

INTER-AMERICAN DEVELOPMENT BANK
**PROCEDURES OF THE COMMITTEE ON ENVIRONMENTAL AND SOCIAL
IMPACT (CESI)**

CESI PROCEDURES: GENERAL

The Committee on Environment and Social Impact (CESI) is an advisory Committee of the Bank. The purpose of the CESI is to review on behalf of the Loan Committee the environmental and socio-cultural viability of Bank operations. At the request of other Committees of Management, the CESI reviews other documents, in particular sector policies, sector strategies, sector guidelines and evaluations.

This document presents the steps and information required to clear operations and other documents by the CESI.

OBJECTIVES

CESI reviews on behalf of the Loan Committee, the environmental and sociocultural viability of Bank operations, specifically:

- The adequacy of environmental and sociocultural protection, mitigation and enhancement measures;
- The regulatory and management frameworks for environmental and social issues;
- Indigenous, afrodescendant and vulnerable group rights, and community development issues;
- Involuntary resettlement matters;
- Consultation and participation requirements;
- Gender considerations;
- Occupational safety and health issues.

DOCUMENTS

CESI reviews the Bank documents mentioned below, prior to the Loan Committee's consideration:

1. **Profiles II or equivalent.** The Profile II must include the Environmental and Social Strategy for the operation. For operations without Profile IIs, CESI will review an equivalent document (project abstract, sector facility abstract, innovation loan profile, etc.). (See: REQUIREMENTS FOR PROFILES, below)

2. **Technical Cooperation Profiles.** The Technical Cooperation Profile must include the Environmental and Social Strategy for the operation. (See: REQUIREMENTS FOR PROFILES, below)
3. **Proposal Packages.** The Proposal Package, which includes Project Report, TC Plan of Operations, or equivalent documents, is reviewed when the corresponding CESI Minutes for the operation requires so. The Loan Document must include the Environmental and Social Management Proposal for the operation. (See REQUIREMENTS FOR THE PROPOSAL PACKAGE, below)
4. **Policies, Strategies, Guidelines, and Evaluations.** CESI reviews these documents, at the request of other Management Committees. These documents will follow ad-hoc procedures, established on a case by case basis by CESI's Chairperson, according to the type of request.

REQUIREMENTS FOR PROFILES

The Profile II or equivalent document must include the Environmental and Social Strategy (ESS) for the operation.

The Environmental and Social Strategy (ESS) must answer two questions:

- What are the potential key negative impacts, both social and environmental, associated with the operation?
- What is the Project Team's strategy to ensure that such impacts will be properly addressed and managed?

To address these two questions when preparing the Profile II, the Project Teams will conduct a social/environmental scoping of the proposed operation. Scoping should vary according to the complexity of the social and environmental issues raised by the operation.

Guidance is available from CESI Members and from the Bank's environmental and social specialists. In addition, CESI Intranet Website (the CESIWEB) includes explicit guidance for Project Teams on how to identify key environmental and social impacts during the preliminary analysis of operations.

The results of this scoping exercise should be summarized in the Profile II or equivalent. If the Project Team considers that its operation will not cause negative social or environmental impacts, or that it will generate mostly positive impacts, it must explain so in the Profile II.

PROJECT'S ENVIRONMENTAL AND SOCIAL STRATEGY

The Environmental and Social Strategy (ESS) is presented in the Profile II document, under the heading "Environment and Social Impacts and Proposed Action".

In the case of projects with complex social or environmental issues, and given the limitation of space in the Profile II, an Environmental and Social Annex should

be prepared, substantiating the section that appears in the Profile II. The Profile II, after incorporating the recommendations of CESI, is made public in accordance with the Bank's Policy on Disclosure of Information.

Private Sector Department projects will continue to prepare and disclose the Environmental and social Impact Brief (ESIB).

The Environmental and Social Strategy (ESS) summarizes:

1. The preliminary assessment of the key direct and indirect social/environmental impacts or risks of the proposed operation, including gender issues, involuntary resettlement matters, indigenous and afrodescendant issues and occupational safety and health concerns, if applicable.
2. The actions the Project Team proposes to take to confirm the preliminary assessment of impacts, and identify and design the necessary mitigation/monitoring measures. The Environmental and Social Strategy (ESS) should address: The alternatives examined to avoid and minimize the identified impacts or risks; the social/environmental study to be carried out (e.g. Strategic Environmental Assessment, Environmental Impact Assessment, Environmental Analysis); the proposed public disclosure of information and consultation steps, and if applicable, the steps already taken to consult the public; the proposed enhancement measures to improve on the social/environmental benefits of the operation; the scope of the environmental and social due diligence.

The Environmental Impact Assessment (EIA) and/or other relevant environmental analyses to be carried out for the operation will be made available to the public in the borrowing country and Bank headquarters before the Project Team conducts its analysis mission, or in the case of private sector operations, before the due diligence mission, in accordance with the "OP-102 Disclosure of Information."

REQUIREMENTS FOR THE PROPOSAL PACKAGE

The Project Team must prepare an Environmental and Social Management Proposal (ESMP) for all those operations where an ESMP has been requested by CESI.

The summary of the Environmental and Social Management Proposal (ESMP) is presented in the body of Project Report under the heading "Environment and Social Feasibility".

The full Environmental and Social Management Proposal (ESMP) will be appended to the Project Report as an annex and will also be sent to the Public Information Center as soon as the Loan Proposal has been cleared by the EVP for distribution to the Board.

Private Sector Department projects will continue to prepare and disclose the Environmental and Social Impact Report (ESIR).

PROJECT'S ENVIRONMENTAL AND SOCIAL MANAGEMENT PROPOSAL

The Environmental and Social Management Proposal (ESMP) consists of:

1. the background information about the project, and
2. the Plan to avoid, mitigate, compensate and monitor the key negative social/environmental impacts of the project.

The background information about the project includes a summary of the project's objective, main components and the status of compliance with the relevant environmental, social, occupational safety and health requirements (such as local, national, international and Bank requirements, as applicable).

It includes a review of the project-specific environmental and social reports that were prepared for the operation and the status of any key environmental permit or authorization required; a statement on the extent of involuntary resettlement and a brief description of the resettlement plan, if applicable (See "OP-710 Involuntary Resettlement"); and a summary of the public consultation steps that have been taken.

The Plan to avoid, mitigate, compensate and monitor the key negative social/environmental impacts of the project includes:

1. A presentation of the key direct and indirect social/environmental impacts or risks of the proposed operation, including, if applicable, gender issues, impacts on indigenous and afrodescendant communities, on vulnerable groups, and occupational safety and health concerns.
2. The proposed social/environmental measures to avoid, minimize and mitigate the key direct and indirect impacts or risks identified above.
3. The institutional responsibilities to implement these measures, with an explanation of the institutional capacity to successfully handle these responsibilities.
4. The schedule and budget allocated for the implementation and management of the social/environmental measures.
5. The consultation or participation program agreed for the operation.
6. The framework for the monitoring of social and environmental impacts throughout the execution of the project, including clearly defined indicators, monitoring schedules, responsibilities and costs.

PROCEDURES

The CESI follows three procedures:

- Standard procedure;
- Simplified procedure;
- Verification by the CESI Secretary.

For the Standard and the Simplified procedures, CESI Members prepare written comments on the operation, which are then distributed electronically to the Project Team Leader with a copy to the CESI's Secretary.

Standard procedure. This procedure requires a meeting between CESI and the Project Team Leader. The written comments are the basis for discussions during this meeting. CESI reviews the Profile II, or equivalent documents, and Technical Cooperation Profiles, for operations of more than US\$3 million.

CESI may also review the Proposal Package documents, whenever the CESI's Minutes of the meeting for the operation under review so requires. CESI's Chair may elect, upon reasonable justification, to have other documents reviewed by standard procedure.

Simplified procedure. This procedure does not require a formal meeting between CESI and the Project Team. It consists of an electronic dialogue between CESI Members and the Project Teams. Written comments are circulated electronically for response and comments. The Project Team should respond to the written comments within a given time.

CESI reviews Technical Cooperation Profiles, or equivalent documents, of more than US\$150,000 and up to US\$3 million. CESI's Chair may elect, upon reasonable justification, to have other documents reviewed by simplified procedure. Technical Cooperations of \$150,000 or less are reviewed by the Environment Division (SDS/ENV).

Verification by the CESI's Secretary. The Secretary confirms that the recommendations issued in the CESI Minutes are integrated in the Proposal Package, if such verification has been requested in the Minutes for the operation under consideration. In such a case, a Transmittal Memorandum must accompany the Proposal Package, specifying where and how the recommendations made in the Minutes are integrated into the operation. The Secretary verifies the pertinent documentation to determine whether the recommendations are properly integrated.

The Secretary informs CESI's Chair of the results of its verification. If need be, the Chair may request a review by standard procedure of the Proposal Package by CESI.

RESPONSIBILITY

PROJECT TEAM

- To ensure the environmental and social viability of their operations, according to Bank guidelines, to national and local laws and regulations, to applicable international conventions, to the requirements enclosed and to good professional practice.
- To disclose relevant documents on environmental and social impact to the Public Information Center in accordance with OP-102.
- To resubmit an updated Profile II or Proposal Package for review by CESI whenever the design of an operation is substantially modified after CESI review. It is the Team's responsibility to ascertain substantial change, which is understood as changes that affect the environmental and social viability of the operation. These may be changes in project scope or project objectives, or the addition/deletion of components to the operation, or changes in the disbursement conditions of the loan.

CESI

- To review and to report to the Loan Committee the environmental and social viability of the operations submitted according to the same rules identified above.
- To provide, on demand, advice to Project Teams regarding the recommendations made.

TIMING

Operations considered by the Loan Committee are subject to review by CESI. Documents of such operations must be reviewed by CESI prior to their consideration by the Loan Committee.

CESI reviews the documents at the latest on the week before their distribution to the Loan Committee. The Project Team Leader submits the documents electronically (except for materials in hard-copy only) to CESI's Secretary by Monday noon, for review on Friday.

The Secretary of the CESI maintains available information on specific timing procedures.

MINUTES

Minutes are prepared for each operation reviewed by CESI, based on the discussions between CESI and Project Team.

The Secretary of the CESI prepares the Minutes, and the Chair approves and signs them. The Secretary distributes the Minutes to the Loan Committee, to the Project Team Leader and to CESI Members.

The Minutes include:

- The general scope of the social/environmental assessment required for the operation;
- The next action required and, if pertinent:
 - Considerations for the proposed due diligence; and
 - The Committee's recommendations which are binding, and suggestions which are elective.

When the CESI makes recommendations, the Minutes may request that the revised document(s) be sent back to the Secretary of the CESI for verification.

The Project Team Leader must send the document(s) with a Transmittal Memorandum that shows how and where the Project Team integrated the recommendations in the document(s).

MANAGEMENT

The Environment Division (SDS/ENV) manages the CESI.

The Secretary of the CESI under the direction of the Chair, prepares the agendas, convenes the meetings, distributes all documents, prepares the Minutes and if required, verifies the inclusion of Minutes recommendations in subsequent documents.

Specific procedures regarding the management of CESI meetings, timing, agendas, minutes, may be modified from time to time by the CESI's Chair, with prior notification to CESI's members and to the Loan Committee.