Borrower to fully address these risks will depend upon the Borrower’s level of control or influence over its primary suppliers.
E&S Operational Safeguard 7. Vulnerable Groups

Introduction

1. The AfDB 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 UN 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 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 or groups may be less resilient to risks and adverse impacts than others. Within the context of AfDB 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; but 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 those 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 those risks and impacts, having been subject to pre-existing discrimination, financial, socio-economic, cultural and/or gender inequalities, 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 those 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, amongst others, female-headed households, the disadvantaged, the landless, the elderly, youth and children, the disabled, 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. Individuals or groups may also be vulnerable for several reasons. Vulnerable individuals and groups may also be referred to as ‘disadvantaged’.

6. In this OS the term ‘Highly vulnerable rural minorities’\(^1\) applies to distinct social and cultural groups identified in accordance with paragraphs 8 and 9 of this OS.

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.\(^2\)

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\(^1\) ‘Highly vulnerable rural minorities’ 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 peoples under national legislation, forest dwellers, traditional pastoralists, hunter-gatherers, nomadic groups, etc.

\(^2\) This OS recognizes that highly vulnerable rural minorities wellbeing 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 reaching harmony with their surroundings, and achieving solidarity, complementarity and communal living.
8. This OS recognizes that some cultural groups, because of 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, or benefits are not devised or delivered in a form that is culturally appropriate, and 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. A project or set of activities and initiatives may create improved access to markets, schools, clinics and other services that seek to improve living conditions. Projects, activities and initiatives can create opportunities for vulnerable groups to participate in, and benefit from activities that 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 as part of the environmental and social assessment of the project. In this way, 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:

- Ensure that vulnerable individuals and groups are duly and early on identified 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.

- Affirm, respect, and protect the rights and interests of vulnerable individuals and groups throughout the lifecycle 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 timeframe acceptable to them.

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3 In the African context these include: the African Charter on Human and Peoples’ Rights, which is the main human rights instrument in Africa, the African Charter on the Rights and Welfare of the Child (African Children’s Charter) and the Protocol to the African Charter on Human and Peoples’ Rights on the Rights of Women in Africa (Maputo Protocol)
• Adopt a gender-sensitive approach to the management of environmental and social impacts, that takes into account the rights and interests of women and girls, men and boys, including specific attention to the differentiated burden of impacts that women and girls might face.

• Identify and avoid adverse impacts of Bank operations on the lives and livelihoods of vulnerable individuals and groups, including women and girls, highly vulnerable rural minorities including indigenous peoples. Where avoidance is not feasible, to reduce, minimize, mitigate, compensate or effectively remedy impacts.

• To obtain the Free, Prior, and Informed Consent (FPIC)\(^4\) of affected *Highly vulnerable rural minorities*\(^5\) in the three circumstances described in this OS.

• To promote development benefits and opportunities for vulnerable groups, including women and girls, minorities and *highly vulnerable rural minorities*\(^6\) (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 life cycle.

**Scope of Application**

12. The applicability of this OS is established during the environmental and social assessment 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\(^5\). 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.

14. In this OS, the term *Highly vulnerable rural minorities* 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; and

(b) Collective attachment\(^6\) to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation, as well as to the natural resources in these areas; and

(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.

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\(^4\) For the purposes of this OS, FPIC is defined in the Glossary.

\(^5\) 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.

\(^6\) “Collective attachment” means that for generations there has been a physical presence in and economic ties to land and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for it, such as sacred sites.
15. This OS also applies to communities who, during the lifetime of members of the community or group, have lost collective attachment to distinct habitats or ancestral territories in the project area, because of forced severance, conflict, government resettlement programs, dispossession of their land, natural disasters, or incorporation of such territories into an urban area.\(^7\)

16. The Bank may follow national processes during project screening for the identification, in accordance with paragraphs 8 and 9, of HVRM where these processes meet the requirements of this OS\(^8\).

**Requirements**

17. The Borrower/ will 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 will avoid, minimize, or otherwise mitigate or remedy the exposure of vulnerable populations to project-related risks and adverse impacts. As a means to foster those project outcomes, the Borrower will 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\(^9\).

A. Early Identification of Vulnerable Groups

18. As early as possible\(^10\), the Borrower will identify the individuals and groups who might be vulnerable and at risk of suffering adverse, compounded or disproportionate impacts, be discriminated against, marginalized, under-served or excluded from intended benefits in the given operation/project context. The Borrower will ascertain the presence of any groups of peoples with particular rights that will need to be respected, for example women, highly vulnerable rural minorities including indigenous peoples, tribal and ethnic minority groups, or children. A high-level analysis of the nature and degree of discrimination and vulnerability already experienced by individuals, communities and/or groups in the context of the project will be performed. 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 basis for recognition, customary use of the land, any potential claims/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.

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\(^7\) Generally, this OS does not apply to individuals or small groups of HVRM migrating to urban areas in search of economic opportunity. It may apply, however, where HVRM have established distinct communities in or near urban areas but still possess the characteristics stated in paragraph 14.

\(^8\) 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.

\(^9\) The need for such measures is particularly critical in situations where discrimination is systemic and entrenched, governance is poor or 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.

\(^10\) As early as possible means during project conception, planning or design and prior to any preparatory works or decisions being made that could affect people.
• 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 Standard, in particular regarding engagement and implementation.

• The need for technical assistance 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: (i) potential adverse impacts on vulnerable groups are present or (ii) relevant additional information is required, a more in-depth social assessment should be undertaken. The assessment should specifically probe into the following elements, including through careful analysis of the legal framework and through collection of baseline data, disaggregated by factors such as gender, disability, ethnicity and age:

• Vulnerability profile of affected population, with special attention to highly vulnerable rural minorities.

• Assessment of the specific context, including legal and institutional parameters.

• Analysis and assessment of 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.

• 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 impacts\(^{11}\) as well as physical impacts. The Borrower will 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 will take account of 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

\(^{11}\) Considerations relating to cultural impacts may include, for example, the language of instruction and curriculum content in education projects, or culturally sensitive or gender-sensitive procedures in projects such as health projects, and others.
or be a combination of both. Where compensation occurs on a collective basis, as far as practicable, mechanisms that promote the effective distribution of compensation to all eligible members, or collective use of compensation 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 HVRM

23. The Borrower will 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 will proactively engage with the relevant HVRM to ensure their ownership and participation in project design, implementation, monitoring and evaluation. The Borrower will also consult with them as to 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 such engagement 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 will design and implement the project in a manner that provides affected HVRM and 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 for 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 plan 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 Plan 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 social assessment carried out on the HVRM, including the applicable legal and institutional framework and baseline data.

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12 Where control of resources, assets and decision-making are predominantly collective in nature, efforts will be made to ensure that, where possible, benefits and compensation are collective, and take account of intergenerational differences and needs.

13 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.

14 This includes Indigenous People Plan (IPP), Pastoralism Management Plan (PMP), Forest-dwellers Plan (FDP), Nomadic groups Plan (NGP), etc.
• A summary of the results of the meaningful consultation tailored to HRVM, and if the project 
involves the three circumstances specified in paragraph 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 HRVM during project implementation.
• Measures for ensuring HRVM receive social and economic benefits that are culturally appropriate 
and gender sensitive, along with 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 HRVM for any potential adverse impacts 
that were identified in social assessment, and steps for implementing them.
• The cost estimates, financing plan, schedule, and roles and responsibilities for implementing the 
Plan.
• Accessible procedures appropriate to the project to address grievances by the affected HRVM 
arising from project implementation, as described in paragraph 44 and in OS10.
• 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 HRVM 
in such mechanisms.

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

29. Highly vulnerable rural minorities are often closely tied to their land and related natural resources.\(^{15}\) Frequently, land is traditionally owned or under customary use or occupation. While HRVM 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. Where projects involve (a) activities that are contingent on establishing legally recognized rights to lands and territories that HRVM have traditionally owned or customarily used or occupied\(^{16}\), or (b) the acquisition of such lands, the Borrower will prepare a plan for the legal recognition of such ownership, occupation, or usage, with due respect to the customs, traditions and land tenure systems of the HRVM concerned. The objective of such plans will be the following: (a) full legal recognition of existing customary land tenure systems of HRVM; or (b) conversion of customary usage rights to communal and/or individual ownership rights\(^{17}\). If neither option is possible under national law, the plan includes measures for the legal recognition of HRVM’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 HRVM, and adverse impacts\(^{18}\) can be expected, the Borrower will take the following steps and obtain their FPIC:

(a) Document efforts to avoid and otherwise minimize the area of land proposed for the project. This 
may include identification and consideration of feasible alternative project designs that could 
protect HRVM 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;

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\(^{15}\) Examples include marine and aquatic resources, timber and non-timber forest products, medicinal plants, hunting and gathering grounds, and grazing and cropping areas.

\(^{16}\) For example, extractive industries, creation of conservation areas, agro-development schemes, greenfield infrastructure development, land management or titling programs.

\(^{17}\) Conversion of customary usage rights to individual ownership rights will only be an objective following consultation with the HRVM concerned and assessment of the impacts of such conversion on the communities and their livelihoods.

\(^{18}\) Such adverse impacts may include impacts from loss of access to assets or resources or restrictions on land use resulting from project activities.
(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 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;\(^{19}\)

   (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 the usage thereof exacerbates livelihood risk; and

   (iv) Providing affected HVRM peoples with access, usage, and transit on land 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 will consider feasible alternative project designs to avoid the relocation of HVRM from communally held\(^{20}\) or attached land and natural resources subject to traditional ownership or customary use or occupation. If such relocation is unavoidable the Borrower will not proceed with the project, set of activities or other initiatives unless FPIC has been obtained as described above; the Borrower will not resort to forced eviction,\(^{21}\) 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 cease to 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

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\(^{19}\) If circumstances prevent the Borrower from offering suitable replacement land, the Borrower must provide verification that such is the case. Under such circumstances, the Borrower will provide non-land-based income-earning opportunities over and above cash compensation to affected HVRM.

\(^{20}\) 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 paragraph 29 of this OS.

\(^{21}\) See paragraph 40 of OS5.
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 done in a culturally appropriate manner. Under-represented groups on account of gender, poverty or other elements of social vulnerability should be given equal opportunity to voice their opinions and concerns, and these should be considered in the project decision-making.

33. Information will be disclosed in appropriate languages\(^{22}\) and in a manner that is timely, accessible and culturally appropriate, taking into account any vulnerable or minority groups and their right to equitable representation and consideration for their rights, views and interests. It may be appropriate and helpful to include other participants such as relevant agencies/institutions, Civil Society Organizations/Community Based Organizations (CSOs/CBOs), international and local advocacy groups and academic experts, if a better understanding of the context and an identification of suitable solutions is to be facilitated during the consultation process. The Borrower may provide targeted capacity building or other assistance so as 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, to build local project support or ownership, and to reduce the risk of project-related delays or controversies, the Borrower will undertake an engagement process with affected vulnerable groups, as required in OS10. This engagement process will include 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 organizations\(^{23}\) (e.g., councils of elders or village councils, or chieftains) and, where appropriate, other community members;

(b) Provide sufficient time for the groups’ decision-making processes;\(^ {24}\) 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 (FPIC)**

35. The principle of free, prior informed consent (FPIC) refers to the process whereby the affected community of highly vulnerable rural minorities arrives at a decision in accordance with their legal provisions, cultural traditions and practices.

36. Highly vulnerable rural minorities 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 OSs 1 and 10, the Borrower will obtain the FPIC of the affected HVRM in accordance with paragraphs 35 to 36 in circumstances in which the project will:

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\(^{22}\) Apart from 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 will 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.

\(^{23}\) 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.

\(^{24}\) Internal decision-making processes are generally but not always collective in nature. There may be internal dissent, and decisions may be challenged by some in the community. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision-making processes to reach conclusions that are considered legitimate by the majority of the concerned participants.
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- Have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation;

- Cause 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 the identity and/or cultural, ceremonial, or spiritual aspects of the affected HVRM’s lives.

37. In these circumstances, the Borrower will 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 and impacts on the affected HVRM;

(b) FPIC builds on and expands the process of meaningful consultation described in OS10 and paragraph 34 above, and will be established through good faith negotiation between the Borrower and affected HVRM;

(c) The Borrower will document: (i) the mutually accepted process to carry out good faith negotiations that has been agreed by the Borrower and HVRM; and (ii) 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 affected HVRM communities for the project activities that affect them, reached through a culturally appropriate process. It may exist even if some individuals or groups object to such project activities, as recognized by paragraph 38 (d).

40. When the Bank cannot ascertain the FPIC of the affected HVRM, the aspects of the project, activities or initiatives relevant to those 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 will ensure that no adverse impacts result on such HVRM during the implementation of the project, activities or other initiatives.

41. Agreements reached between the Borrower and affected HVRM will be described, and actions necessary to accomplish agreements will be included, in the ESMP. During implementation, the Borrower will ensure that 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 heritage\(^{25}\) that is material to the identity and/or cultural, ceremonial, or spiritual aspects of HVRMs’ lives, priority will be given to the avoidance of such impacts. Where significant project impacts are unavoidable, the Borrower will obtain the FPIC of affected HVRM.

43. Where a project proposes to use the cultural heritage of HVRM for commercial purposes, the Borrower will inform the affected HVRM of: (a) their rights under national law; (b) the scope and nature of the proposed commercial development; and (c) the potential consequences of such development; and obtain their FPIC. The Borrower will 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 Mechanism

44. The Borrower will 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 Bank technical or financial support, in the context of a specific project or as a separate activity, for preparation of plans, strategies or other activities intended to strengthen consideration and participation of vulnerable groups in the development process. This may include a variety of initiatives designed, for example, to: (a) strengthen local legislation to establish recognition of customary or traditional land tenure arrangements; (b) address the gender and intergenerational issues that exist among HVRM; (c) protect tribal and endogenous knowledge including intellectual property rights; (d) strengthen the capacity of tribal and HVRM to participate in development planning or programs; and (e) strengthen the capacity of government agencies providing services to vulnerable groups.

46. Affected HVRM may themselves seek support for various initiatives and the Borrower and the Bank should consider these. They include: (a) support for the development priorities of HVRM through programs (such as community-driven development programs and locally managed social funds) developed by governments in cooperation with HVRM; (b) preparation of participatory profiles of HVRM to document their culture, demographic structure, gender and intergenerational relations and social organization, institutions, production systems, religious beliefs, and resource use patterns; (c) facilitating partnerships among the government, HVRM, CSOs, CBOs, and the private sector to promote HVRMs’ development programs.

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\(^{25}\) ‘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.
E&S Operational Safeguard 8. Cultural Heritage

Introduction

1. The Bank recognizes that cultural heritage 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. Cultural heritage is defined as resources inherited from the past that people identify, independently of ownership, as a reflection and expression of their constantly evolving values, beliefs, knowledge, and traditions. Cultural heritage is part of every culture and found all over the world. In its many manifestations, cultural heritage 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, as an economic and social asset for development. Cultural heritage is also deeply connected to the surrounding environmental and natural world. OS8 sets out measures designed to protect cultural heritage throughout the project life cycle.

2. This OS sets out general provisions on risks and impacts to cultural heritage from project activities. OS7 sets out additional requirements for cultural heritage in the context of vulnerable groups and highly vulnerable rural minorities 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 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, which 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, which 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 have risks or impacts on cultural heritage. This will include a project which:

(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 site;

(d) Is specifically designed to support the conservation, management and use of cultural heritage;

(e) Is located in an area that a local 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 environmental and social assessment, as set out in OS1, will consider direct, indirect and cumulative project-specific risks and impacts on cultural heritage. Through the environmental and social assessment, the Borrower, in consultation with stakeholder(s), will determine the potential risks and impacts of the proposed activities of the project on cultural heritage. The Borrower will be guided by the following general principles in assessing and managing cultural risks and impacts:

• Value-added assessment in identifying, predicting, evaluating and communicating the probable effects of the project on the cultural life, institutions and resources of communities.

• Integrity, authenticity, protection and management as an integral part of the impact assessment.

• Preservation is important irrespective of the level of the impact identified.

• Effective management is important in the implementation phase since if risks and impacts are not well managed, the project may be delayed or prevented.

• Fit for purpose: cultural heritage management work 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.
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- **Integration**: cultural heritage management needs to be integrated across the project management systems (including associated facilities), procedures and practices at every site.

- **Relationship**: sound cultural heritage management is integral to relationships with communities. If the Borrower values what they value, then communities are more likely to support the project. The relationship can also include working with communities to protect and enhance their culture and its practices.

- **Managing change** considering that cultural heritage is not static. Just as culture changes over time, management approaches need to be dynamic and adapt accordingly.

- **Mutual benefit** considering that effective cultural heritage management can have wider economic, social and environmental benefits.

10. The Borrower will avoid impacts on cultural heritage. When avoidance of impacts is not possible, the Borrower will identify and implement measures to address impacts on cultural heritage in accordance with the mitigation hierarchy\(^1\). Where appropriate, the Borrower will develop a Cultural Heritage Management Plan.\(^2\)

11. The Borrower will implement globally recognized practices for field-based study, documentation and 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 (i) to train project personnel and project workers on chance find procedures; (ii) to stop works and fence-off the area of finds or sites to avoid further disturbance; (iii) to notify relevant authorities of found objects or sites; (iv) to conduct an assessment of found objects or sites by cultural heritage experts and/or stakeholders that may have an association to the object or site; and (v) to identify and implement actions consistent with the requirements of this OS and national law.

13. Where necessary due to the potential risks and impacts of a project, the environmental and social assessment will involve the participation of cultural heritage experts. If the environmental and social assessment determines that the project may, at any time during the project life cycle, have significant potential risks and impacts on cultural heritage, the Borrower will engage cultural heritage experts to assist in the identification, valuation assessment and protection of cultural heritage.

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\(^1\) Mitigation measures include, for example, relocating or modifying 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 required budget for the identified mitigation measures; and cataloguing of finds. Such measures will take into account the provisions in Section D for specific types of cultural heritage.

\(^2\) 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.
B. Stakeholder Consultation and Identification of Cultural Heritage

14. The Borrower will identify, in accordance with OS10, stakeholders that are relevant for the cultural heritage that is known to exist or is likely to be encountered 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, which may include national or local regulatory authorities that are entrusted with the protection of cultural heritage and nongovernmental organizations and cultural heritage experts, including national and international cultural heritage organizations.

15. The Borrower will carry out meaningful consultations with stakeholders in accordance with OS10 in order to identify cultural heritage that may be affected by the proposed project; consider the significance 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, project-affected parties (including individuals and communities) and cultural heritage experts, will determine whether disclosure of information regarding cultural heritage would compromise or jeopardize the safety or integrity of the cultural heritage 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) hold the location, characteristics, or traditional use of the cultural heritage in secret, the Borrower will 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 will, based on consultations with users of the site, allow continued access to the cultural site, or will provide an alternative access route, subject to overriding health, safety and security considerations.

C. Legally Protected Cultural Heritage Areas

18. As part of the environmental and social assessment, the Borrower will determine the presence of all listed legally protected cultural heritage areas affected by the project. If the proposed project will be located within an area legally protected for cultural reasons or a legally defined buffer zone, the Borrower will:

(a) Comply with local, national, regional or international cultural heritage regulations 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

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3 The Borrower will 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.

4 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.

5 Examples include AfDB heritage sites and nationally and sub-nationally protected areas.

6 The applicability of regional or international cultural heritage regulations to the project will be determined through the environmental and social assessment.
(c) Implement additional programs, 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 above, or entirely above the land or water surface. Archaeological material may be found anywhere on the earth’s surface7, singly or scattered over large areas. Such material also includes burial areas8, 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 will conduct desk-based research and field surveys to document, map and investigate archaeological materials. The Borrower will document the location and characteristics of archaeological sites and materials identified during the project life cycle and provide such documentation to the national or subnational cultural heritage authorities.

21. The Borrower will 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: (a) documentation only; (b) excavation and documentation; (c) conservation in place, and will manage the archaeological material accordingly; or (d) relocation. The Borrower will 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, labeling, secure storage and accessibility to enable future study and analysis.

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 will consult relevant interested and affected parties (including individuals and communities) on the presence of built heritage of cultural significance and will identify appropriate mitigation measures to address the impacts on Built Heritage, which may include (a) documentation; (b) conservation or rehabilitation in situ; (c) relocation and conservation or rehabilitation. During any rehabilitation or restoration of cultural heritage structures, the Borrower will maintain the authenticity of form, construction materials and techniques of the structure(s).9

24. The Borrower will preserve the 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.

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7 Most archaeological sites are hidden from view. Only rarely is there no archaeological material in any given area, even if such material is not known to or recognized by local people or recorded by national or international archaeological agencies or organizations.

8 The burial areas referred to in paragraph 19 are those 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 paragraphs 9 and 10 through consultations with such parties.

9 In compliance with applicable national and subnational laws and/or zoning regulations and in accordance with GIP.
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 landscapes and activities such as protecting and cultivating plants for medicinal, ceremonial use, and daily use. 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. The significance of such heritage may be localized in small community groups or minority populations.

26. The Borrower will identify, through research and consultation with affected parties (including individuals and communities), natural features with cultural heritage significance affected by the project, the people that value such features, and the individuals or groups with authority to represent and negotiate regarding the location, protection and use of the heritage place(s).

27. Most natural features with cultural heritage significance are best protected by preservation in situ. Where it is not possible to preserve the natural features in their existing location, and the project goes ahead, the option of transferring the natural features to another location will be explored, if it can be done without significant damage to the cultural heritage. The transfer of the cultural heritage to another location will be conducted in consultation with project-affected parties and other stakeholders, including national authorities, in accordance with GIIP. The agreement that is reached regarding the transfer will respect and enable continuation of the traditional practices associated with the cultural heritage that has been transferred. The transfer arrangements will provide that stakeholder retain rights to, authority over, and can easily access the heritage, through formal institutional arrangements. Additionally, the borrower will take steps to preserve and conserve the cultural heritage in perpetuity in accordance with international best practices. Compensation may be required.

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, jewelry 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 will take measures to guard against theft and illegal trafficking of movable cultural heritage items affected by the project and will notify relevant authorities of any such activity.

29. The Borrower, in consultation with relevant cultural heritage authorities, will 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 will inform 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 the potential vulnerability of such items.

Commercial Use of Cultural Heritage

30. Where a project, activity or initiative intends to use the cultural heritage of project affected parties (including individuals and communities) for commercial purposes, the Borrower will inform the project affected parties of: (a) their rights under national law; (b) the scope and nature of the commercial use; (c) the amount of compensation, if any; and (d) any information regarding intellectual property rights. The agreement will respect and enable continuation of the traditional practices associated with the cultural heritage that has been transferred. The transfer arrangements will provide that stakeholder retain rights to, authority over, and can easily access the heritage, through formal institutional arrangements. Additionally, the borrower will take steps to preserve and conserve the cultural heritage in perpetuity in accordance with international best practices. Compensation may be required.

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10 Often the designation of cultural significance is kept secret, known only to a specific local population, and associated with ritual activities or events. The sacred character of such heritage may pose a challenge in determining how to avoid or mitigate damage. Natural cultural sites may contain archaeological material.
development and the potential impacts; and (c) the potential consequences of such development and impacts.

31. The Borrower will comply with the applicable property laws and will not proceed with such commercial use unless it: (a) carries out meaningful consultation with stakeholders as described in OS10; (b) 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 (c) identifies mitigation measures according to the mitigation hierarchy.
E&S Operational Safeguard 9. Financial Intermediaries

Introduction

1. 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 requirements associated with intermediated financing through financial and non-financial institutions.

2. Intermediated financing partners (FIs) of the Bank/Fund are required to identify, assess, monitor and manage the environmental and social 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 environmental and social systems, procedures and capacity for assessing, managing, and monitoring risks and impacts of subprojects, as well as managing overall portfolio risk in a responsible manner.

Objectives

4. The objectives of OS9 are as follows:

- To set out how the FI will assess and manage environmental and social risks and impacts associated with the subprojects it finances.
- To promote good environmental and social management practices in the subprojects 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 OSs 1 through 10, as appropriate.
- To encourage the consideration of environmental and social governance issues in capital market institutions such as development finance entities and stock exchanges.

Scope of Application

5. This OS applies to Financial Intermediaries (FIs) such as financial institutions and other entities\(^1\) that receive financial support from the Bank. The range of FIs includes (but is not limited to) public and private financial services 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\(^2\). Financial intermediation also includes 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

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\(^1\) For example, passive equity funds, insurance corporations, commodity exchange entities, capital markets and capital market support institutions.
\(^2\) Such FIs use various financial products such as equity investment, subordinated debt, guarantees, project finance, corporate finance, medium and small 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 to productive business activities.
support from the Bank\(^3\) 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;
- Where Bank support is provided to the FI for a general purpose\(^4\), 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 environmental and social risks and impacts of FI subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level.\(^5\) 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.\(^6\)

9. The FI’s ESMS will include the following elements: (i) environmental and social policy; (ii) clearly defined procedures for the identification, assessment and management of the environmental and social risks and impacts of subprojects; (iii) provisions for the necessary organizational capacity and competency; (iv) monitoring and reporting of environmental and social risks of subprojects and the portfolio; and (v) an external communications mechanism and provisions for information disclosure, including on subprojects 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.\(^7\)

11. The FI will review and adjust, in a manner acceptable to the Bank, its ESMS from time to time, including when the environmental and social risk profile of its portfolio changes significantly.

\(^3\) “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.

\(^4\) Support for a ‘general purpose’ means that the support cannot be traced to a specific FI subproject or specific types of financing.

\(^5\) For the purpose of assessing the adequacy of the ESMS, the FI portfolio means the portfolio of current and/or proposed subprojects to which this OS applies, as described in paragraph 5.

\(^6\) 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 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.

\(^7\) This will rely on an assessment of the risks of the potential FI subprojects and 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.
12. For FI subprojects to be funded (directly or indirectly, in all or in part) or participated or guaranteed by the Bank or for all FI subprojects, as the case may be pursuant to paragraph 6 above, the FI will comply with any restrictions or exclusions in accordance with OS1 and/or in the Financing agreement(s) and 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 such as Indigenous Peoples or significant adverse risks or impacts on the environment, community health and safety, labour and working conditions, biodiversity or cultural heritage.

13. An FI may be required to adopt and implement additional or alternative environmental and social requirements, depending on the nature of the FI, its activities, the sector or countries of operation, and the environmental and social risks and impacts of the potential FI subprojects.8

14. The FI will provide a safe and healthy working environment. Accordingly, relevant aspects of OS2 will apply to the FI itself. The FI will have in place and maintain appropriate labour management procedures, including procedures relating to working conditions and terms of employment, non-discrimination and equal opportunity, grievance mechanisms and occupational health and safety. The FI will provide adequate documented evidence of such procedures.

B. Environmental and Social Management System

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 environmental and social risk management. The policy will clearly state applicable requirements for FI subprojects, and will include the following:

- All FI subprojects will be prepared and implemented in accordance with relevant environmental and social national and local laws and regulations;

- All FI subprojects will be screened against exclusions in the Financing agreement9, including the Bank Group’s Negative List;

- All FI subprojects will be screened for environmental and social risks and impacts;

- All FI subprojects which involve resettlement (unless the risks or impacts of such resettlement are minor), significant 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 will apply relevant requirements of OSs.10

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8 These will be incorporated into the ESMS, the environmental and social procedures and/or set out in the Financing agreement(s).
9 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.
10 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 paragraph 18.
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 environmental and social risks and impacts associated with the FI subprojects\(^{11}\). 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 or guaranteed by the Bank against any exclusions in the Financing agreement, including the Bank Group Negative List;
(b) Screen, review and risk rate\(^{12}\) the subprojects according to their potential environmental and social risks and impacts;
(c) Require that all the aforementioned FI subprojects are assessed, prepared and implemented to meet national law. In addition, where an FI subproject involves resettlement (unless the risks or impacts of such resettlement are minor), adverse risks or impacts on HVRM or significant risks or impacts on the environment, community health and safety, labour and working conditions, biodiversity or cultural heritage, the relevant requirements of the OSs are applied\(^{13}\);
(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 environmental and social information on FI portfolios and subprojects, including by site visits and by requiring subprojects report regularly to the FI on their environmental and social 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 OSs\(^ {14}\) and document these appropriately; and
(g) Monitor the environmental and social 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 though the Bank may require additional reporting (including monthly) depending on the risks and impacts associated with the project and subprojects.

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 environmental and social risks and impacts of subprojects; (ii) sectoral and geographical context; (iii) type of financing. The risk categorization will inform the scope and nature of the FI’s environmental and social due diligence and risk management of its subprojects. Such categorization system will allow for a systematic aggregation and analysis of risk at the portfolio level.

19. As part of its environmental and social risk categorization system, the FIs will categorize any subproject which 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, as high risk.

\(^{11}\)Where the FI already has appropriate environmental and social procedures in place, it will provide adequate documented evidence of such procedures to the Bank and, following review, will enhance them, as deemed necessary.

\(^{12}\) A three-tier risk rating is sufficient (High, Medium, Low).

\(^{13}\) The environmental and social procedures will require such FI subprojects to conduct stakeholder engagement pursuant to OS10 in a manner proportionate to the risks and impacts of the FI subprojects.

\(^{14}\) The ‘relevant requirements of the OSs’ will relate to the reasons for which the risk profile of the FI subproject has increased.
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. The FI will designate a representative of the FI’s senior management to have overall accountability for environmental and social performance of the FI subprojects, including the implementation of this OS and OS2 and resources necessary to support such implementation. The representative will: (a) 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); (b) ensure that adequate resources are available for management of and training in environmental and social issues; and (c) ensure that adequate technical expertise, either in-house or external expert support, is available to carry out due diligence and manage the environmental and social risks of the FI subprojects, including 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, and to ensure that relevant personnel have the necessary knowledge and capabilities for managing environmental and social risks in accordance with the FI’s ESMS.

Monitoring and Reporting

22. The FI will monitor the environmental and social 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 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 measures and actions agreed, and report to the Bank as appropriate.

24. The FI will submit to the Bank:

- Quarterly Reports on the environmental and social aspects of subprojects and on the overall portfolio, in a form and substance satisfactory to the Bank.

- Annual Environmental and Social Reports on the implementation of its ESMS, including its environmental and social procedures, this OS and OS2, as well as the environmental and social 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 the risks and impacts of the FI subproject, and which reflects 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.

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[15] The ESMS must be in place and adequately resourced before lending or investing can take place using Bank support.
[16] Such personnel may include human resources, investment, legal, and credit officers and security personnel.
[17] Including by providing appropriate training.
26. The FI will put in place procedures for external communications on environmental and social 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, if a website exists, and permit, in writing, the Bank to disclose it on the Bank’s website.

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\(^\text{18}\) required (a) by the application of the OSs; (b) for any FI subprojects categorized as high risk in accordance with the FI’s its own categorization system; and (c) any environmental and social monitoring reports relating to (a) or (b).

\(^{18}\) For example, environmental and social assessment reports, resettlement plans and vulnerable group plans.
Introduction

1. The Bank acknowledges, in its quest to meet its primary objective of assisting African countries to attain economic development and social progress, that the right to effective participation in decision-making is essential for the development of inclusive and just societies.

2. This 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 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. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for successful management of a project’s environmental and social 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 environmental and social 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. In the case of projects involving involuntary resettlement, vulnerable groups, highly vulnerable rural minorities or cultural heritage, the Borrower will 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 environmental and social performance.

- To promote and provide means for safe, effective and inclusive engagement with project-affected parties, in a manner free of reprisal, throughout the project life cycle on issues that could potentially affect them.

- To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format.

- To provide 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, including vulnerable groups in a manner that is accessible, culturally appropriate and inclusive.

**Scope of Application**

6. OS10 applies to all Bank Group’s funded operations. The Borrower will engage with stakeholders as an integral part of the project’s environmental and social assessment 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 will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. 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 will facilitate meaningful consultations with all stakeholders by providing stakeholders with timely, relevant, understandable and accessible information, and consulting with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, intimidation and reprisal.

10. The process of stakeholder engagement will involve the following, as set out in further detail in this OS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) providing feedback to stakeholders.

11. The Borrower will maintain, and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

**B. Engagement during Project Preparation**

**Stakeholder Identification and Analysis**

12. The Borrower will identify the different stakeholders, both project-affected parties and other interested parties.\(^1\) As set out in paragraph 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’.

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\(^1\) 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, neighboring projects, and nongovernmental organizations.
13. The Borrower will identify those project-affected parties (individuals or groups) who, because of their particular circumstances, may be vulnerable\(^2\). Based on this identification, the Borrower will further identify individuals or groups who may have different concerns and priorities about project impacts, mitigation mechanisms and benefits, and who may require different, or separate, forms of engagement. An adequate level of detail will be included in the stakeholder identification and analysis so as to determine the level of communication that is appropriate for the project.

14. Depending on the potential significance of environmental and social 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.

**Stakeholder Engagement Plan**

15. In consultation with the Bank, the Borrower will develop and implement a Stakeholder Engagement Plan (SEP)\(^3\) proportionate to the nature and scale of the project and its potential risks and impacts\(^4\). A draft of the SEP will be disclosed as early as possible, and before project appraisal, and the Borrower will seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the Borrower will disclose the updated SEP.

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 range 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 be appropriate for different stakeholders. The SEP will set out how communication with stakeholders will be handled throughout project preparation and implementation.

18. The SEP will describe the measures that will be used to remove obstacles to participation, and how the views of differently affected groups will be captured. Where applicable, the SEP will include differentiated measures to allow the effective participation of those identified as vulnerable. Dedicated approaches and an increased level of resources and independent third-party specialists (e.g. stakeholder engagement, cultural, indigenous peoples, or gender specialists) 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.

19. When the stakeholder engagement with local individuals and communities depends substantially on community representatives\(^5\), the Borrower will make reasonable efforts to verify that such persons do,  

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\(^2\) As described in OS 1 and 7, ‘vulnerable’ refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project’s benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.

\(^3\) Depending on the nature and the scale of the risks and impacts of the project, the elements of a 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 be few paragraphs whilst for a large complex infrastructure project a separate and comprehensive SEP will be more appropriate.

\(^4\) Where possible, stakeholder engagement will utilize engagement structures within the national system e.g. community meetings, supplemented as needed with project-specific arrangements.

\(^5\) For example, village heads, councils of elders, clan heads, tribal chiefs, community and religious leaders, local government representatives, civil society representatives, politicians or teachers.
in fact, represent the views of such individuals and communities, and that they are facilitating the communication process in an appropriate manner\(^6\).

20. In certain circumstance\(^7\), depending on the level of information available about the operation or project, the SEP will take the format of a framework approach, outlining general principles and a collaborative strategy to identify stakeholders and plan for an engagement process in accordance with this OS that will be implemented once the location is known.

**Information Disclosure**

21. The Borrower will disclose project information to allow stakeholders to understand the risks and impacts of the operation or project, and potential opportunities. The Borrower will provide stakeholders with access\(^8\) to the following information, in a non-technical form, as early as possible, before the Bank proceeds to project appraisal, and in a timeframe 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 these, highlighting potential risks and impacts that might disproportionately affect vulnerable groups and describing the differentiated measures taken to avoid and minimize these.

(d) 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, summarized, and reported.

(h) The process and means by which grievances can be raised and will be addressed.

22. The information will be disclosed in relevant local languages\(^9\) and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (such as, disability, literacy, gender, mobility, differences in language or accessibility).

**Meaningful Consultation**

23. The Borrower will undertake a process of meaningful consultation in a manner that provides stakeholders with opportunities to express their views on project risks, impacts, and mitigation

\(^6\) For example, by conveying, in an accurate and timely manner, information provided by the Borrower to the communities and the comments and the concerns of such communities to the Borrower.

\(^7\) For example, where the exact location of the project is not known.

\(^8\) Access needs to be in a manner that facilitates meaningful consultation. Ways to achieve this include placing copies of documents in places where the public has access, leaving the information with chiefs or elders, disclosing information through the media or national gazette.

\(^9\) The Borrower should identify the languages people speak and understand and select appropriate choices. The aim is not to facilitate equality of languages in an area but to maximize outreach to people in an efficient manner.
measures, and allows the Borrower to consider and respond to them. Meaningful consultation will be carried out on an ongoing basis as the nature of issues, impacts and opportunities evolves.

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 by stakeholders in the identification and mitigation of environmental and social 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 timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and 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\textsuperscript{10};

(h) Is adequately documented and disclosed by the Borrower.

C. Engagement during Project Implementation and External Reporting

25. The Borrower will 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 potential environmental and social risks and impacts of the project\textsuperscript{11}.

26. The Borrower will 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 will seek feedback from stakeholders on the environmental and social performance of the project, and the implementation of the ESMP.

27. If there are significant changes to the operation or project that result in additional risks and impacts, particularly where these will impact project-affected parties, the Borrower will provide information on such risks and impacts and consult with project-affected parties as to how these risks and impacts will be mitigated. The Borrower will disclose an updated ESMP, setting out any additional mitigation measures.

D. Grievance Mechanism

28. The Borrower will respond to concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner. For this purpose, the Borrower

\textsuperscript{10} The Bank recognizes that fear of reprisal is a barrier to access to stakeholders participation and would require the Borrower to ensure that reprisal will not occur.

\textsuperscript{11} Additional information may need to be disclosed at key stages in the project cycle, for example prior to start-up of operations, and on any specific issues that the disclosure and consultation process or grievance mechanism have identified as of concern to stakeholders.
will propose and implement a grievance mechanism\textsuperscript{12} 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, the grievance mechanism 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 and effectively, in a transparent manner that is culturally appropriate and readily accessible to all project-affected parties, at no cost and without retribution. The mechanism, process or procedure will not prevent access to judicial or administrative remedies. The Borrower will inform the project-affected parties about the grievance process in the course of its community engagement activities, and will make publicly available a record documenting the responses to all grievances received; and

31. Handling of grievances will be done in a culturally appropriate manner and be discreet, objective, sensitive and responsive to the needs and concerns of the project-affected parties. The mechanism will also allow for anonymous complaints to be raised and addressed.

\textbf{E. Organizational Capacity and Commitment}

32. The Borrower will 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.

\textsuperscript{12} The grievance redress mechanism to be provided under this OS will include aspects required under other OSs (see OSs 5 and 7). However, the grievance mechanism for project workers required under OS2 will be provided separately.
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.

2. The grievance mechanism may include the following:

   (a) Different ways in which users can submit their grievances, which may include submissions in person, by phone, text message, mail, email or via a 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 users can expect to wait for 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.
Glossary

- **Accessibility** refers to the identification and elimination of obstacles and barriers to provide access to the physical environment, to transportation, to 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** means facilities or activities that are not funded by the Bank but which in the judgement of the Bank 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 E&S 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 of high risk under national legislation or moderate risk projects financed by the Bank in a low E&S implementation capacity or fragile context.

  ✓ **Category 2**: Moderate risk operations likely to cause adverse environmental and social impacts that are less than Category 1 operations, medium scale, easily reversible, and readily minimised by applying appropriate management and mitigation measures or incorporating internationally recognised design criteria and standards. This includes projects classified as of 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 are do not directly or indirectly affect the environment adversely and are unlikely to induce adverse social impacts. This category does not require a formal environmental and social assessment 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 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. The procedure will include a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of OS8 and national law; and to train project personnel and project workers on chance find procedures.
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- **Client.** An entity that is eligible to receive financing, investment or technical assistance from the Bank on non-sovereign terms, to whom financing or investment flows will be disbursed, and who 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** means that for generations there has been a physical presence in and economic ties to land and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for it, such as sacred sites.

- **Core functions** of a project constitute those production and/or service processes 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: (a) 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; (b) habitat of significant importance to endemic or restricted-range species; (c) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; (d) highly threatened or unique system; (e) ecological functions or characteristics that are needed to maintaining the viability of the biodiversity values described above in (a) to (d).

- **Cultural heritage** is defined as resources with which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions.

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

- **Ecosystem services** are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, 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. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult the World Bank Group Environmental, Health, and Safety Guidelines, [http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines).
Financial feasibility is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project’s investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable for the Borrower.

Financing agreement is used to mean the legal agreement signed between the Bank and the Borrower with the respect to the Bank support (financing and assistance) to operations.

Financing Instrument is used to mean loans, grants, guarantees, equity or any other forms of financing products and services and/or assistance provided by the Bank in support to 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 which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in OS5. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower will not be considered to be forced eviction providing 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) refers to Free: of intimidation or coercion; Prior: timely in relation to the assessment process, allowing sufficient time to access and understand information and prepare responses; 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.

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

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

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

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

• **International waterways** are refer to as (a) 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; (b) any tributary or other body of surface water that is a component of any waterway described in (a) above; and (c) 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.** Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both. The term “involuntary resettlement” refers to these impacts. Resettlement is considered involuntary when 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: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies.

• **Livelihood** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

• **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.
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• **Non-Sovereign Operation** means financing provided by the Bank to a non-government that is not covered by a sovereign guarantee and on non-concessional terms.

• **Operation.** An 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. An AfDB operation is the financing or non-financing assistance provided by the Bank in support of the Borrower toward the realization of such undertaking.

• **Outcome.** An effect that materializes during or in the medium term financing 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, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

• **Pollution management** includes measures designed to avoid or minimize emissions of pollutants, including short- and long-lived climate pollutants, given that measures which tend to encourage reduction in energy and raw material use, as well as emissions of local pollutants, also generally result in encouraging a reduction of emissions of short- and long-lived climate pollutants.

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

• **Project** 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: (a) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (direct workers); (b) people employed or engaged through third parties to perform work related to core functions of the project, regardless of the location (contracted workers); (c) people employed or engaged by the Borrower’s primary suppliers (primary supply workers); and (d) 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 necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the un-depreciated 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, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure
compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.

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

- **Security of tenure** means that resettled individuals or communities are resettled to a site that they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate. 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.

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

- **Vulnerable** means a group or individual likely to face harder conditions as a result of the resettlement because of such specific factors as a group’s gender, economic status, ethnicity, religion, language or health condition. Depending on the specific context of the resettlement operation, vulnerable groups may thus include, for example, female-headed households, those below the poverty line, the landless, forest dwellers, minorities culturally and economically dependent on natural specific landscapes, indigenous peoples (as referred to by national legislation), those without legal title to assets, those with physical handicaps, or ethnic, religious and linguistic minorities. Identifying vulnerable and highly vulnerable minorities should be the result of careful analysis of the social and economic context, the presence of factors that may cause vulnerability and the capacity of the individual or group to cope or adapt.