

## Factsheet: Proposed Environmental and Social Standard 1:

### Assessment and Management of Environmental and Social Risks and Impacts

#### What is ESS 1 about?

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All projects financed by the World Bank require an assessment of the impacts they may have on the environment and on people. The assessment of environmental and social risks and impacts is the responsibility of the borrowing country. Under the proposed framework, the Borrower will conduct environmental and social assessment of projects proposed for Bank financing to help ensure that projects are environmentally and socially sound and sustainable.

Borrowers will manage environmental and social risks and impacts throughout the life of the project in a systematic manner, appropriate to the nature and scale of the project and the potential risks and impacts. Projects that have the potential for significant environmental and social impacts require a very thorough environmental and social assessment. The assessment will inform the design of the project, and be used to identify mitigation measures and actions and to improve decision making.

ESS1 is the overarching standard of the proposed Environmental and Social Framework and applies to all projects supported by the Bank through investment project financing. It lays out the process for an integrated social and environmental assessment of projects. Under the proposed framework, Borrowers will need to identify any potential environmental and social risks and impacts that could arise during the project, design studies to analyze these challenges, and propose mitigation measures. If new challenges surface, the Borrower will address those when they arise.

The proposed ESS 1 mandates that Borrowers explain in detail how disadvantaged and vulnerable groups may be affected by projects and how project impacts may be addressed.

Under the proposed World Bank Environmental and Social Policy, the World Bank's responsibilities will include reviewing the environmental and social assessments conducted by the Borrower; promoting the use and strengthening of the Borrower's environmental and social framework; conducting a comprehensive risk classification to allocate Bank resources to projects that most need them; assisting the Borrower in developing measures and actions required for the project to comply with the ESSs; and agreeing with the Borrower on the measures and actions they would take in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank monitors the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

#### What's new?

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- **Stronger provisions for social assessment:** During the previous consultation phase, we often heard that the World Bank needs to be better at assessing social risks. We responded by adding a clear definition of what social risks are and how they need to be assessed and mitigated. The former Environmental Assessment policy will become the Environmental and Social Standard, thereby clearly acknowledging that our responsibility is for the people as much as for the environment. For example: the current policy mandates the integrated consideration of social aspects, such as involuntary resettlement, indigenous peoples, and physical cultural resources. The proposed ESS 1 spells out what these social aspects are: threats to human security, discrimination, involuntary loss of land and access to natural resources, limited access to land and food, threats to health and well-being, and threats to cultural heritage. The range of issues to be considered is broader.

- **Clear and actionable risk management system:** Under the proposed framework, the Borrower and the World Bank will agree on an Environmental and Social Commitment Plan after the assessment. This plan will be incorporated in the legal agreement and will list actions that the Borrower will take to achieve compliance with the ESSs and manage the identified risks and impacts throughout the entire life of the project.
- **Risk mitigation hierarchy:** It is international best practice to manage risk along a hierarchy, and the new draft ESF explicitly incorporates such a hierarchy for environmental and social risks in ESS 1. It is proposed that Borrowers will, first and foremost, strive to avoid adverse impacts. If avoidance is not feasible, the project will be designed to minimize or reduce adverse effects on people and the environment. Where residual impacts remain, Borrowers will compensate affected communities or offset adverse impacts.
- **A strengthened partnership with Borrowers:** The proposed ESS 1 includes a commitment to a strong partnership between the World Bank and its Borrowers. We recognize that many countries have significantly improved their capacity to assess and manage environmental and social risks and impacts of projects since the current safeguard policies were first established over twenty years ago. Where the Bank has agreed to use the Borrower's environmental and social frameworks, or elements thereof, the Bank will work with Borrowers to identify and address any gaps in those frameworks to enable the project to achieve objectives materially consistent with the ESSs, thereby contributing to building and strengthening Borrower systems.
- **Moving toward a more harmonized approach with other development partners:** The draft ESF will bring the Bank more in line with the environmental and social policies of other development partners, particularly the other major IFIs, but also including bilateral funding agencies. In part, this alignment is because almost all of them have recently updated their policies and the draft draws upon these changes. Thus, the update will make joint financing more efficient and effective. In these jointly financed arrangements, the Borrower will cooperate with the Bank and such agencies in order to agree on a common approach for assessing and managing environmental and social risks and impacts associated with the project. This common approach should not differ materially from the objectives of the proposed ESSs.
- **Strengthened project monitoring and reporting:** Stakeholders have told us that projects need to be more thoroughly monitored to make sure that risk mitigation measures are effectively applied and to react to new, unforeseen risks. ESS 1 extends the Borrower's monitoring and reporting requirements across the entire project lifecycle. This will ensure better risk management as the project progresses and as new, unforeseen challenges may arise. ESS 1 lays out clear and comprehensive requirements for the Borrower on how to monitor project impacts and risks in more detail. Under the proposed framework, the World Bank would require an annual report from the Borrower about how environmental and social risk is managed. As always, Bank monitoring and implementation support will continue until the completion of the project.

### What stays the same?

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- The proposed ESS 1 builds on the current policy on Environmental Assessment and applies to all projects supported by the Bank through investment project financing.
- The Borrower is responsible for carrying out the impact and risk assessment, for identifying mitigation measures, and for managing the project impacts. The World Bank is monitoring this process.
- Under the proposed framework, the World Bank will continue to ensure that Bank funds are being used in accordance with the legal agreement. Bank monitoring and implementation support will continue until the completion of the project.

To review the proposed framework, including the full text of all ten standards, and provide feedback, please visit <http://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies>

## Factsheet: Proposed Environmental and Social Standard 2:

### Labor and Working Conditions

#### What is ESS 2 about?

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Jobs are at the core of development. The development benefits of any World Bank-financed projects are enhanced if project workers operate in safe and healthy working conditions. Many international development partners have recognized this and provided for explicit protections of workers. The World Bank has learned from these international partners and is now proposing a Standard dedicated to the protection of workers in Bank projects. The proposed ESS2 is derived from provisions of other Multilateral Banks, and reflects the public sector nature of the World Bank's portfolio. ESS2 would apply to workers employed directly by the Borrower to work specifically in relation to the project.

Under the proposed ESS 2, child labor and forced labor are prohibited. Borrowers are required to ensure that projects workers will have clear and understandable information about the terms of condition of their employment. They will be paid regularly. If workers are terminated, they will receive notice and are eligible for severance pay. Borrowers cannot discriminate when they hire project workers. ESS 2 provides for a grievance mechanism through which all project workers can raise workplace concerns.

Under the proposed World Bank Environmental and Social Policy, , the World Bank's responsibilities will include reviewing the assessments conducted by the Borrower; assisting the Borrower in developing measures and actions required for the project to comply with ESS2; and agreeing with the Borrower on the measure and actions they will take in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank monitors the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

#### What's new?

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- **Prohibition of child labor and forced labor:** ESS2 requires Borrowers to avoid child labor and forced labor.
- **Promotion of fair treatment, non-discrimination, and equal opportunity:** The employment of project workers is proposed to be based on the principle of equal opportunity and fair treatment, and there shall be no discrimination with respect to any aspects of the employment relations, such as recruitment and hiring, compensation, working conditions and terms of employment.
- **Requirement for a grievance mechanism:** All project workers will have the possibility to raise workplace concerns. The proposed ESS 2 requires to set up a grievance mechanism that addresses any complaints promptly and transparently.
- **Compliance with national law on workers' organizations:** Almost all countries have ratified requirements set forth by the International Labor Organization (ILO) related to freedom of association and the right to collective bargaining. Borrowers will be expected to meet these commitments in a World Bank-financed project under the proposed framework.

#### What stays the same?

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- ESS 2 is new, but builds on the existing commitments of Borrower countries to international labor laws and conventions.

ESS2 reflects (and expands on) the World Bank's existing [Environmental Health & Safety Guidelines](#), which set out general and industry-specific guidelines on occupational health and safety.

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## Factsheet: Proposed Environmental and Social Standard 3:

### Resource Efficiency and Pollution Prevention

#### What is ESS 3 about?

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The world's natural resources are diminishing. We need to become more responsible at managing those resources. This proposed Standard includes requirements on cleaner production, on handling resources efficiently, and on preventing and managing pollution. The objective of the proposed ESS 3 is to avoid or minimize any project's potential adverse impact on health and on the environment, to promote the sustainable use of resources, and to reduce project-related greenhouse gas (GHG) emissions.

After conducting an environmental and social assessment (as described in ESS 1), Borrowers will implement the necessary measures to reduce pollution. Energy and water have to be used responsibly and in a way that does not diminish these resources. If, for example, a project would need so much water that farmers in the area would have less water for themselves, water would have to be used efficiently and alternative water resources would need to be found. ESS 3 also will promote clean production.

Under the proposed World Bank Environmental and Social Policy, the World Bank's responsibilities will include reviewing the assessments conducted by the Borrower; assisting the Borrower in developing measures and actions required for the project to comply with ESS3; and agreeing with the Borrower on the measures and actions they would take in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank monitors the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

#### What's new?

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- **Greenhouse gas reduction:** The World Bank is committed to stronger global collective action to support climate change mitigation and adaptation. Therefore, ESS 3 will require Borrowers to consider ways to reduce project-related GHG emissions. If there are feasible ways to do so, the World Bank will require that the Borrower take action.
- **Greenhouse gas accounting:** Some very large projects, such as operating factories or mines, are likely to produce GHG emissions of more than 25,000 tons of CO<sub>2</sub> per year. In those cases, the Borrower will measure emissions with internationally recognized methodologies.
- **Improved efficiency in water consumption:** Water is one of the most valuable natural resources in the world. It is becoming increasingly scarce in some areas due to climate change. Bank-financed projects should take into account the needs of other water users, including the water needs of the natural environment. The proposed ESS 3 requires the Borrower to avoid using large quantities of water if possible or use alternative water supplies.
- **A strong commitment to preventing pollution:** The Borrower will avoid and minimize pollution and hazardous waste. This requirement is consistent with international best practice.

#### What stays the same?

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- The current Pest Management policy of the World Bank is embedded in ESS 3.
- The provisions on waste, hazardous waste, and pesticides are similar to those in the current safeguard policies

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## Factsheet: Proposed Environmental and Social Standard 4:

### Community Health and Safety

#### What is ESS 4 about?

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Large projects, such as factories or roads, can have an impact on the people living close by and on their land. If communities are exposed to risks and adverse impacts because of a World Bank project, these must be addressed. This is particularly important if vulnerable groups are affected. Among the vulnerable groups are those that are already experiencing impacts from climate change. Borrowers need to avoid or minimize these impacts. Community health and safety needs to be considered during the design and manufacturing of infrastructure, equipment, or consumer products. Traffic and road safety are addressed. Borrowers are required specifically to endeavor to avoid any exposure of the community to disease.

Under the proposed World Bank Environmental and Social Policy, the World Bank's responsibilities will include reviewing the assessments conducted by the Borrower; assisting the Borrower in developing measures and actions required for the project to comply with ESS4; and agreeing with the Borrower on the measure and actions they would take in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank monitors the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

#### What's new?

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- **Protecting communities from adverse project impacts:** The requirements for Borrowers to protect project-affected communities are consolidated and clarified in a dedicated Standard. This proposed Standard is particularly progressive as it covers a wide range of aspects of community health and safety through infrastructure and equipment design and safety, product and services safety, traffic and road safety, hazardous materials, and other aspects.
- **Emergency preparedness and response:** Emergency plans need to be in place before a fire, explosion, or leak or spill happens. This proposed ESS requires Borrowers to conduct a risk hazard assessment for projects that could potentially cause such an emergency. This assessment is part of the environmental and social assessment mandated in ESS 1. Borrowers also need to prepare an emergency response plan where the potential risks dictate this approach. Appropriate information on emergency response will be disclosed publicly and made accessible for project-affected communities.
- **Responsible security personnel:** In some cases, Borrowers hire security personnel to protect workers or property. This security arrangement cannot be a threat to the communities close to the project. Borrowers will ensure that security personnel has not been involved in past abuses, that they are properly trained, and that they behave appropriately toward workers and affected communities.

#### What stays the same?

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- This proposed ESS incorporates key provisions of the current World Bank policy on Safety of Dams.
- ESS4 captures more explicitly many of the current World Bank's provisions regarding the design and safety aspects of infrastructure, equipment, products, services, traffic and hazardous materials.

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## Factsheet: Proposed Environmental and Social Standard 5:

### Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

#### What is ESS 5 about?

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When governments acquire land in connection with Bank-financed projects or when projects result in restrictions on the use of land, we need rules to make sure that people and communities are not adversely affected. In some cases, people are relocated or lose income and assets. We speak of “involuntary resettlement” when the affected people do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. In Bank-financed projects, if such displacement occurs, affected people will get compensation and resettlement assistance.

We currently have a strong policy protecting people in cases of involuntary resettlement. The proposed ESS 5 builds on this policy and clarifies its protections. The objectives of this proposed Standard are to avoid, or where unavoidable, to minimize involuntary resettlement; avoid forced eviction; and mitigate any adverse impacts through compensation and assistance. Borrowers are required to consult with communities affected by resettlement. Resettlement processes need to be transparent. Displaced persons must be assisted in their effort to restore their livelihoods and living standards and the Borrower should strive toward improving their situation. For poor and vulnerable persons who are physically displaced, an objective of ESS 5 is to improve their living conditions through provision of adequate housing, access to services and facilities, and security of tenure.

Under the proposed World Bank Environmental and Social Policy, the World Bank’s responsibilities will include reviewing the assessments conducted by the Borrower; assisting the Borrower in developing measures and actions required for the project to comply with ESS5; and agreeing with the Borrower on the measures and actions they would take over a specified time frame in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank monitors the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

#### What’s new?

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- **Greater clarity on the scope of application:** The proposed ESS 5 provides greater clarity on the types of land-related transactions and restrictions on land use that need to be addressed by the Borrower. This clarity will help Borrowers better identify the situations in which the mitigation measures spelled out in the ESS need to be put in place.
- **Greater clarity on the resettlement planning instruments:** Borrowers will develop a resettlement plan or livelihood restoration plan, or a combination of both, to address the adverse impacts identified through the environmental and social assessment
- **No forced evictions:** Borrowers will provide project-affected people with legal and other protections if they have to leave their homes or lands. Due process must be observed and the use of excessive force must be avoided.
- **Squatter landlords cannot benefit from compensation:** The proposed ESS 5 retains protections for affected people who may be informally occupying land. However, where people make money by renting multiple illegal housing on lands that they do not own, the compensation that would otherwise be available to such persons may be reduced with the prior agreement of the Bank to better reflect the objectives of this proposed ESS.

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- ***In situ development***: ESS 5 creates greater flexibility for the use of innovative techniques of in situ development. This would more explicitly allow project affected people in some contexts to benefit from development projects and increased property values, thus minimizing the need for involuntary resettlement.

### What stays the same?

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As the current policy on Involuntary Resettlement provides strong protections, most of the policy has been integrated into this proposed Standard. The proposed ESS 5 builds upon and clarifies the existing policy provisions.

## Factsheet: Proposed Environmental and Social Standard 6:

### Biodiversity Conservation and Sustainable Management of Living Natural Resources

#### What is ESS 6 about?

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Protecting the environment is about protecting the rich variety of living organisms, on ground and in water. Sustainable development depends on the sustainable management of living natural resources. The proposed ESS 6 aims to protect biodiversity in all habitats, be they natural or man-made. In this proposed Standard, Borrowers are required to preserve habitats for the species that live in them.

During the environmental and social assessment (described in ESS 1), the Borrower will determine whether their projects affect biodiversity. Special consideration will be given to Indigenous Peoples and affected communities whose use of and dependence on biodiversity resources are affected by the project. If the assessment identifies potential impacts on living natural resources, such as forests and fisheries, the Borrower will develop an approach to sustainably manage such living natural resources.

Bank funds cannot be used for projects that would involve the significant conversion or degradation of critical habitats.

Under the proposed World Bank Environmental and Social Policy, the World Bank's responsibilities will include reviewing the assessments conducted by the Borrower; assisting the Borrower in developing measures and actions required for the project to comply with ESS6; and agreeing with the Borrower on the measures and actions they would take in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank monitors the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

#### What's new?

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- **No significant conversion or degradation of critical habitats:** The new framework strengthens the conservation of biodiversity and the management of living natural resources through introducing clearer requirements for mitigating impacts of Bank-financed projects on biodiversity. Under the new framework, Bank funds cannot be used to finance or support projects that would involve a significant conversion or degradation of critical habitats.
- **Requirements relating to Supply Chain:** Where Borrowers are purchasing primary production such as food and fiber commodities that is known to take place in regions with a risk of significant conversion of critical habitats, the proposed ESS6 sets out stringent requirements relating to screening its primary suppliers.
- **Protection of man-made habitats:** The current safeguard policies cover only natural resources. In the proposed ESS6, we recognize that biodiversity in man-made habitats often needs to be protected. This proposed Standard covers all habitats.
- **Precautionary approach:** Borrowers will need to take informed decisions on how natural living resources can be used in a project without damaging the long-term viability of the resources and the environment.

#### What stays the same?

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- The proposed ESS 6 addresses the range of biodiversity issues currently covered by the World Bank's policy on Natural Habitats and the policy on Forests.

To review the proposed framework, including the full text of all ten standards, and provide feedback, please visit <http://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies>

## Factsheet: Proposed Environmental and Social Standard 7:

### Indigenous Peoples

#### What is ESS 7 about?

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There is a need to recognize, respect and preserve the culture, knowledge, and practices of Indigenous Peoples—as laid out in international conventions. Indigenous Peoples have identities and aspirations that are different from mainstream groups. They are often economically marginalized. Their economic, social, and legal status frequently limits their ability to defend their rights to land and natural and cultural resources. To ensure that they benefit from development as any other group, the World Bank requires Borrowers to take special considerations for Indigenous Peoples.

Indigenous Peoples are often inextricably tied to the land on which they live and to the natural resources on which they depend. The proposed ESS 7 therefore applies whenever Indigenous Peoples live in the project area or are otherwise attached to it, regardless of potential risks or impacts.

The proposed Standard first lists the criteria for identifying Indigenous Peoples. The Borrower is required to consult with them on the design and the implementation of a project. In some circumstances, their free, prior, and informed consent will be required. Throughout the life of the project, the Borrower will avoid adverse impacts on Indigenous Peoples, and when avoidance is not possible, minimize, mitigate and compensate for such impacts.

Under the proposed World Bank Environmental and Social Policy, the World Bank's responsibilities will include screening the project to determine whether Indigenous Peoples are present in, or have collective attachment to the project area; reviewing the assessments conducted by the Borrower; assisting the Borrower in developing measures and actions required for the project to comply with ESS7; and agreeing with the Borrower on the measures and actions they would take over a specified time frame in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank monitors performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

#### What's new?

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- **Free, Prior, and Informed Consent:** The proposed ESS 7 introduces Free, Prior, and Informed Consent (FPIC). The Borrower is required to obtain FPIC of the affected Indigenous Peoples when projects will (a) impact lands and natural resources traditionally owned, used, or occupied by Indigenous Peoples; (b) cause relocation of Indigenous Peoples; or (c) have significant impacts on Indigenous Peoples' cultural heritage. The Borrower will document the mutually accepted process as well as evidence of agreement between the parties. FPIC does not require unanimity and may be achieved even when individuals or groups within or among affected Indigenous Peoples explicitly disagree. When the Bank cannot ascertain the FPIC of the affected Indigenous Peoples, the aspect of the project relevant to those Indigenous Peoples will not be processed further. In such cases, the Borrower will ensure that the project will not cause adverse impacts on that group of Indigenous Peoples.
- **Alternative approach:** This proposed Standard proposes an alternative approach for use in exceptional circumstances to avoid a serious risk of inciting or exacerbating ethnic tension or civil strife, or where identification of Indigenous Peoples is inconsistent with the constitution of the country. Even under the World Bank's current safeguard for Indigenous Peoples, the borrowing government could ask the World Bank's Board of Directors to waive its requirements. Under the proposed ESS 7, in these situations the Borrower may agree with the Bank on an alternative approach in which the newly proposed and more rigorous risk assessment (ESS 1) and then any of the expanded and strengthened list of nine proposed Safeguard Standards are applied to their situation. This would help ensure the protection of vulnerable

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groups, and allow the World Bank to supervise and oversee the measures taken to protect affected groups from any adverse impacts.

- **Clearer Recognition of pastoralists:** Some groups of Indigenous Peoples move with their herds (pastoralists) or are otherwise nomadic. The proposed Standard clarifies that these groups are recognized as Indigenous Peoples and protected under the proposed ESS 7.
- **Protection of Indigenous Peoples in voluntary isolation:** ESS 7 requires Borrowers to take appropriate measures to protect Indigenous Peoples in voluntary isolation.

### What stays the same?

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- Indigenous Peoples are currently protected through a dedicated safeguard policy, whose requirements are preserved in ESS 7.

## Factsheet: Proposed Environmental and Social Standard 8: Cultural Heritage

### What is ESS8 about?

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ESS8 is proposed to apply to all projects that are likely to have adverse impact on cultural heritage and will always apply in projects that involve significant earthworks and other changes in the physical environment or where the project is located in a recognized cultural heritage site. It requires projects to adopt a chance find procedure, together with other internationally recognized procedures for the protection of cultural heritage. ESS8 would require that all relevant stakeholders are identified and consulted about cultural heritage. ESS8 identifies different types of cultural heritage, and sets out specific requirements where cultural heritage could be used by the project for commercial purposes.

Under the proposed World Bank Environmental and Social Policy, the World Bank's responsibilities will include reviewing the assessments conducted by the Borrower; assisting the Borrower in developing measures and actions required for the project to comply with ESS8; and agreeing with the Borrower on the measures and actions they would take in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank monitors the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

### What's new?

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- **Broader objectives:** The proposed ESS8 aims 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 the equitable sharing of benefits from the use of cultural heritage.
- **Enhanced consultation with affected communities:** The environmental and social assessment will identify all relevant stakeholders for cultural heritage that are known to exist or likely to be encountered during the life of the project, through the application of the proposed ESS10. Stakeholders will include: (a) project-affected communities within the host country who use, or have used within living memory, the cultural heritage for longstanding cultural purposes; (b) relevant national or local regulatory agencies that are entrusted with the protection of cultural heritage; and (c) relevant nongovernmental organizations and experts, including international cultural heritage organizations. The Borrower will consult with stakeholders, and encourage them to participate in identifying and assigning value to cultural heritage affected by the project, assessing potential impacts, and exploring avoidance and mitigation options. The Borrower, in consultation with the Bank and persons with relevant expertise, will determine whether disclosure of information regarding cultural heritage required under the ESSs would compromise or jeopardize the safety or integrity of such cultural heritage. In such cases, sensitive information may be omitted from public disclosure. *(More in Paragraphs 13-15)*
- **Adoption of the concept of community access:** 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. Continuing access will be designed taking into account health, safety and security considerations. *(More in Paragraph 16)*
- **Requirements on commercialization of intangible cultural heritage:** Where a project intends to use cultural heritage, including knowledge, innovations or practices of local communities, for commercial purposes, the Borrower will inform the affected communities of: (a) their rights under national law; (b) the scope and nature of the commercial development and the potential impacts; and (c) the potential consequences of such development and impacts. The Borrower will not proceed with the project unless it: (a) carries out meaningful consultation as described in ESS10; (b) provides for fair and equitable sharing of benefits from commercialization of such cultural heritage, consistent with customs and traditions of the affected

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communities; and (c) identifies mitigation measures according to the mitigation hierarchy. *(More in Paragraph 28-29)*

### What stays the same?

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- This proposed ESS incorporates the provisions of the current World Bank policy on Physical Cultural Resources.

## Factsheet: Proposed Environmental and Social Standard 9: Financial Intermediaries

### What is ESS9 about?

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Given the widespread interest and concerns among stakeholders over how environmental and social considerations can and should be taken into account in intermediated lending, the World Bank has consolidated existing policy provisions related to FIs into one proposed standard that also addresses the organizational capacity and risk management function within FIs. The proposed ESS9 requires an FI to put in place environmental and social procedures commensurate with the nature of the FI and the level of risks and impacts associated with the project and potential subprojects. The FI is required to meet the requirements of ESS10 and to screen, appraise and monitor all subprojects. ESS9 requires that all subprojects be structured to meet national environmental and social requirements. Any subproject classified as *High Risk* shall be assessed in accordance with, and structured to meet, the ESSs. FIs are required to submit annual reports to the World Bank on their environmental and social performance.

Under the proposed World Bank Environmental and Social Policy, the World Bank's responsibilities will include reviewing the adequacy of national environmental and social requirements relevant to the project and the proposed subprojects, and the capacity of the FI to manage environmental and social issues. This will include an assessment of the procedures the FI will use to (a) conduct environmental and social screening and classification of subprojects; (b) ensure sub-borrowers' conduct of environmental and social assessment of proposed subprojects; and (c) review the result of such assessment. When necessary, the World Bank will ensure that the project includes measures to strengthen such procedures. Where projects involving an FI are expected to have *High Risk* subprojects and the Bank is not satisfied that adequate capacity exists for classifying, carrying out environmental and social assessment and/or reviewing the results of such assessment, all *High Risk* subprojects (including the environmental and social assessment) will be subject to prior review and approval by the Bank. Throughout implementation, the World Bank monitors the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

### What's new?

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- **Subprojects to be structured to meet ES requirements of national law:** FIs will screen, appraise and monitor all subprojects, in accordance with the environmental and social risk profile of the individual subprojects. All subprojects will be structured to meet the relevant environmental and social requirements of national law. *(More in Paragraph 6)*
- **Greater ES risk management for subprojects classified as High Risk:** Where the FI proposes to provide financing to subprojects that will be classified as *High Risk*, such subprojects will also be structured to meet the proposed ESSs 1 to 8 and ESS10. *(More in Paragraph 7)*
- **Requirement of FIs to screen all subprojects against the FI Environmental and Social Exclusion List:** The FI's environmental and social procedures will include risk appraisal and monitoring mechanisms, as appropriate, to screen all subprojects against the FI Environmental and Social Exclusion List, which includes activities regulated under national law. *(More in Paragraph 14 a)*
- **Annual reports to the World Bank:** The FI will submit to the Bank annual Environmental and Social Reports on the implementation of its environmental and social procedures, this proposed ESS and ESS2, as well as the environmental and social performance of its portfolio of subprojects. The annual report will include details of how the requirements of this ESS are being met, the nature of the subprojects financed through the project, and the overall portfolio risk, profiled by sector. *(More in Paragraph 18)*

### What stays the same?

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- The proposed ESS9 builds on the existing provisions relating to Financial Intermediaries in the current policy on Environmental Assessment.

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## Factsheet: Proposed Environmental and Social Standard 10:

### Information Disclosure and Stakeholder Engagement

#### What is ESS10 about?

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The proposed ESS10 recognizes that engagement with stakeholders, including affected communities and workers, is essential to achieving good sustainable development outcomes in projects. ESS10 requires Borrowers to conduct stakeholder engagement commensurate to the nature and scale of the project throughout the life of the project. Borrowers are required to identify stakeholders and develop and disclose an appropriate stakeholder engagement plan. ESS10 sets out requirements on how engagement should take place, including meaningful consultation; requires Borrowers to inform affected communities of changes in the project that will impact them; and requires a grievance mechanism to be established for resolution of stakeholder concerns.

Under the proposed World Bank Environmental and Social Policy, the World Bank will require the Borrower to ensure that sufficient information about the potential risks and impacts of the project is made available in a timely manner, and in an accessible place, and in a form and language understandable to project-affected people and other stakeholders so they can provide meaningful input into project design and mitigation measures. The World Bank will also require the Borrower to engage with communities, groups or individuals affected by proposed projects, and with civil society, through information disclosure, consultation, and informed participation in a manner commensurate with the risks to and impacts of affected communities. For *High Risk* or complex projects, the Bank will have the right to carry out independent consultation activities.

#### What's new?

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- **Greater clarity on information disclosure:** For all projects, Borrowers will consult with stakeholders to identify issues and concerns in order to inform the environmental and social assessment and the design and implementation of the project. Disclosure of relevant project information helps stakeholders understand the risks, impacts and opportunities of the project.
- **Enhanced stakeholder engagement during project preparation:** The Borrower will identify the various stakeholders. The Borrower will identify individuals and groups that may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status. The Borrower will develop and implement a Stakeholder Engagement Plan (SEP). The SEP will be disclosed. It will be tailored 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, including the grievance mechanism required.
- **Promotion of meaningful consultation:** Where project-affected communities may be subject to significant adverse potential risks and impacts from a project, 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 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. The consultation process with project-affected communities will be undertaken in a manner that is inclusive and culturally appropriate.
- **Ongoing stakeholder engagement during project implementation:** The Borrower will provide ongoing information to the project-affected communities. This ongoing engagement will build upon the channels of communication and engagement established during the stakeholder engagement carried out as part of the environmental and social assessment process and reviewed periodically. If there are material changes to the project that result in additional risks and impacts of concern to the project-affected communities, the Borrower will inform them how these risks and impacts are being addressed.

To review the proposed framework, including the full text of all ten standards, and provide feedback, please visit <http://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies>

- **Systematic grievance redress:** The Borrower will respond to concerns of project-affected communities related to the project in a timely manner. For this purpose, the Borrower will provide a grievance mechanism, process or procedure to receive and facilitate resolution of stakeholders' concerns and grievances regarding the Borrower's environmental and social performance. Where possible, such grievance mechanism will utilize existing formal or informal grievance mechanisms suitable for project purposes, supplemented as needed with project-specific arrangements.

### What stays the same?

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ESS10 consolidates the provisions on consultation, information disclosure and grievance redress that are currently set out in several different policies.

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