



# The Environmental and Social Framework (ESF) – the first year of implementation

Presentation to the  
IAIA-WAB



## Protecting People and the Environment in Investment Projects

January 23, 2020



- ✓ In 2010, the World Bank's Independent Evaluation Group (IEG) reviewed the Safeguard Policies. Among other things, IEG recommended improving social coverage, creating a management-led grievance mechanism, and harmonizing with IFC, as appropriate.
- ✓ The ESF was developed through the most extensive consultation process ever conducted by the World Bank. Over four years, three rounds of global consultations with governments, development experts, and civil society, **reaching nearly 8,000 stakeholders in over 100 countries.**
- ✓ The Board approved the ESF in August 2016.
- ✓ **Launched October 1, 2018** - applies to all investment project financing (IPF) with project concepts approved on or after this date.
- ✓ The transition under the ESF will take several years. During this period, **the Bank will simultaneously operate two systems for environmental and social risk management:** the Safeguard Policies and the ESF.

# ESF Implementation

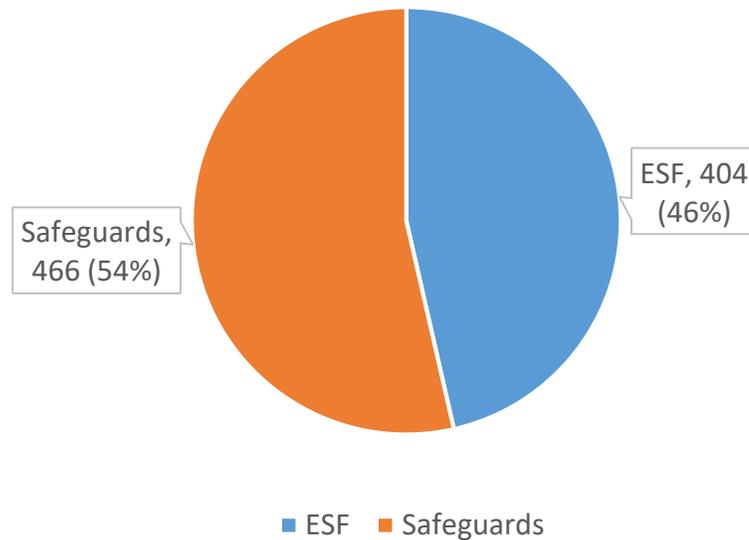


- **Guidance Notes for Borrowers**
  - Covering ESS 1-10
- **Good Practice Notes for staff**
  - Addressing Gender Based Violence
  - Assessing and Managing the Risks and Impacts of the Use of Security Personnel
  - Non-Discrimination and Disability
  - Third Party Monitoring
  - Gender
  - Road Safety
  - Non-Discrimination: Sexual Orientation and Gender Identity (SOGI)
- **Templates and Checklists**
  - e.g. templates on Labor Management Procedures and Stakeholder Engagement Plan

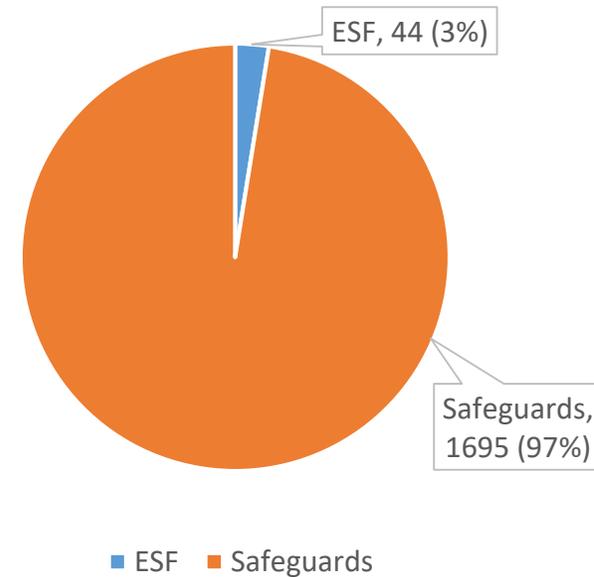


- **IPF Projects** - 404 investment projects are currently under preparation using the ESF and 44 are active

### ESF vs Safeguards (Pipeline)

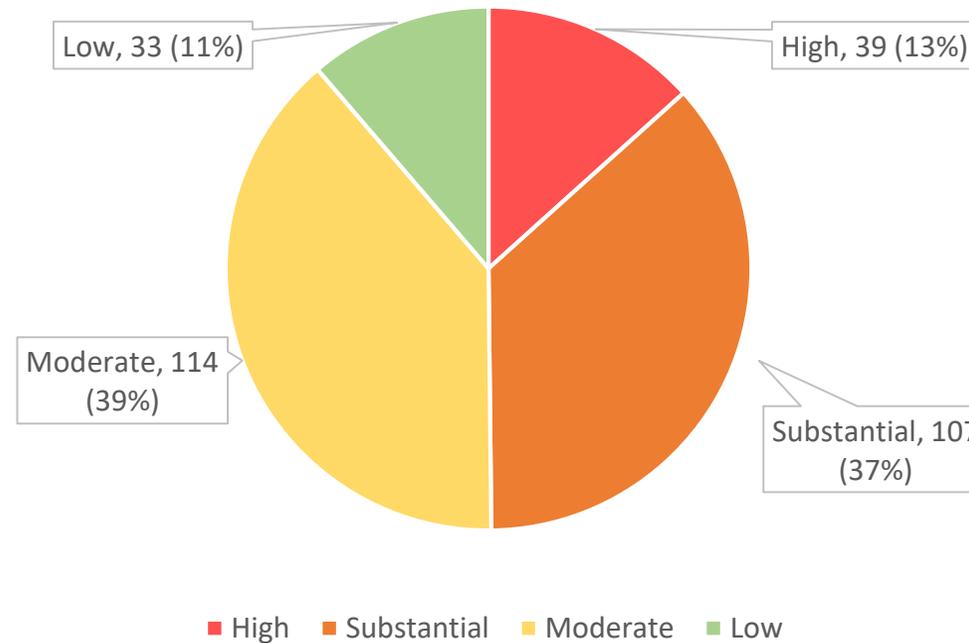


### ESF vs Safeguards (Active)



- **ESRC**- the most common E&S Risk Classification for projects applying the ESF is Moderate (39%) followed by Substantial (37%)

IPF applying the ESF – distribution of E&S Risk Classification (ESRC)



- **Staff training**
  - 4,095 staff have taken an ESF e-learning course and 3,287 have taken an ESF face-to-face course
  - 42% of staff trained in the ESF have been trained in a country office, 58% in HQ
  - Weekly Just-in-Time clinics, Deep Dives and BBLs on variety of ESF topics
- **Borrower Capacity Building**
  - Workshops reached 115 countries to date, with approx. 6,200 participants
  - Tailored trainings for senior govt. officials, PIUs and CSOs/implementing agencies/other stakeholders
  - New online external eLearning available in English, French, Spanish, Russian, Chinese and Arabic



The ESF is still new - only 44 projects applying the ESF are active, none have gone through the full project cycle. Some preliminary experience...

- Substantial work has been completed during first year, including enhancing Bank capacity and staff skills, changing Bank operational systems and processes, building Borrower capacity and promoting an overall shift in approach to E&S risk management, including harmonization and communication with development partners.
- E&S risk management under ESF is converging with the broader goals of sustainable development (as laid out in the ESF vision statement).
- ESF on target to provide the intended improvements in E&S risk management at project level.
- **Will take time and incremental gains to maximize the ESF's potential.**

## Areas requiring particular attention:

- Client capacity** – ESF requires a higher level of E&S risk management from Borrowers; use of Borrower Frameworks
  
- Areas of new/expanded E&S coverage** – Labor, non-discrimination, stakeholder engagement, GHG emissions, FPIC, intangible cultural heritage
  
- Internal** –
  - Staff to grow in understanding ESF’s approach to proportionality and risk management
  - Task Teams to work in a more integrated manner, involve E&S specialists upstream
  - ADM – socializing staff, monitoring experience, ensuring efficiency
  
- ESF implementation in FCV** - requires innovative solutions for risk assessment, citizen engagement and supervision
  
- Parallel E&S risk management systems** – use of both Safeguards and ESF for next 6 years (approx.)



## Self-paced online training available via Open Learning Campus (OLC):

- **E&S Framework Fundamentals: eLearning Course** – more comprehensive with 8 modules and optional assessment, approx. 8 hours to complete. [Available in English, French, Spanish, Russian, Arabic and Chinese](#)

- **One-stop-shop** for all ESF materials including GPNs, Tip Sheets, FAQs and more: [www.worldbank.org/esf](http://www.worldbank.org/esf)

# Further information on the ESF



## Risk coverage

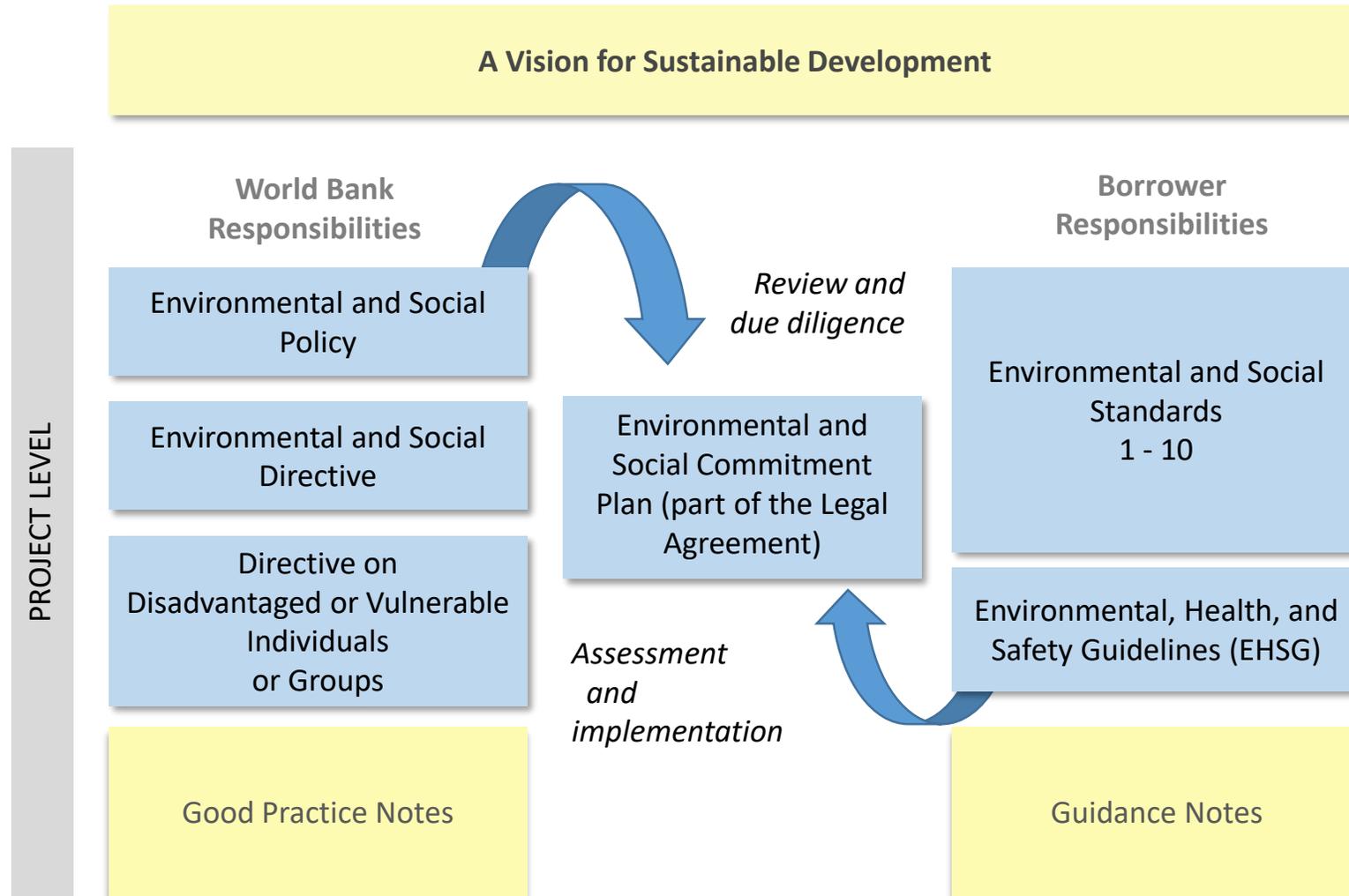
- First policy on environmental and social impact assessment
- Broader coverage of social issues, including:
  - ✓ Inclusion and non-discrimination
  - ✓ Clearer and broader focus on gender issues
  - ✓ Labor and working conditions
  - ✓ Introduction of Free Prior and Informed Consent (FPIC) for Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
  - ✓ Expanded community health and safety, including road safety
  - ✓ Introduction of loss of ecosystem services as a social impact
- Better integration of environmental issues, including:
  - ✓ Estimation of project GHG emissions
  - ✓ Sustainable management of living natural resource and water



## Risk management

- Greater emphasis on stakeholder engagement
- Increased responsiveness and attention to project issues during implementation through adaptive risk management and proportionality
- Greater emphasis on strengthening Borrower institutions
- Clearer roles and responsibilities
- More room for informed judgment

# ESF Structure



- **Not mandatory**, but sets out the Bank's aspirations regarding environmental and social sustainability
- Refers to climate change, social development and inclusion, gender equality, worker and community health and safety, and collaboration
- Refers to human rights, as follows:

*For the Bank, inclusion means empowering all people to participate in, and benefit from, the development process. Inclusion encompasses policies to promote equality and non-discrimination by improving the access of all people, including the poor and 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, such as women, children, persons with disabilities, youth and minorities, and to ensure that the voice of all can be heard. In this regard, the World Bank's activities support the realization of human rights expressed in the Universal Declaration of Human Rights. Through the projects it finances, and in a manner consistent with its Articles of Agreement\*, the World Bank seeks to avoid adverse impacts and will continue to support its member countries as they strive to progressively achieve their human rights commitments.*

\*Especially Article III, Section 5 (b) and IV, Section 10

- Sets out the mandatory requirements for the World Bank in relation to investment project financing (IPF). It does NOT apply to Development Policy Lending (DPL) and Program for Results (PforR)
- The Bank will only support projects that are expected to meet the requirements of the ESSs in a manner and timeframe acceptable to the Bank
- The Bank is required to:
  - Undertake due diligence, proportionate to risks and impacts
  - Support Borrowers in stakeholder engagement, consultation and provision of grievance mechanisms
  - Assist Borrowers in identifying methods and tools to assess and manage environmental and social risk
  - Agree on conditions under which the World Bank will provide financing, and reflect these in the ESCP
  - Monitor environmental and social performance in accordance with the ESCP and the ESSs

- Focus on **disadvantaged or vulnerable individuals or groups**
- Focus on **proportionality**
- Clarity on **‘project’** and **Associated Facilities**
- Introduction of a **common approach** with other development partners
- Use of **Borrower’s environmental and social framework** where appropriate
- Requirements on **information disclosure, consultation and participation, monitoring and implementation support**
- **Grievance mechanisms and accountability**
- **Four risk classifications for a project**



A project will be classified as **High, Substantial, Moderate and Low** risk, taking into account:

- the **type, location, sensitivity and scale** of the Project including physical considerations
- the **nature and magnitude of the potential ES risks and impacts**, including the type of development (greenfield or brownfield, e.g. rehabilitation, maintenance or upgrading activities); the nature of the potential risks and impacts (e.g. whether they are irreversible, unprecedented or complex); resettlement activities; presence of Indigenous Peoples; and possible mitigation measures considering the mitigation hierarchy
- the **capacity and commitment of the Borrower** to manage such risks and impacts in a manner consistent with the ESSs
- **other areas of risk that may be relevant to the delivery of ES mitigation measures and outcomes**, including the nature of the mitigation and technology being proposed, considerations relating to **domestic and/or regional stability, conflict or security**



- Risk classification, and basis for such classification, will be disclosed on the Bank website
- ESRC will be reviewed on regular basis and may be adjusted throughout the life of a project
- Bank allocates its resources and provides corporate oversight and implementation support on the basis of the ESRC

# Environmental and Social Review Summary (ESRS)

## The ESRS:

- Sets out results of the **Bank's due diligence** with respect to how the Borrower will achieve consistency with relevant ESS requirements, including application of the mitigation hierarchy, proportionality, etc.
- Prepared and disclosed at PCN and Appraisal stage
- Indicates which ESSs are relevant and why

***The Access to Information Policy applies to all documents provided to the Bank by the Borrower***

## **Documentation relating to the environmental and social risks and impacts:**

- For all projects, sufficient information about potential risks and impacts for Borrower's consultations with stakeholders
- For high risk and substantial risk projects, prior to appraisal, documentation sufficient to inform stakeholder engagement and inform Bank decision making

## **Stakeholder Engagement Plan (SEP)**

- Draft SEP disclosed as early as possible and before project appraisal

## **The Environmental and Social Review Summary (ESRS)**

- Details due diligence, including use of Borrower's environment and social framework and the Common Approach
- May include an updated ESRC
- Summarizes measures and actions from the ESCP

The Directive establishes direction for Bank staff regarding due diligence obligations relating to the identification of, and mitigation of risks and impacts on, disadvantaged or vulnerable individuals or groups.

The Task Team:

**Undertakes due diligence** with respect to disadvantaged or vulnerable individuals or groups, by (as applicable):

Reviewing the Environmental and Social Assessment (ESA) Terms of Reference, the ESA, and the Stakeholder Engagement Plan (SEP) to verify that it addresses the relevant project risks and impacts

Considering whether to require the Borrower (or Bank) to retain independent third party specialists to assist in the identification of vulnerable individuals or groups and assessment of risks and impacts on them

If appropriate, **participates in the Borrower's consultation activities**, including with disadvantaged or vulnerable individuals or groups

Where relevant, **seeks the advice of the OESRC**, where the application of the Directive could risk exposure to harm

# Ten Environmental and Social Standards



## ESS1

Assessment and  
Management of  
Environmental and  
Social Risks and Impacts



## ESS2

Labor and Working  
Conditions



## ESS3

Resource Efficiency  
and Pollution  
Prevention and  
Management



## ESS4

Community  
Health and  
Safety



## ESS5

Land Acquisition,  
Restrictions on Land Use  
and Involuntary  
Resettlement



## ESS6

Biodiversity  
Conservation and  
Sustainable  
Management of Living  
Natural Resources



## ESS7

Indigenous Peoples/Sub-  
Saharan African  
Historically Underserved  
Traditional Local  
Communities



## ESS8

Cultural  
Heritage



## ESS9

Financial  
Intermediaries



## ESS10

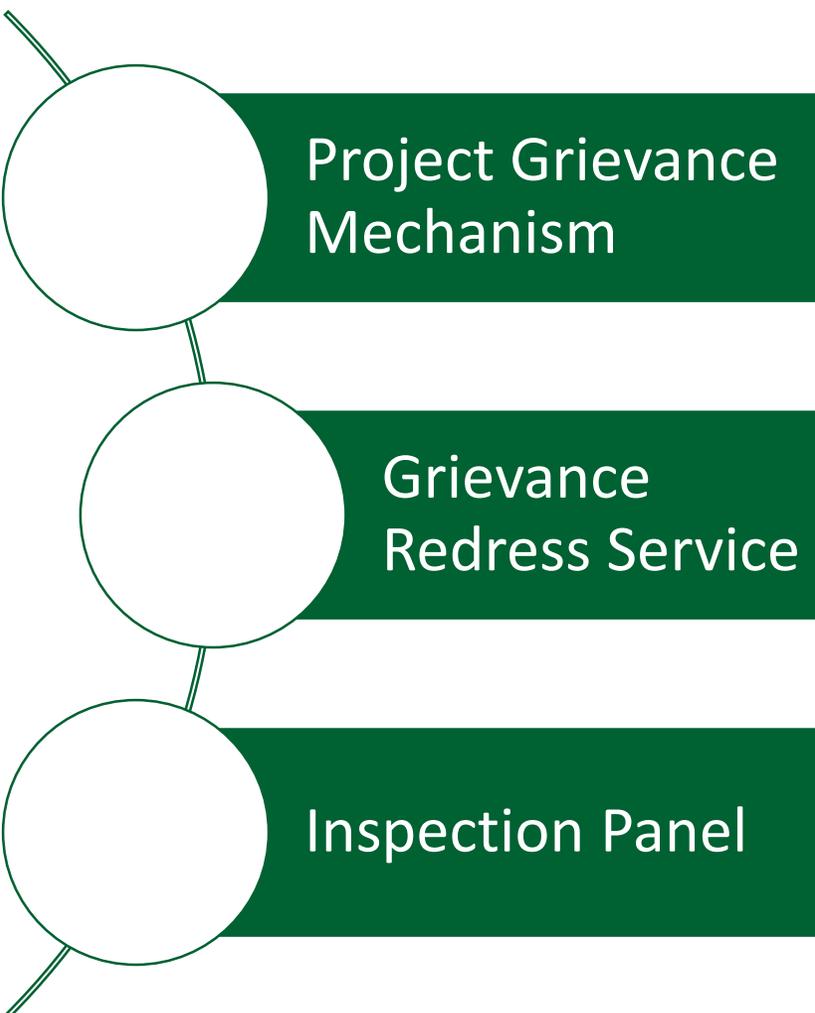
Stakeholder  
Engagement and  
Information Disclosure

## ***The Borrower carries out stakeholder engagement and prepares a Stakeholder Engagement Plan (SEP)***

- Stakeholder engagement is undertaken during project preparation and implementation
- A grievance mechanism is required of every IPF
- A Stakeholder Engagement Plan/Framework is required for every IPF - proportionate to risks and impacts of the project (in some cases it may not be a stand-alone document—its elements may be included in the ESCP)
- SEP/SEF drafts are disclosed as early as possible, and before project appraisal

The Bank may:

- Require the Borrower to retain independent third party specialists to assist in stakeholder identification and analysis
- Participate in consultation activities



## Project Grievance Mechanism

### Project Grievance Mechanism

- Addresses project environmental and social performance
- Can utilize formal and informal grievance mechanisms, supplemented as needed

## Grievance Redress Service

### World Bank Grievance Redress Service (GRS)

- Supports Task Teams in addressing grievances from project affected communities
- Provides a single entry point at the corporate level for communities to voice grievances and guidance and support for staff to help so that these complaints can be efficiently managed and resolved

## Inspection Panel

### Inspection Panel

- Serves as an independent complaints mechanism for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank-funded project

## The ESCP:

- Is prepared by the Borrower, agreed upon with the Bank
- Is publicly disclosed as early as possible and before appraisal (draft)
- Is part of the legal agreement

## The ESCP allows flexibility in timing of:

Preparation of the ESA and disclosure of information

Preparation of mitigation measures

Implementation of measures and actions needed to achieve the ESSs



*“The Borrower may not carry out any activities in relation to the project that may cause material adverse environmental or social risks or impacts until the relevant plans, measures or actions have been completed in accordance with the ESCP, including satisfying applicable requirements on consultation and disclosure.”*

# Thank You



# Further information

***The Bank carries out an assessment of the relevant aspects of the Borrower's environmental and social framework to ensure the framework will:***

- Address the environmental and social risks and impacts of the project
- Enable the project to achieve objectives materially consistent with the ESSs

Possible conclusions may be that the Borrower's framework alone:

- Is not sufficient to manage environmental and social risks and impacts of the project or
- Is sufficient to manage some, or all of the project environmental and social risks and impacts or
- Would be sufficient to manage some, or all, of the project environmental and social risks and impacts if supplemented with specified gap-filling, capacity strengthening actions and measures

***The Bank agrees on a Common Approach with partners as relevant. When a project is jointly financed by the Bank and other multilateral or bilateral agencies:***

- A Common Approach can be proposed for the assessment and management of environmental and social risks and impacts, if it enables the project to achieve objectives materially consistent with the ESSs
- Measures and actions that have been agreed under the Common Approach are incorporated in the ESCP

# ESS1: Assessment and Management of Environmental & Social Risks and Impacts



- Identify, assess, evaluate, and manage environment and social risks and impacts
- Adopt a mitigation hierarchy
- Adopt differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable
- Utilize national environmental and social institutions, systems, laws, regulations and procedures where appropriate
- Promote improved environmental and social performance, in ways which recognize and enhance Borrower capacity

## Highlights

- Risk-based, outcomes-focused, tailored, and proportionate approach to project risks and impacts, recognition of practical project challenges, including Borrower control and capacity
- Clearer provisions on the types of social and environmental risks and impacts
- Clarity on the definition of the project and on treatment of Associated Facilities
- Emphasis on non-discrimination and inclusion
- Use of Borrower's environmental and social framework where appropriate
- Clear and actionable mitigation, monitoring agreements and other follow-up actions through the Environmental and Social Commitment Plan (ESCP)
- Introduction of a Common Approach, when funding with other development partners
- Annex on management of contractors



- Promote safety and health at work
- Promote the fair treatment, non-discrimination, and equal opportunity of project workers
- Protect project workers, with particular emphasis on vulnerable workers
- Prevent the use of all forms of forced labor and child labor
- Support the principles of freedom of association and collective bargaining of project workers in a manner consistent with national law
- Provide project workers with accessible means to raise workplace concerns

## Highlights

- More specific requirements on occupational health and safety, expanding on the WBG Environmental, Health and Safety Guidelines (EHSGs)
- Introduction of labor management procedures
- Emphasis on non-discrimination and equal opportunity
- Specific requirements for the treatment of direct, contracted, community, primary supply, government civil servants
- Recognition of workers organizations
- Grievance mechanism for all project workers

# ESS3: Resource Efficiency and Pollution Prevention & Management



- Promote the **sustainable use of resources**, including energy, water, and raw materials
- Avoid or minimize adverse **impacts on human health and the environment** caused by pollution from project activities
- Avoid or minimize **project-related emissions** of short and long-lived climate pollutants
- Avoid or minimize generation of **hazardous and non-hazardous waste**
- Minimize and manage the risks and impacts associated with **pesticide use**

## Highlights

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- Implement **technically and financially feasible measures** to improve efficient consumption of energy
- Emphasis on **EHSGs** and other **Good International Industry Practice**
- Climate pollutants include **all greenhouse gases and black carbon**
- Specific requirements where project has **high water demand**
- Provisions on **historical pollution**
- Requirements on management of **wastes, chemical and hazardous materials**
- Requirement to estimate **gross GHG emissions**, where technically and financially feasible



- Anticipate or avoid adverse impacts on the **health and safety of project-affected communities** during project life-cycle from routine and non-routine circumstances
- Promote quality, safety, and **climate change considerations** in infrastructure design and construction, including dams
- Avoid or minimize community exposure to **project-related traffic and road safety risks, diseases and hazardous materials**, and have in place effective measures to address emergency events
- Ensure that **safeguarding of personnel and property** is carried out in a manner that avoids or minimizes risks to the project-affected communities

## Highlights

- Increased emphasis on **community exposure** to risks and impacts of project
- Introduction of concept of **universal access**, where technically and financially feasible
- **Evaluate and monitor traffic and road safety** and conduct **road safety assessments**
- Identify impacts on **provisioning and regulating ecosystem services**
- Measures on **water-related, communicable and non-communicable diseases**
- **Dam safety requirements** take into account contextual risk
- Requirement to assess risks associated with **security personnel**, and **report unlawful and abusive acts** to relevant authorities

# ESS5: Land Acquisition, Restrictions on Land Use & Involuntary Resettlement

- Avoid or minimize involuntary resettlement by exploring project design alternatives
- Avoid forced eviction
- Mitigate unavoidable adverse impacts from land acquisition or restrictions on land use through timely compensation for loss of assets at replacement cost and assisting displaced persons in their efforts to improve, or at least restore, 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
- Improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure
- Ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and informed participation



## Highlights

- Includes situations where project makes land physically unusable or inaccessible, even when there is no land acquisition
- Covers restrictions on access to communal property and natural resources, including marine and aquatic, timber, freshwater, hunting and gathering ground, grazing and cropping areas
- Contains criteria on voluntary transactions, land donations, forced eviction and eminent domain
- Definition of replacement cost, including where inflation exists
- Provides some flexibility where a party derived substantial income from multiple illegal rental units
- Provisions to protect and support women, including documentation, training, access to credit and jobs

# ESS6: Biodiversity Conservation & Sustainable Management of Living Natural Resources



- Protect and conserve biodiversity and habitats
- Apply the mitigation hierarchy and the precautionary approach in the design and implementation of projects that could have an impact on biodiversity
- Support livelihoods of local communities, including Indigenous Peoples, and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities

## Highlights

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- Addresses different types of habitats: modified habitat, natural habitat and critical habitat
- Requirements for legally protected, designated or regionally/internationally recognized areas of high biodiversity value
- Promotes sustainable management of living natural resources, including primary production and harvesting
- Provisions on invasive alien species
- Requirements on animal husbandry and large-scale commercial farming
- Requirements relating to primary suppliers, where project purchasing natural resource commodities, including food, timber and fiber

# ESS7: Indigenous Peoples / Sub-Saharan African Historically Underserved Traditional Local Communities

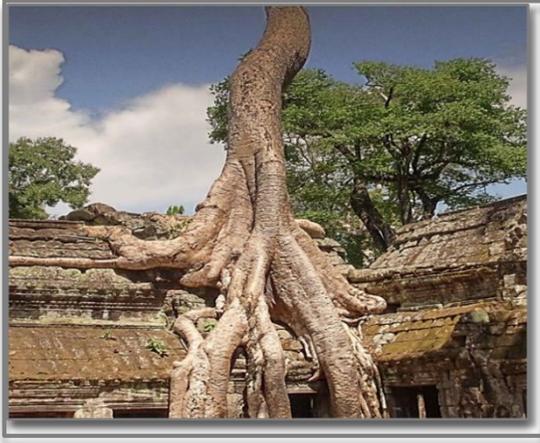


- Ensure that the development process fosters **full respect** for affected parties' human rights, dignity, aspirations, identity, culture, and natural resource-based livelihoods
- Promote sustainable development benefits and opportunities in a manner that is **accessible, culturally appropriate and inclusive**
- Establish and maintain an ongoing relationship based on **meaningful consultation** with project-affected parties
- Obtain the **Free, Prior, and Informed Consent (FPIC)** of affected parties
- Recognize, respect and preserve the culture, knowledge, and practices of Indigenous Peoples, and to provide them with an opportunity to adapt to changing conditions **in a manner and in a timeframe acceptable to them**

## Highlights

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- Increased emphasis on use of **different terminology** for Indigenous Peoples, while satisfying **Bank criteria**
- Ability to use **national screening processes**, providing these **meet Bank criteria and requirements**
- Coverage of **forest dwellers, hunter-gathers, pastoralists and other nomadic groups**
- Protection for affected parties in **voluntary isolation**
- Conduct **meaningful consultation tailored to affected parties**
- Specification on **FPIC process and outcome, nature of consent, unanimity not required**



- Protect cultural heritage from the adverse impacts of project activities and support its preservation
- Address cultural heritage as an integral aspect of sustainable development
- Promote meaningful consultation with stakeholders regarding cultural heritage
- Promote the equitable sharing of benefits from the use of cultural heritage

## Highlights

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- Covers tangible cultural heritage and intangible cultural heritage
- Tangible cultural heritage may be located in urban or rural settings, be above or below land or under water, and includes natural features and landscapes
- Intangible cultural heritage includes practices, representations, expressions, knowledge, skills
- Recognition of need for confidentiality and access
- Specific provisions on archaeological sites and material, built heritage, natural features with cultural significance, and movable cultural heritage
- Requirements where use of cultural heritage is for commercial purposes



- Sets out how Financial Intermediaries (FI) will assess and manage environmental and social risks and impacts associated with the subprojects it finances
- Promote good environmental and social management practices in the subprojects the FI finances
- Promote good environmental and sound human resources management within the FI

## Highlights

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- Requirement for FI to have an Environmental and Social Management System (ESMS), covering policy, procedures, organizational capacity monitoring and reporting and stakeholder engagement
- All FI subprojects prepared and implemented in accordance with national law
- In addition, apply relevant requirements of ESSs if FI subproject involves resettlement, adverse risks on IPs, or significant risks/impacts on environment, community health and safety, labor, biodiversity or cultural heritage
- FI to develop categorization system for subprojects; all projects above to be categorized as High or Substantial
- FI subprojects to conduct stakeholder engagement in a manner proportionate to the risks and impacts of the FI subprojects; FI may be involved if Bank requires
- FI to require sub-borrowers to disclose documents



- Establish a **systematic approach** to stakeholder engagement that helps Borrowers identify stakeholders and maintain a **constructive relationship** with them
- Assess **stakeholder interest and support** for the project and enable stakeholders' views to be taken into account in **project design**
- Promote and provide means for effective and inclusive engagement with project-affected parties **throughout the project life-cycle**
- Ensure that appropriate project information is disclosed to stakeholders in a **timely, understandable, accessible and appropriate manner**

## Highlights

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- Emphasizes stakeholder engagement throughout the project life-cycle, and requires a **Stakeholder Engagement Plan (SEP)**
- Encourages **early identification** of stakeholders, both **project-affected parties** and **other interested parties**
- Engagement **proportionate** to the **nature, scale, risks and impacts** of the project, and **appropriate to stakeholders' interests**
- Specifies process and criteria for **information disclosure** and **meaningful consultation**
- Requires an accessible and inclusive **grievance mechanism**, proportionate to risks and impacts