Bank Directive

Environmental and Social Directive for Investment Project Financing

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Environmental and Social directions for Investment Project Financing.

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SECTION I – PURPOSE AND APPLICATION

1. This Directive sets out the mandatory requirements for the implementation of the Environmental and Social Policy for Investment Project Financing (IPF).

2. This Directive applies to the Bank.

SECTION II – DEFINITIONS AND ACRONYMS

As used in this Directive, the capitalized terms and acronyms have the meanings set out (a) in Section II of the Bank Policy, "Investment Project Financing"; (b) in the ESF; or (c) below.

1) **ADM**: accountability and decision-making roles set out in the "Guidance on the Accountability and Decision Making Framework."

2) **AESS**: Accredited Environmental and/or Social Specialist.

3) **APESS:** Accreditation Panel for Environmental and Social Standards of the Bank.

4) **Borrower's ES Framework**: as described in Section B of the Environmental and Social Policy, *Use and strengthening of borrower's environmental and social framework*.

5) **CESSO**: Chief Environmental and Social Standards Officer.

6) **Concept Decision:** The point at which management decides whether to proceed with the preparation of the IPF operation as described in the IPF Directive.

7) **Directive Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups**: Bank Directive that establishes rules for Staff in respect of disadvantaged or vulnerable individuals or groups.

8) **ENB:** Environment, Natural Resources and Blue Economy Global Practice.

9) **ES Directives**: This Directive, the Directive Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups, and other directives that are directly related to the ESF.

10) **EHSGs**: Environmental, Health and Safety Guidelines of the World Bank Group.

11) **ES**: Environmental and Social.

12) **ESCP**: The Environmental and Social Commitment Plan as described in Section E of the Environmental and Social Policy.

13) **ESF**: Environmental and Social Framework of the Bank, as may be amended from time to time, which consists of a Vision for Sustainable Development, the World Bank Environmental and Social Policy for Investment Project Financing and the ten Environmental and Social Standards.

14) **ESRC**: Environmental and Social Risk Classification of a Project, which may be *High Risk, Substantial Risk, Moderate Risk* or *Low Risk* in accordance with Section III.C of this Directive.

15) **ESRS**: the Bank's Environmental and Social Review Summary.

16) **ESS**: Environmental and Social Standard.

17) **GP**: a Global Practice of the Bank.

18) **GRS**: The Grievance Redress Service of the Bank.

19) **GRS Risk Classification**: the rating of High, Moderate or Low assigned to eligible complaints by the GRS, based on the level of risk, urgency, severity and potential for escalation of conflict, considering the issues raised and the information available.

20) **ISR**: Implementation Status and Results Report.

21) **LEGEN:** Environment and International Law Unit, Legal Vice-Presidency of the Bank.

22) **LEGEN CC**: the Chief Counsel, LEGEN.

23) **OESRC**: Operations Environmental and Social Review Committee.

24) **PAD:** The Project Appraisal Document.

25) **PM:** A Practice Manager in a Global Practice of the World Bank.

26) **Regional SD departments**: The Sustainable Development departments of each Region, headed by a Sustainable Development Regional Director.

27) **RSA**: Regional Environmental and Social Standards Advisor (previously, Environmental and Social Standards Advisor).

28) **Safeguard Policies and Procedures**: OPs/BPs 4.00, 4.01, 4.02, 4.03, 4.04, 4.07, 4.09, 4.10, 4.11, 4.12, 4.36, and 4.37.

29) **SSI:** Social Sustainability and Inclusion Global Practice.

30) **Staff:** persons holding an appointment under Staff Rule 4.01, “Appointment”, including consultants.

31) **Team Leader (TL)**: Staff assigned to lead IPF Task Teams.

32) **TOR:** Terms of Reference

33) **TT**: Task Team.

SECTION III – SCOPE

A. Application

1. This Directive applies to all IPF operations applying the Environmental and Social Framework (ESF), that is all IPF operations with a Concept Decision, or equivalent, on or after October 1, 2018, except for: (a) IPF operations where OP/BP 4.03 applies; (b) additional IPF operations where the original project is subject to the Safeguard Policies and Procedures, with a Concept Decision, or equivalent, on or before December 31, 2019 and, (c) additional IPF operations where the original project is subject to the Safeguard Policies and Procedures, proposed to address exclusively a cost overrun or financing gap, in which case the Safeguard Policies and Procedures apply to the additional IPF.

2. As set out in the Environmental and Social Policy, paragraph 3, the responsibilities of the Bank to manage ES risks and impacts of a Project are to:

    a. undertake its own due diligence of proposed Projects, proportionate to the nature and potential significance of the ES risks and impacts related to the Project;

    b. 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;

    c. assist the Borrower in identifying appropriate methods and tools to assess and manage the potential ES risks and impacts of the Project;

    d. agree with the Borrower on the conditions under which the Bank is prepared to provide support to the Project, as set out in the ESCP; and

    e. monitor the ES performance of a Project in accordance with the ESCP and the ESSs.

B. Roles and Responsibilities

1. The management of ES risks and impacts is carried out, as appropriate, by Staff in OPCS, Regional SD departments, managing unit GPs, LEGEN, and TTs.

2. The CESSO is responsible and accountable for the general oversight, coordination, monitoring and consistency of the ESF and the ES Directives, including the following functions:

    a. serving as the interpreter of the ESF, the ES Directives, guidance and materials directly related to the ESF, and advising on their application and implementation;

b. resolving any disagreement on the ESRC for a Project by making the final determination of the ESRC, in consultation with the RSA;

c. issuing Guidance in relation to the ESF;

d. proposing amendments to, as well as leading any review and update of, the ESF and the ES Directives;

e. monitoring the overall functioning of the ESF, including consistency in ESF application and reporting on the application of the ESF to senior management and the Board;

f. chairing the meetings of the OESRC and recording its advice on ESF related issues;

g. clearing waiver proposals related to the provisions of the ESF and the ES Directives, taking into account recommendations made by PMs of ENB and SSI and/or the RSA and LEGEN CC, as appropriate for decision pursuant to the Bank Policy, "Operational Policy Waivers", and the Bank Procedure, "Operational Policy Waivers and Waivers of Operational Requirements".

h. concurring, with advice from LEGEN CC, on the use of all, or part, of a Borrower's ES Framework, as per Section VI, paragraph 8 of this Directive;

i. deciding on resolution of ES issues when technical advice by the CESSO is necessary;

j. advising, at CESSO's discretion, on the type and scope of due diligence required for Projects classified as High Risk and other Projects that warrant corporate oversight, in consultation with RSAs;

k. providing advice to the GRS and TTs on complaints received by the GRS as needed, particularly for high-risk complaints (as classified under the GRS Risk Classification) and advising on the escalation of high-risk complaints;

l. designing and updating ES operational systems in collaboration with the PMs of ENB and SSI;

m. advising on corporate ES risk reviews and portfolio monitoring, helping ensure the Bank's ES work on managing operational risk is consistent with evolving corporate approaches and international practices, in coordination with RSAs;

n. advising on ES arrangements for complex, high-risk, and innovative operations;

o. advising on ES capacity of Borrower countries and any ES-related reform programs to ensure consistency; and

p. engaging with other multilateral and bilateral organizations and development agencies on environmental and social policy issues with the objective of enhancing coherence, co-operation and harmonization of Bank requirements relating to ES risks and impacts, including the ESF.

3. The Directors of Regional SD departments are responsible for carrying out the following:

   a. supervising PMs of ENB and SSI in the exercise of their ESF-related functions;

   b. ensuring, through the PMs of ENB and SSI, appropriate and proportionate Project ES due diligence, implementation support and monitoring of the Project's ES performance;

   c. advising on the level of resources (Staff and budget) needed to implement the ESF, overseeing operational staffing decisions (recruitment, promotion, work allocation, etc.);

   d. overseeing staff development and training;

   e. participating in the OESRC when issues of regional significance are discussed; and

   f. managing, in concert with the CESSO, the ESF accreditation process, including through provision of training to ES specialists and consultants.

4. The PMs of ENB and SSI are responsible for the following:

   a. nominating ES Staff for ESF accreditation;

   b. assigning AESS to Projects and supervising them;

   c. advising on the type and scope of due diligence required for Projects;

   d. recommending, at the concept stage, the ESRS and ESRC for all Projects;

e. clearing any changes to the corporate oversight of a Project that may be required post-concept and during implementation;

f. clearing, at the appraisal stage, the ESRS, ESCP and any other ES instruments disclosed prior to appraisal;

g. clearing, during the implementation stage, ES instruments prepared following Board approval and updates to the ESCP;

h. providing, throughout Project preparation and implementation, ongoing quality assurance for the ES Standards aspects of all Projects; and

i. clearing, as part of restructuring, the ES inputs to the restructuring package, including new or updated ES instruments, if the restructuring involves changes to the project that require additional ES due diligence.

5. The RSA has corporate oversight responsibility regarding the screening and assessment of risks and impacts, which shall be exercised in conjunction with their responsibility to the CESSO. This includes the following:

a. recommending at concept review, which Projects warrant corporate oversight and concurring on any changes to the corporate oversight of a Project that may be required post-concept and during implementation;

b. advising on the type and scope of due diligence required for Projects classified as High Risk and other Projects under corporate oversight, in consultation with CESSO where needed;

c. clearing, at concept review, the ESRC for the Project and the concept stage ESRS;

d. concurring, during implementation, any change in the ESRC to or from High Risk, or any change in the ESRC of a project where corporate oversight is being provided;

e. providing, during Project preparation, corporate advice for Projects classified as High Risk and other Projects for which corporate oversight is being provided;

f. concurring, at the appraisal stage, with the ESRS, ESCP and any other ES instruments for disclosure for Projects classified as High Risk, as well as for those where corporate oversight is being provided;

g. providing, during Project implementation, ongoing corporate advice for Projects classified as High Risk, as well as for other Projects for which corporate oversight is being provided;

h. concurring, during Project implementation, with ES instruments prepared and disclosed following Board approval and updates to the ESCP for Projects classified as High Risk, as well as for those where corporate oversight is being provided;

i. concurring with the ES input and the ESS performance rating in ISRs, for Projects where corporate oversight is being provided;

j. concurring, as part of restructuring, the ES inputs to the restructuring package, including new or updated ES instruments, if the restructuring involves changes to the project that require additional ES due diligence and corporate oversight is being provided;

k. providing information regarding relevant Project risks to CESSO to inform consistency of ESF application and CESSO decision making.

6. The PMs of the relevant GPs are responsible for supporting the preparation and implementation of the Project in accordance with the ESF.

7. The LEGEN CC is responsible for and, together with relevant LEGEN Staff, carries out the following:

a. providing legal advice on the ESF, the ES Directives and ES risk-related advice;

b. supporting the monitoring of the overall functioning of the ESF, in collaboration with the CESSO, including through thematic reviews;

c. reviewing and clearing terms of reference for consultants being hired to carry out legal work with ES content; and

d. advising on the assessment of the Borrower's ES Framework.

8. The TT, including the AESS, is responsible and accountable for project-level preparation, implementation support and monitoring activities relating to the ESF, and carries out the following:

a. undertaking Project ES due diligence, and providing recommendations to the Borrower regarding appropriate ES mitigation measures;

b. providing, in preparation for concept review, the ESRS for the Project;

c. circulating, in preparation for concept review and preparation of decision review at the appraisal stage, relevant ES due diligence documents as part of the Project concept or appraisal package;

d. providing input to help determine whether a Project is under corporate oversight, including for any changes to the corporate oversight of a Project that may be required during preparation and implementation;

e. assisting the Borrower in the identification of relevant ES tools and instruments;

f. preparing the ES input and ESS performance rating and validating the Project's ESRC, in the ISR;

g. carrying out ES-related implementation support and monitoring;

h. promptly notifying the GPs responsible for the Project if significant additional risks and impacts are identified during Project preparation and implementation, and documenting these in the ISR; and

i. handling grievances related to implementation at the Project level, including referring complaints to the GRS where relevant.

9. The OESRC has overall responsibility and accountability for reviewing and advising on ES issues of corporate relevance, including the following:

a. issuing advice on complex or sensitive ES aspects of Bank operations;

b. supporting the CESSO in the development of policy interpretation notes, Guidance, or other documents on thematic, sectoral, and process-related ES matters; and

c. supporting the CESSO in interpreting the ESF, ES Directives, Guidance and materials directly related to the ESF, and assisting the CESSO in advising on their application and implementation.

10. The APESS is chaired by the CESSO and is responsible for:

a. developing core competency requirements and setting professional standards for Bank Staff and consultants to be ESF accredited;

b. managing the ESF accreditation process, including reviewing and recommending ESF accreditation;

c. maintaining and making available registers of AESS and consultants; and

d. providing advice on developing and maintaining core competencies and specializations.

C. Risk Classification

1. Pursuant to the Environmental and Social Policy, Section A, Paragraph 20, a Project (including all subprojects unless identified as small subproject according to the Environmental and Social Policy, Section D, Paragraphs 36 to 39 and Footnote 28) is classified as *High Risk*, *Substantial Risk*, *Moderate Risk* or *Low Risk* taking into account relevant potential risks and impacts, such as:

    a. the type, location, sensitivity and scale of the Project including the physical considerations of the Project; type of infrastructure (e.g., dams and reservoirs, power plants, airports, major roads); volume of hazardous waste management and disposal;

    b. the nature and magnitude of the potential ES risks and impacts, including impacts on greenfield sites; impacts on brownfield sites including (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;

    c. the capacity and commitment of the Borrower to manage such risks and impacts in a manner consistent with the ESSs, including the country's policy, legal and institutional framework; laws, regulations, rules and procedures applicable to the Project sector, including regional and local requirements; the technical and institutional capacity of the Borrower; the Borrower's track record of past Project implementation; and the financial and human resources available for management of the Project;

    d. other areas of risk that may be relevant to the delivery of ES mitigation measures and outcomes, depending on the specific Project and the context in which it is being developed, including the nature of the mitigation and technology being proposed, considerations relating to domestic and/or regional stability, conflict or security.

2. A Project is classified as ***High Risk*** after considering, in an integrated manner, the risks and impacts of the Project, taking into account the following, as applicable.

    a. The Project is likely to generate a wide range of significant adverse risks and impacts on human populations or the environment. This could be because of the complex nature of the Project, the scale (large to very large) or the sensitivity of the location(s) of the Project. This would take into account whether the potential risks and impacts associated with the Project have the majority or all of the following characteristics:

(i) long term, permanent and/or irreversible (e.g., loss of major natural habitat or conversion of wetland), and impossible to avoid entirely due to the nature of the Project;

(ii) high in magnitude and/or in spatial extent (the geographical area or size of the population likely to be affected is large to very large);

(iii) significant adverse cumulative impacts;

(iv) significant adverse transboundary impacts; and

(v) a high probability of serious adverse effects to human health and/or the environment (e.g., due to accidents, toxic waste disposal, etc.);

b. The area likely to be affected is of high value and sensitivity, for example sensitive and valuable ecosystems and habitats (legally protected and internationally recognized areas of high biodiversity value), lands or rights of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities and other vulnerable minorities, intensive or complex involuntary resettlement or land acquisition, impacts on cultural heritage or densely populated urban areas.

c. Some of the significant adverse ES risk and impacts of the Project cannot be mitigated or specific mitigation measures require complex and/or unproven mitigation, compensatory measures or technology, or sophisticated social analysis and implementation.

d. There are significant concerns that the adverse social impacts of the Project, and the associated mitigation measures, may give rise to significant social conflict or harm or significant risks to human security.

e. There is a history of unrest in the area of the Project or the sector, and there may be significant concerns regarding the activities of security forces.

f. The Project is being developed in a legal or regulatory environment where there is significant uncertainty or conflict as to jurisdiction of competing agencies, or where the legislation or regulations do not adequately address the risks and impacts of complex Projects, or changes to applicable legislation are being made, or enforcement is weak.

g. The past experience of the Borrower and the implementing agencies in developing complex Projects is limited, their track record regarding ES issues would present significant challenges or concerns given the nature of the Project's potential risks and impacts.

h. There are significant concerns related to the capacity and commitment for, and track record of relevant Project parties, in relation to stakeholder engagement.

i. There are a number of factors outside the control of the Project that could have a significant impact on the ES performance and outcomes of the Project.

3. A Project is classified as ***Substantial Risk*** after considering, in an integrated manner, the risks and impacts of the Project, taking into account the following, as applicable.

   a. the Project may not be as complex as *High Risk* Projects, its ES scale and impact may be smaller (large to medium) and the location may not be in such a highly sensitive area, and some risks and impacts may be significant. This would take into account whether the potential risks and impacts have the majority or all of the following characteristics:

      (i) they are mostly temporary, predictable and/or reversible, and the nature of the Project does not preclude the possibility of avoiding or reversing them (although substantial investment and time may be required);

      (ii) there are concerns that the adverse social impacts of the Project, and the associated mitigation measures, may give rise to a limited degree of social conflict, harm or risks to human security;

      (iii) they are medium in magnitude and/or in spatial extent (the geographical area and size of the population likely to be affected are medium to large);

      (iv) the potential for cumulative and/or transboundary impacts may exist, but they are less severe and more readily avoided or mitigated than for *High Risk* Projects; and

      (v) there is medium to low probability of serious adverse effects to human health and/or the environment (e.g., due to accidents, toxic waste disposal, etc.), and there are known and reliable mechanisms available to prevent or minimize such incidents;

   b. The effects of the Project on areas of high value or sensitivity are expected to be lower than *High Risk* Projects.

   c. Mitigatory and/or compensatory measures may be designed more readily and be more reliable than those of *High Risk* Projects.

   d. The Project is being developed in a legal or regulatory environment where there is uncertainty or conflict as to jurisdiction of competing agencies, or where the legislation or regulations do not adequately address the risks and impacts of complex Projects, or changes to applicable legislation are being made, or enforcement is weak.

e. The past experience of the Borrower and the implementing agencies in developing complex Projects is limited in some respects, and their track record regarding ES issues suggests some concerns which can be readily addressed through implementation support.

f. There are some concerns over capacity and experience in managing stakeholder engagement but these could be readily addressed through implementation support.

4. A project is classified *as* ***Moderate Risk*** after considering, in an integrated manner, the risks and impacts of the Project, taking into account the following, as applicable:

a. the potential adverse risks and impacts on human populations and/or the environment are not likely to be significant. This is because the Project is not complex and/or large, does not involve activities that have a high potential for harming people or the environment, and is located away from environmentally or socially sensitive areas. As such, the potential risks and impacts and issues are likely to have the following characteristics:

(i) predictable and expected to be temporary and/or reversible;
(ii) low in magnitude;
(iii) site-specific, without likelihood of impacts beyond the actual footprint of the Project; and
(iv) low probability of serious adverse effects to human health and/or the environment (e.g., do not involve use or disposal of toxic materials, routine safety precautions are expected to be sufficient to prevent accidents, etc.).

b. The Project's risks and impacts can be easily mitigated in a predictable manner.

5. A project is classified as ***Low Risk*** if its potential adverse risks to and impacts on human populations and/or the environment are likely to be minimal or negligible. Such Projects require ES assessment proportionate to the risks and an ESCP and SEP, though not necessarily a standalone SEP.

6. Based on the ESRC, the Bank allocates its resources and provides corporate oversight and implementation support to a Project. The ESRC is intended to ensure that:

a. the Bank has accurate and up-to-date information regarding the status of the Project, including issues that could affect the ES performance and outcomes of the Project; and

b. the Borrower dedicates sufficient resources, and is provided with targeted implementation support, to support the implementation of the commitments set out in the legal agreement, including the ESCP.

7. The Bank takes the necessary steps to ensure that the ESRC of the Project is based on accurate and up to date information, and is made in accordance with the ESF and the ES Directives.

8. The Bank monitors ES risks and Borrower's compliance with ES requirements throughout the Project cycle and documents its findings through regular reviews and revisions of the ESRC, as necessary, in order to ensure that it continues to reflect accurately the level of risk the Project presents. In particular, the Bank takes into account risks or impacts of the Project that were not foreseen or anticipated; changes to the Borrower ES Framework; the ongoing ES performance of the Project; the commitment of the Borrower; and the information contained in the ESCP, implementation reports, the annual monitoring report and the ISR.

SUB-SECTION III.1 – SUPPORT FOR ENVIRONMENTAL AND SOCIAL ASSESSMENT

1. The Borrower carries out an ES assessment of the Project in accordance with the requirements of ESS1.

2. The Bank assists the Borrower in determining the process to be followed, and the different methods and tools to be used by the Borrower to carry out the ES assessment and to document the results of such assessment. These are described in general terms in ESS1, Annex 1. The ES assessment considers the ES risks of the Project throughout the Project life-cycle, and identifies appropriate mitigation measures.

3. As necessary, the Bank assists the Borrower in preparing the terms of reference for any tools (including those required by specific ESSs) to be used as part of the ES assessment, ensuring that these reflect the need for adequate inter-agency coordination at the country level and consultation with stakeholders.

4. Staff may assist Borrowers in carrying out greenhouse gas estimates for Projects, where capacity is lacking, for example, in FCV and IDA Projects.

SUB-SECTION III.2 – BANK DUE DILIGENCE

1. The Bank carries out ES due diligence of all proposed Projects including, as required by the Bank Policy, "Investment Project Financing". The ES due diligence is appropriate to the nature and scale of the project, and proportionate to the level of ES risks and impacts.

2. The Bank's ES due diligence assesses whether the Project is capable of being developed and implemented in accordance with the ESSs or, where the Bank is relying on the Borrower's ES Framework for all or part of the Project, whether this is likely to address the risks and impacts of the Project and enable the Project to achieve objectives materially consistent with the ESSs.

3. Where a Project poses specific risks and impacts to individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable, the TT will approach such risks and impacts in accordance with *Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups*.

4. As part of its due diligence, the Bank:

   a. reviews relevant aspects of the ES assessment with the Borrower;

   b. assesses the adequacy of the capacity of institutions responsible for management of ES risks and impacts;

   c. discusses and agrees with the Borrower on the adequacy of financing arrangements for the measures and actions set out in the legal agreement, including the ESCP;

   d. determines whether the recommendations of the ES assessment are properly addressed in Project design;

   e. discusses with the Borrower the measures and actions and a completion date for such measures and actions to be included in the ESCP;

   f. reviews the Borrower's ES Framework and timetable for gap filling measures, if applicable.

5. The TT prepares the ESRS which sets out an accurate and comprehensive record of the Bank's due diligence of the Project, and includes the following:

   a. an accurate description of the Project and any Associated Facilities (as defined in ESS1);

   b. a description of the key potential ES risks and impacts of the Project;

   c. the sources of information on which the Bank's due diligence and the

ESRS has been based;

d. a discussion of the key ES risks and impacts by reference to the relevant ESSs, and the proposed mitigation measures.

SUB-SECTION III.3 – BORROWER'S ES FRAMEWORK

1. In accordance with the Environmental and Social Policy, the Bank and Borrower consider whether to use all, or part, of the Borrower's ES Framework in the assessment, development and implementation of a Project supported by the Bank. The approach and methodology outlined in this Directive supports the use of the Borrower's ES Framework when appropriate.

2. If the Bank and the Borrower propose to use the Borrower's ES Framework, the Bank conducts an assessment of the relevant aspects of the Borrower's ES Framework. The Bank assesses the extent to which such use is likely to address the environmental and social risks and impacts of the Project, and enable the Project to achieve objectives materially consistent with the ESSs.

3. As part of the assessment, the Bank considers whether such use will result in an environmental and social assessment of the Project which properly identifies the material risks and impacts of the Project and supports the design and implementation of mitigation measures consistent with the mitigation hierarchy set out in ESS1 and, as relevant, in the ESSs. Depending on the significance of specific risks and impacts of the Project, the assessment of the Borrower's ES Framework includes an evaluation of specific aspects of the Borrower's ES Framework against the relevant requirements of the ESSs. The assessment is carried out only where there is a reasonable likelihood that the specified aspects could be utilized in accordance with the Environmental and Social Policy, paragraph 25.

4. When assessing the Borrower's ES Framework, the AESS review, and document in the ESRS, the following:

   a. the country's general policy, legal and institutional framework, as these are relevant to the specific ES risks and impacts of the Project;

   b. laws, regulations, rules and procedures (including permits and approval requirements) applicable to the Project's sector, including regional and local requirements that are relevant to the ES risks and impacts of the Project;

   c. inconsistencies, lack of clarity or conflict as to relevant authorities or jurisdiction, including differences between national and regional/local authorities or jurisdictions;

d. previous experience with the Bank or other international financing institutions and the track record of the Borrower and the national, subnational, sectoral and local institutions involved in the preparation and/or implementation of the Project; and

e. technical and institutional capacity of the Borrower and relevant national, subnational or sectoral implementing institutions or agencies related to the Project, as these are relevant to the ES risks and impacts of the Project.

5. The Bank conducts consultations with relevant stakeholders as part of the assessment. The aim of these consultations is to inform the Bank's assessment of the Borrower's ES Framework and the design of measures and actions to address any gaps that may be identified.

6. In reviewing the Borrower's ES Framework, the TT:

   a. assesses whether use of the Borrower's ES Framework, or aspects thereof, is likely to address the environmental and social risks and impacts of the Project, and enable the Project to achieve objectives materially consistent with the ESSs;

   b. identifies gaps in the Borrower's ES Framework that would prevent the Project from achieving objectives materially consistent with the ESSs;

   c. identifies Project-specific actions and measures to fill the identified gaps;

   d. identifies gaps in the Borrower's ES Framework for which there are no feasible Project-specific actions and measures; and

   e. recommends whether to use all or part of the Borrower's ES Framework.

7. The TT works with the Borrower to agree on Project-specific measures and actions to address the identified gaps in the Borrower's ES Framework. The TT ensures that the ESCP incorporates such measures and actions, as well as the agreed timeframes and all the relevant information to ensure the implementation of these actions and measures.

8. The assessment should be prepared and completed in a timely manner in order for CESSO to concur on the use of the Borrower's ES Framework. The decision is documented in the PAD, which:

   a. summarizes the conclusions of the evaluation conducted by the Bank;

   b. specifies the aspects of the Borrower's ES Framework that will be used in the assessment, development and implementation of the Project; and

c. specifies the measures and actions agreed by the Borrower to address identified gaps.

9. The TT may recommend not using the Borrower' ES Framework. This may be appropriate in such cases where, *inter alia*, the Project is complex and *High Risk*; capacity and institutional aspects are limited; the context is one of fragility and/or conflict; or gaps have been identified for which no project-specific actions and measures are feasible or the identified measures and actions are unlikely to be implemented.

10. Where the TT becomes aware of a change in the Borrower's ES Framework that may materially adversely affect the Project, the TT assesses the extent to which the change is inconsistent with the ESSs and the ESCP and discusses with the Borrower ways to address the change, and agree on any additional actions and measures that may be required.

SUB-SECTION III.4 – OTHER MULTILATERAL OR BILATERAL FUNDING AGENCIES

1. The Bank may decide to rely on the ES requirements, standards, due diligence and monitoring activities of other agencies for (i) a Project it jointly finances with other multilateral/bilateral funding agencies for which it agrees to use a common approach for the assessment and management of ES risks and impacts; and (ii) Associated Facilities funded by other multilateral/bilateral funding agencies.

2. In determining whether the common approach or the requirements referred to in paragraph 1 are acceptable, the Bank takes into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies. Depending on the significance of specific risks and impacts of the project, the development of a common approach may involve analysis that will enable such an approach to satisfy the relevant requirements of the ESSs.

3. Where the Bank has agreed to apply a common approach or to rely on the requirements of other agencies, the Bank may choose to rely on the ES due diligence, monitoring and implementation support conducted by such agencies.

4. Where the Bank chooses to rely on the activities of other agencies for preparation or implementation support, the Bank concludes written arrangements with such agencies and the Borrower, so that the Bank is kept adequately informed on an ongoing basis of:

    a. the status of the Project's compliance with the agreed ES requirements;

b. any material changes to the agencies' ES policies and procedures; and

c. the material consistency of the implementation of the proposed Project with the objectives of the ESSs.

5. The Bank records agreement related to the following in the legal agreement, including the ESCP, and in the PAD:

   a. a common approach for the assessment and management of ES risks and impacts of a Project or Associated Facilities;

   b. to apply the requirements of other multilateral or bilateral funding agencies for the assessment and management of ES risks and impacts of a Project involving an FI; or

   c. to apply the requirements of other multilateral or bilateral funding agencies for the assessment and management of ES risks and impacts of a Project involving Associated Facilities.

6. The measures and actions that have been agreed with such agencies and the Borrower are included in the ESCP.

SUB-SECTION III.5 – MONITORING AND IMPLEMENTATION SUPPORT

1. In accordance with the Environmental and Social Policy, the Bank carries out its own due diligence, proportionate to the nature and potential significance of the Project's environmental and social risks and impacts, including regular reviews of the environmental and social performance of the Project, in accordance with the requirements of the legal agreements and the ESCP. Review activities reflect the type and scope of the requirements, and include as appropriate:

   a. reviewing the ES monitoring reports submitted by the Borrower;

   b. reviewing the Borrower's systems for oversight of ESCP implementation and adequacy of resources for such oversight;

   c. conducting selective site visits, as necessary;

   d. reviewing the stakeholder engagement process and functioning of the Project's grievance mechanism;

   e. reviewing project-related information that becomes available;

   f. reviewing the Borrower's compliance with ES requirements, including covenants, effectiveness and disbursement conditions, and the ESCP;

g. advising the Borrower on how to manage ES Project issues;

h. assessing whether Project changes, unforeseen circumstances or an assessment of Project performance would warrant an update to the ESCP during Project implementation; and

i. communicating to the Borrower of failure to comply with the ES requirements, and initiating remedies if the Borrower fails to (re)establish compliance.

2. If due to Project changes, unforeseen circumstances or an assessment of the Project ES performance results in the need to update the ESCP, the Bank agrees with the Borrower on a revised ESCP through the mechanisms established in the legal agreement and the ESCP itself and follows the ADM roles set out in Section III above. Any revisions to the ESCP shall be recorded by the TT in the corresponding ISR.

SUB-SECTION III.6 – DISCLOSURE

1. The TT requests that sufficient information about the potential risks and impacts of the Project is made available by the Borrower in a timely manner, in an accessible place, and in a form and language understandable to project-affected people and other interested parties, as set out in ESS10, so they can provide meaningful input into Project design and mitigation measures.

2. At Concept Decision, the TT discloses, in the concept stage ESRS, information on the type and scope of the proposed Project, its potential risks and impacts, the ESRC, the type of environmental and social assessment to be conducted and information on the provisional timeframe for conduct of the assessment. This includes any preliminary information on the identity of stakeholders, and the nature of stakeholder engagement.

3. Before the Bank commences appraisal, the TT discloses the appraisal stage ESRS and any draft documentation disclosed by the Borrower relating to the environmental and social assessment of the project. The draft documentation identifies and considers, in adequate detail, the key environmental and social risks and impacts of the project. It provides accurate and relevant information about such risks and impacts, including a summary of key findings and proposed mitigation measures. Where aspects of the draft documentation are to be developed at a later stage, the draft documentation includes an outline of what will be done, including any studies or assessment to be completed, and this will be recorded in the ESCP.

4. Where the ESRC for the project is *High Risk* or *Substantial Risk*, draft documentation may include the instruments that have been identified by the Borrower in accordance with the methods and tools set out in ESS1, Annex 1 and the other ESSs (such as an ES Impact Assessment, ES Management Plan, ES Audit, ES Management Framework, Resettlement Plan or Indigenous Peoples Plan). As relevant, the draft documentation includes the following information:

   a. a description of the Project and the proposed Project activities;

   b. the rationale for the Project;

   c. the key results of the scoping of the Project;

   d. the aspects of the Borrower's ES Framework that will be utilized in the Project (including where relevant, the permitting requirements of the Borrower);

   e. information regarding the environmental and social baseline, including information on data gaps, the significance of these gaps for decision-making and how these gaps will be addressed;

   f. the nature of the potential risks and impacts of the Project, together with an assessment of their significance;

   g. methods of mitigation in line with the mitigation hierarchy;

   h. the way in which the impacts of the Project and the implementation of mitigation measures will be monitored.

5. Notwithstanding paragraph 4 above, the AESS may propose, subject to the clearance of the RSA, that certain studies or mitigation plans are prepared after Board approval. The Bank discloses such details in the PAD and the Appraisal stage ESRS. This includes, where possible, the following information:

   a. the objectives and proposed content of the relevant documents;

   b. the rationale for the timing of preparation;

   c. the institutional responsibility for preparing the documents;

   d. the estimated cost associated with preparation and implementation of the measures and actions proposed by the relevant documents; and

   e. the source of funding, the arrangements for preparation and the timing for completing the documents.

6. During implementation, the TT discloses any changes to the ESRC and updated or final versions of the ESCP and the ES documentation.

SUB-SECTION III.7 – PROJECT DOCUMENTS

1. The TL ensures that the documents relating to the ES assessment and management of the Project provide adequate, accurate and up to date information regarding the potential risks and impacts of the Project, and the agreed mitigation measures.

2. The AESS summarizes in the PAD material information relating to the assessment and management of the ES risks and impacts of the Project, including:

    a. key features of the Project and any Associated Facilities;

    b. the potential ES risks and impacts;

    c. the reasons for the ESRC;

    d. the type of ES assessment conducted, and the tools used;

    e. any information required pursuant to paragraph 49 of the Environmental and Social Policy;

    f. any potential risks and impacts that require specific attention, including those addressed by ESS2-ESS9;

    g. key mitigation measures and actions;

    h. the feasibility of the proposed measures and actions, and the risks associated with implementation;

    i. the Borrower's institutional capacity and any measures to strengthen such capacity during Project implementation;

    j. details of consultations with stakeholders, including project-affected parties, including the issues raised and how they have been taken into account;

    k. institutional arrangements, timetable, budget, including adequate and timely provision of counterpart funds, and performance monitoring indicators;

    l. monitoring arrangements, and the various monitoring reports that need to be submitted by the Borrower;

m. details of the ES requirements of the legal agreement, including the ESCP, including the timeframe and manner agreed with the Borrower for implementation of relevant measures and actions; and

n. details of the ES representations, conditions and covenants.

SECTION IV – EXCEPTION

N/A

SECTION V – WAIVER

The provisions of this Directive may be waived in accordance with the Bank Policy, “Operational Policy Waivers”, and the Bank Procedure, “Operational Policy Waivers and Waivers of Operational Requirements”.

SECTION VI – OTHER PROVISIONS

N/A

SECTION VII– TEMPORARY PROVISIONS

For additional IPF operations to address scale-up activities where the original Project is subject to the Safeguard Policies and Procedures and whose AIS/Initiation is on or after October 1, 2018 and before or on December 31, 2019, the Safeguard Policies and Procedures apply provided the criteria set forth in the Bank Procedure, Additional Financing for Investment Project Financing, are met.

SECTION VIII– EFFECTIVE DATE

This Directive is effective as of the date on its cover.

SECTION IX – ISSUER

The Issuer of this Directive is the Vice President, OPCS.

SECTION X – SPONSOR

The Sponsor of this Directive is the CESSO.

SECTION XI – RELATED DOCUMENTS

The World Bank Access to Information Policy

Bank Policy, Investment Project Financing

Bank Directive, Investment Project Financing

Operational Policy and Bank Procedures (OP/BP) 4.03, Performance Standards for Private Sector Activities

Operational Policy and Bank Procedures (OP/BP) 7.50, Projects on International Waterways

Operational Policy and Bank Procedures (OP/BP) 7.60, Projects in Disputed Territories

Bank Policy, Operational Policy Waivers

The World Bank Group Environmental, Health and Safety Guidelines (EHSGs)

REVISION HISTORY

1. March 2019: Changes to Section III, A. paragraph 1, to reflect the application of this Directive to Additional IPF operations that address scale-up activities, and related Temporary Provisions (Section XII).

2. January 2020: Changes to Section III, A. paragraph 1, and related Temporary Provisions (Section XII), to reflect the application of this Directive to Additional IPF operations.

3. October 2021: Changes to reflect the corporate realignment, including changes to the roles of CESSO, Directors of Regional SD departments, PMs, RSAs and TTs.

Questions regarding this Directive should be addressed to the Sponsor.