Evaluation Week:

Bank’s Environmental and Social Safeguards Framework

2nd December 2020

Presented By Justin Ecaat, Lead Safeguards Officer, Safeguards and Compliance Department (SNSC).
ENVIRONMENTAL & SOCIAL DUE DILIGENCE IN OPERATIONS

PROJECT CYCLE
COMPLIANCE PRODUCTS & PROCESSES

PROJECT IDENTIFICATION
- E&S Risk Categorization
- PCN Readiness Review

COUNTRY PROGRAMMING

PROJECT PREPARATION
- ESA documents (ESIA, RAP, ESMS, etc.) disclosed both by the Client and then the Bank (30, 60 or 120 days before Board date)
- PAR Readiness Review & Finalization of ESCON

COMPLETION AND POST EVALUATION
- Cleared ESCON
- E&S Covenant/CP in Loan Agreement

IMPLEMENTATION SUPPORT
- Monitoring, Reporting, selected Performance Audit

LOAN/GRANT APPROVAL
- Selected Compliance audits, Post evaluation

Screening
- Strategic E&S Assessment

COUNTRY PROGRAMMING
Framework for application of E&S Safeguards

Undertakings: Carry out the Program in accordance with: (a) Bank’s rules and procedures; (b) National legislation; and (c) the recommendations, requirements and procedures set forth in the ESIA prepared for the Program.
On the Bank side the ISS defines the basis for E&S application on all operations.
Key elements of E&S Safeguards Readiness at Entry

- Appropriate Categorization of the Operation(s) to set the stage for the right level of E&S Assessment required.

- Task Manages can now request for assignment of E&S Officer through ISTS

- Conduct of environmental and social studies in line with Category requirements (ESIA, ESMP, ESMF, RAP and ESMS for FIs as applicable).

- E&S Officer assigned to the Project Team to provide support to client as appropriate
Project Categorization determined during screening

- **CATEGORY 1**: Full ESIA and ESMP / RAP required
- **CATEGORY 2**: Site-specific Impacts and ESMP required
- **CATEGORY 3**: ESIA not required
- **CATEGORY FI A-C**: Applies to Bank investments through Financial Intermediaries. Required to prepare ESMS
Completion of the studies and consultations, with due diligence by the borrower and Bank to ensure alignment with relevant Bank Policies and procedures & Country requirements.

ESA studies review and disclosure

**ACTIONS**

- E&S experts in Preparation missions
- Assessments review and due diligence
- Authorization by borrower to disclose

**OUTPUTS**

- ESIA/ESMP/RAP + cleared and disclosed
- PCN section of E&S completed
Readiness Review Criteria at PCN

1. Categorization of the operation for safeguards is proposed and Validated.

2. Compliance with the Bank Group’s Environmental and Social Safeguard Policies and Procedures (Completion of the studies and disclosure requirements).

3. Capacity to implement, as applicable, the Environmental and Social Assessment Studies is assessed.

Decision Point: Ready for Appraisal or NOT
The Readiness Review at Appraisal stage is to ensure that all ESS issues have been addressed:

- Fulfilment of Bank Policies and Procedures (Consultation, disclosure of E&S studies and clear budget for their implementation)

- Analysis of available institutional capacity for E&S implementation

- Budget for implementation of ESS requirements

  If found adequate, an Environmental and Social Compliance Note (ESCON) is issued clearly stating if the Project is COMPLIANT or NOT.

The ESCON details other compliance requirements to be met before Board Decision Point: Ready for Board presentation or NOT
## Basic Information

<table>
<thead>
<tr>
<th>Project Title:</th>
<th>Lending Instrument²: DI □ FI □ CL □ BS □ GU □ PPA □ EF □ RBF □</th>
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</thead>
<tbody>
<tr>
<td>Country:</td>
<td>Task Team Leader:</td>
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<tr>
<td>Appraisal date:</td>
<td>Estimated Approval Date:</td>
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<tr>
<td>Environmental safeguards Officer:</td>
<td>Social safeguards Officer:</td>
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<tr>
<td>Environmental and Social Category:</td>
<td>Operation type: SO □ NSO □ PBO □</td>
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<tr>
<td>Is this project processed under rapid responses to crises and emergencies?</td>
<td>Yes □ No □</td>
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<td>Is this project processed under a waiver to the Integrated Safeguards System?</td>
<td>Yes □ No □</td>
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## Disclosure and Compliance Monitoring

### B.1. Mandatory disclosure

**Environmental Assessment/Audit/System/Others (specify: ..........................................................)**

<table>
<thead>
<tr>
<th>Was/Were the document(s) disclosed prior to appraisal?</th>
<th>Yes □ No □ NA □</th>
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<tbody>
<tr>
<td>Date of &quot;in-country&quot; disclosure by the borrower/client</td>
<td>Date</td>
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<td>Date of receipt, by the Bank, of the authorization to disclose</td>
<td>Date</td>
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**Resettlement Action Plan/Framework/Others (specify: ..........................................................)**

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**Vulnerable Peoples Plan/Framework/Others (specify): ..........................................................**

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*If in-country disclosure of any of the above documents is not expected, please explain why: ..........................................................*
B.2. Compliance monitoring indicators

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<thead>
<tr>
<th>Indicator</th>
<th>Yes</th>
<th>No</th>
<th>NA</th>
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<tbody>
<tr>
<td>Have satisfactory calendar, budget and clear institutional responsibilities prepared for the implementation of measures related to safeguard policies?</td>
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<td>Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?</td>
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<td>Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?</td>
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<td>Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?</td>
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<td>Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?</td>
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C. Clearance

Is the project compliant to the Bank’s environmental and social safeguards requirements, and to be submitted to the Board? Yes [ ] No [ ]

<table>
<thead>
<tr>
<th>Role</th>
<th>Prepared by:</th>
<th>Name</th>
<th>Signature</th>
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<tr>
<td>Environmental Safeguards Officer</td>
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<td>Task Team Leader</td>
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<td>Sector Director</td>
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<td>Cleared by:</td>
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<td>Director SNSC</td>
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1 Note: This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

2 DI=Direct Investment; FI=Financial Intermediary; CL=Corporate Loan; BS=Budget Support; GU=Guarantee; RPA=Risk Purchase Agreement; EF=Equity Financing; RBF=Results Based Financing.
Some Quality at Entry Challenges

- Need for clarity on availability of Financial resources for compensation of Project Affected Persons by appraisal phase as this, if not addressed, is often a major project implementation challenge causing implementation delays.

- Time required for ESIA/RAP preparation and disclosure is usually underestimated, rising conflict with target Board presentation dates.
Quality During implementation

- During implementation of Bank-financed operations, it is the responsibility of the client to implement the agreed ESMP/RAP/ESMS/loan conditions as well as other related country approval requirements, to monitor their implementation & report regularly to the Bank on performance and compliance.

- The Bank is responsible for implementation support/supervision of the client’s ESMP/RAP/ESMS performance and overall compliance with the Bank’s Operational Safeguards (OSs), related loan conditions as well as other related country approval requirements.
Implementation Phase E&S Requirements: Guiding Principles

• Compliance with E&S Safeguards conditions in Loan covenants and other pre-approval documentation (ESIA, ESMP, RAP, ESMS etc)

• Implementation of the ESMP mitigating measures, Resettlement Action Plan (if applicable) and ESMS for FIs.

• The assigned Safeguards Officer remains part of the Project Team, directly responsible for providing implementation support to ensure compliance to all E&S Safeguard requirements.
Implementation Phase reporting on E&S compliance

Past Evaluations have highlighted 2 Important aspects regarding implementation-phase Reporting on E&S performance:

(i) General Low level of reporting on E&S compliance alongside other parameters
(ii) No Standardization of reporting due Lack of guidance on reporting formats

To Address these, a standard E&S reporting template has been provided to all Projects financed by the Bank.
Regular and effective progress reporting on E&S performance is viewed as a sure way to contribute meaningfully to preparation of the PCR.
Some general E&S issues to pay attention to

- Some Countries in Transition still lack capacity to implement and enforce E&S requirements, hence capacity building key.
- Involuntary resettlement & associated compensation remains a major challenge to the effective implementation of E&S safeguard requirements.
- Failure to consult adequately risks collision with strengthened Civil Society.
- Non-compliance Risks increased cases of projects being referred to Bank Independent Review Mechanism (IRM).
- Quality of ESIAs/ESMPs as basis for compliance monitoring is key.
Cost of Non-Compliance

- High reputational risk to the Bank as non-compliance could harm people or trigger complaints, hence affecting corporate image.

- Risk of Direct and Significant Impacts e.g Health Risks, Loss of income, Loss of property, loss of critical biodiversity etc.

- Increased cost of doing business

- Business disruption, delays in project execution

- Overall, non-compliance on E&S issues can undermine the intended positive benefits of development interventions
THANK YOU!