

GUIDELINES FOR ENVIRONMENTAL  
AND SOCIAL PERFORMANCE

# **STANDARD 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS**



# 1

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# INTRODUCTION

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The following Guidelines correspond to Environmental and Social Performance Standard 1 which, together with the other nine Environmental and Social Performance Standards (ESPS) and the Policy Statement, make up the IDB's *Environmental and Social Policy Framework* (ESPF). The ESPSs are:



Assessment and Management of Environment and Social Risks and Impacts



Community Health, Safety, and Security



Land Acquisition and Involuntary Resettlement



Indigenous People



Biodiversity Conservation and Sustainable Management of Living Natural Resources



Stakeholder Engagement and Information Disclosure



Labor and Working Conditions



Resource Efficiency and Pollution Prevention



Cultural Heritage



Gender Equality

These Guidelines provide guidance to Borrowers on the requirements of Environmental and Social Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts, with the overall purpose of improving project performance and environmental and social outcomes. The relevance of each ESPS and its Guideline depends on the nature, scale, and complexity of an operation and is proportionate to its level of environmental and social risks and impacts. It is important to note that ESPS 1 and 10 are likely to be relevant to all projects.

To facilitate reading:

1. All text belonging to the ESPF is formatted with a light blue background. The ESPF's text, including its footnotes, has kept its original paragraph and footnote numbering.
2. All Guideline paragraphs begin with the acronym "GL."
3. All footnotes are ESPF footnotes.

The Guidelines and other reference material will be publicly available on a dedicated website (<https://www.iadb.org/en/mpas/guidelines>). The IDB will periodically update the material on the website to reflect best practices and evolving needs.



## DISCLAIMER

Guidelines are not policy, nor are they mandatory. The information presented in the Guidelines is for informational purposes only. Guidelines do not substitute the need to exercise sound judgment in making project decisions that are consistent with the ESPSs. In case of any inconsistency or conflict between the Guidelines and the ESPSs, the provisions of the ESPSs will prevail. In case of any inconsistency or conflict between the Guidelines and the Policy Statement in the ESPF, the provisions of the Policy Statement will prevail. Guidelines are approved by IDB Management and not by the IDB's Board.



## INTRODUCTION

1. Environmental and Social Performance Standard (ESPS) 1 underscores the importance of managing environmental and social performance throughout the life of a project. An effective Environmental and Social Management System (ESMS) is a dynamic and continuous process initiated and supported by the Borrower, and involves engagement between the Borrower, its workers, project affected people and, where appropriate, other stakeholders.<sup>42</sup> Drawing on the elements of the established management process of “plan, do, check, and act,” the ESMS entails a methodological approach to managing environmental and social risks<sup>43</sup> and impacts<sup>44</sup> in a systematic and structured way on an on-going basis. A good ESMS appropriate to the nature and scale of the project promotes sound and sustainable environmental and social performance, and can lead to improved financial, social, and environmental outcomes.
2. At times, the assessment and management of certain environmental and social risks and impacts may be the responsibility of third parties over which the Borrower has no control or has limited influence.<sup>45</sup> Examples of where this may happen include: (i) when third parties have already made early planning decisions which affect the project site selection and/or design; and/or (ii) when third parties carry out specific actions directly related to the project, such as providing land for a project which may have previously involved the resettlement of communities or individuals and/or leading to loss of biodiversity. Effective implementation of the Borrower’s ESMS should identify the different entities involved and the roles they play, the corresponding risks they present to the project, and opportunities to collaborate with these third parties to help achieve environmental and social outcomes that are consistent with the ESPSs. In addition, this ESPS supports the use of an effective grievance mechanism that can facilitate early indication of, and prompt remedies for those who believe that a Borrower’s actions have harmed them.

<sup>42</sup> Other stakeholders, also referred to as “other relevant stakeholders,” are those not directly affected by the project but that have an interest in it. These could include national and local authorities, neighboring projects, and/or nongovernmental organizations.

<sup>43</sup> Environmental and social risk is the combination of the expected severity of (i) a potential adverse environmental or social impact a project may cause or contribute to, or (ii) issues that may negatively affect the delivery of environmental and social mitigation measures and outcomes, and the probability of either or both of these occurring.

<sup>44</sup> Environmental and social impacts are any change, potential or actual, to (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the business activity to be supported

<sup>45</sup> Contractors retained by, or acting on behalf of, the Borrower(s), are considered to be under direct control of the Borrower and not considered third parties for the purposes of this ESPS.

- 3. Projects should be implemented with due respect for human rights, which means avoiding infringing on the human rights of others and to address adverse human rights impacts that the project may cause or to which it may contribute. Each ESPS has elements related to human rights dimensions that a project may face in the course of its operations. Due diligence with respect to these dimensions will enable the Borrower to address many relevant human rights issues in its project.**

**GL1.** ESPS 1 on *Assessment and Management of Environmental and Social Risks and Impacts* and ESPS 10 on *Stakeholder Engagement and Information Disclosure* are the key process standards that describe how the Borrower should manage a project's environmental and social (E&S) performance throughout the life of the project, beginning with scoping and design, followed by construction, commissioning, operation, decommissioning, closure and, where applicable, post-closure (see GL12 for the definition of project life cycle). ESPSs 2 to 9 address thematic issues. All the ESPSs are interrelated and complement one another and should not be considered in isolation of each other. A cornerstone component of ESPS 1 is the requirement for the Borrower to establish an Environmental and Social Management System (ESMS) that is fit-for-purpose for the Borrower and the project. An ESMS provides an efficient and logical framework for managing a project's E&S risks and impacts through specified management processes and with clearly defined responsibilities and accountabilities. See GL13 to GL17 for further guidance.

**GL2.** At times, the Borrower's ability to achieve E&S outcomes consistent with the ESPSs may depend on other institutions, agencies or third parties, such as a government agency acting as a regulator or contractual party with which the Borrower has a substantial involvement, or an operator of an Associated Facility (see GL37 for the definition of Associated Facility and GL38 for additional information) or a supplier that is part of the project's supply chain. It is the Borrower's responsibility to ensure that the project is carried out in a manner consistent with the requirements of the ESPSs whether the Borrower itself is directly involved in carrying out the project or implementation is carried out by other government agencies, project implementation units, financial intermediaries (FIs), contractors, subcontractors or consultants working on a project or for an FI. A sound ESMS should recognize and address the roles and responsibilities of all such parties, identify risks related to their involvement through appropriate E&S due diligence, taking into consideration the local context, the Borrower's influence and control over the other parties, and measures to mitigate those risks. Ultimately, the Borrower, through its ESMS, should identify and address potential limitations in achieving desired project-related outcomes. The effectiveness of the engagement with third parties will depend on the nature of the Borrower's relationship and level of control or influence over third parties. For the purpose of ESPS 1, 'control' means the ability to make decisions and direct the behavior of third parties to function or act in a desired or appropriate way whereas 'influence' is the capacity to affect the behavior of third parties by shaping their views or actions.

**GL3.** Effective project management includes appropriate monitoring and control mechanisms so that necessary actions take place in a timely manner, and to influence and reinforce behaviors conducive to effective implementation. The extent of control and influence that the Borrower can exert is highly contextual. For instance, the Borrower may have limited statutory or regulatory control over a government agency with authority over land needed for a project for mitigation purposes (e.g., to build housing for project-related resettlement). In such cases the Borrower may need to engage with such agencies to meet the requirements of the ESPSs by pursuing an arrangement that is satisfactory to both parties. On the other hand, where the Borrower has a contractual arrangement with an entity, it may exert influence through contractual, financial and operational means to achieve the desired E&S performance and outcomes.

**GL4.** The Borrower should make reasonable efforts to exert control and influence over third parties as necessary. ‘Reasonable efforts’ means that the Borrower makes logical, sensible and fair efforts that a reasonable and prudent person would employ to achieve the intended objectives as expeditiously as possible in a similar environment or project implementation context. Such efforts should be documented by the Borrower.

**GL5.** ESPS 1 recognizes the Borrower’s responsibility to respect human rights. Respecting human rights means carrying out human rights due diligence to avoid and address human rights risks and adverse impacts from business activities, and to remedy any harm, as set forth in the UN Guiding Principles on Business and Human Rights. To understand the human rights that are generally relevant in the activities of the Borrower, it should refer to the key human rights concepts found in the International Bill of Rights, consisting of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights, as well as the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. In addition, United Nations instruments have elaborated on the rights of indigenous peoples (see ESPS 7 - *Indigenous Peoples and its Guidelines*); women; national or ethnic, religious and linguistic minorities; children; persons with disabilities; and migrant workers and their families. The Borrower should also guard against reprisals against project-affected people and other stakeholders, including environmental and human rights defenders and labor union representatives, and protect their freedoms of assembly, association, and expression, as part of the state duty to respect, protect, and fulfill human rights. By carrying out an E&S due diligence against the ESPSs, the Borrower will address many project-related human rights risks. Where the due diligence suggests significant human rights risks exist, the Borrower will undertake more specific human rights due diligence (see GL 23 for more guidance).



## OBJECTIVES

- To identify and evaluate environmental and social risks and impacts of the project.
- To adopt a mitigation hierarchy and a precautionary approach to anticipate and avoid, or where avoidance is not possible, minimize,<sup>46</sup> and, where residual impacts remain, compensate/offset for risks and impacts to workers, project-affected people, and the environment.
- To promote improved environmental and social performance of Borrowers through the effective use of management systems.
- To ensure that grievances from project affected people and external communications from other stakeholders are responded to and managed appropriately.
- To promote and provide means for adequate engagement with project-affected people and other stakeholders throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated.

**GL6.** The assessment and management of E&S risks and impacts should be part of the larger overall set of processes that a Borrower uses to manage projects and are essential for successful and sustainable project implementation performance. An ESMS is a dynamic management tool that enables continuous improvement of E&S performance that can enhance overall project outcomes.

**GL7.** The term ‘mitigation hierarchy’ refers to a universally accepted methodological approach in impact assessment that comprises anticipating, avoiding and reducing risks and adverse impacts, identifying remedial and mitigation measures to address impacts where they cannot be avoided, and offsetting or providing compensation or some other form of redress for any significant residual impacts. An effective ESMS should lead to measures, decisions, and outcomes that are consistent with Good International Industry Practice (GIIP) as defined in GL8. Additional guidance on ESMS and mitigation hierarchy can be found in GL21 to GL 25.

**GL8.** GIIP is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances regionally or globally. The outcome of such exercise should be that the project employs the most appropriate measures and technologies in the project-specific circumstances and context.

<sup>46</sup> Acceptable options to minimize will vary and include abate, rectify, repair, and/or restore impacts, as appropriate. The risk and impact mitigation hierarchy is further discussed and specified in the context of ESPs 2 through 10, where relevant.

**GL9.** The Borrower will adopt a precautionary approach in the assessment of environmental and social risks and impacts. Where screening results for E&S risks indicate that project activities could result in adverse impacts, key information gaps should be addressed prior to making decisions on whether or how to proceed with those activities, and a conservative approach should be taken until more information is available for a more complete understanding of the issue. Adopting a precautionary approach does not mean demanding full and conclusive information or absolute certainty before decisions are made. In some cases, data collection and/or analysis can proceed in parallel with project development activities, but they should be completed prior to making decisions with significant and potentially irreversible implications for project impacts. Advice from technical experts and stakeholder consultations should be considered to help determine when there is sufficient information for decision making, and when the anticipated benefits of a development activity are likely to outweigh an acceptable level of known or suspected risks and adverse impacts. Examples of precautionary approaches include:

- Designing project drainage features with higher specifications to cater for greater flood events in the future due to changing rainfall patterns resulting from climate change.
- Timing construction activities at the least sensitive time for at-risk or endangered species, such as when they may have migrated elsewhere.
- Adopting mitigation measures for endangered species reported in the past or suspected to be present based on habitat requirements, even though there may not have been recent confirmed sightings in the project area.
- Where archaeological heritage may exist but has not yet been discovered, an assessment of the baseline conditions will be required to determine potential impacts and mitigation measures that may include avoidance or reduction of impact by project design changes and less invasive construction measures.
- Carefully considering the lifetime emissions associated with technology selection, in particular greenhouse gases.
- Implementing mechanisms of effective community participation, access to information and engagement early in the assessment process and assist in the analysis of alternatives during the design of construction activities to avoid adverse impacts.
- Implementing accessible formats as an inclusive approach for people with disabilities.
- Considering preventive measures for gender-based violence that can prevent any negative adverse impact or sexual abuse at the community level.
- Designing culturally appropriate measures that can ensure community participation in areas where indigenous peoples, African descendants, and other traditional peoples are present.
- Avoiding potential impacts that can generate physical and economic displacement by adopting stakeholder engagement schemes.

**GL10.** Project-affected people means people who are potentially affected directly, indirectly, or cumulatively (positively or adversely) by project components or activities. See ESPS 10 for further guidance on project-affected people.

## SCOPE OF APPLICATION

4. This ESPS applies to all investment financing projects. For the purposes of this ESPS, the term “project” refers to a defined set of components, including those where some specific activities, aspects, and facilities likely to generate risks and impacts, have yet to be fully defined<sup>47</sup> and for which the environmental and social due diligence requirements will be implemented in the future, after project approval. Project components may, as appropriate, include aspects from the early developmental stages through the entire life cycle (design, construction, commissioning, operation, decommissioning, closure or, where applicable, post-closure) of a project. The requirements of this ESPS apply to all projects unless otherwise noted in the specific limitations described in each of the paragraphs below.

**GL11.** ‘Investment financing projects’ refers to a defined set of components or activities to be financed. The term “project” as used in the ESPSs does not necessarily imply a project with specific physical boundaries. The ESPSs recognize that some projects have been fully identified (e.g., a specific hydropower plant on a specific river) and defined by the time of their approval while others, such as groups of subprojects under an umbrella project (e.g., a group of schools or health facilities to be built across a wide geographic area) may not be fully defined by the time of approval. In both circumstances the Borrower must clearly define the activities and components of the investment project to be financed. This will form the basis for the application of the ESPSs in the E&S risks and impacts assessment process. The description of project activities and components may evolve during project preparation and this evolution may affect the nature and scope of the E&S risks and impacts identification process. The dynamic nature of project development must be recognized and integrated into the E&S risks and impacts identification process. Changes in project activities and components can also occur during project implementation and such changes may also affect the nature and scope of E&S risks and impacts.

**GL12.** The project life cycle refers to the stages in the development and implementation of a project from planning, through design and construction, commissioning, implementation/ operation or production through to decommissioning, site closure, site clearance and site rehabilitation.

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<sup>47</sup> For example, projects that consist of a set of subprojects, where some are fully defined at the time of approval while others remain to be defined subject to subproject selection and eligibility criteria.

## REQUIREMENTS

### Environmental and Social Assessment and Management System

5. The Borrower, in coordination with other government agencies and third parties, as appropriate,<sup>48</sup> will conduct a process of environmental and social assessment and establish and maintain an ESMS appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts. The ESMS will incorporate the following elements: (i) project-specific environmental and social framework; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement and (vii) monitoring and review.
6. The Borrower will consider risks and impacts related to human rights, gender, and natural hazards and climate change throughout the assessment process. Where appropriate, the Borrower will complement its environmental and social assessment with further studies focusing on those specific risks and impacts.

**GL13.** The ESMS required by ESPS 1 comprises the seven elements mentioned in paragraph 5 of ESPS 1 deemed to be necessary to effectively “plan, do, check, act” regarding the E&S requirements of ESPSs 2 to 10. ESPS 1 is analogous in many ways to established international frameworks for quality and environmental management systems, such as ISO 9001 and ISO 14001. The ESMS should be tailored to fit the needs of the Borrower’s organizational structure tasked with project implementation and be commensurate with the E&S risks and impacts associated with the project. See Figure 1.

**GL14.** Development of the ESMS starts with the elaboration of a project-specific E&S framework (see GL18-GL20) that defines values, principles, objectives, and goals that will guide project preparation and implementation and E&S performance management. This is followed by a planning and assessment component that supports the identification of key issues and the development of corresponding management programs. An organizational structure is established to manage the ESMS and implement the necessary management programs, with an additional focus on the unexpected, through emergency preparedness and response measures, and close attention to stakeholder engagement. Finally, the Borrower must also monitor and review its own performance and the appropriateness and effectiveness of mitigation measures and react promptly and decisively when changed project circumstances require changes in the ESMS to ensure performance meets objectives. This process is often called a ‘*change management*’ or ‘*adaptive management*’ process.

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<sup>48</sup> That is, those parties legally obligated and responsible for assessing and managing specific risks and impacts.

**Figure 1. The ESMS**



**GL15.** The ESMS must incorporate a robust and extensive stakeholder engagement process in accordance with the requirements of ESPS 10. Stakeholders are defined as persons, groups and communities external to the core activities of a project who may be affected by the project or have interest in it. The purpose of stakeholder engagement is to establish and maintain a constructive relationship with stakeholders, including project-affected people, over the life of the project. An effective engagement process allows the views, interests and concerns of different stakeholders, particularly of local communities affected by the project, to be heard, understood, and taken into account in decisions throughout the life of the project.

**GL16.** The sophistication and complexity of the ESMS and the resources devoted to it should be commensurate with the level of risks and impacts and be appropriate for the nature and scale of the project. The ESMS should allow the Borrower to develop a sufficient level of understanding of the E&S risks and impacts, including relevant contextual risks, to ensure that risks and impacts are managed in accordance with the requirements of the ESPSs.



**GL17.** An ESMS that meets the requirements of ESPS 1 should be positioned by the Borrower at the proper project management level within the Borrower's organizational structure for project implementation. In the case of projects that have different components, or where the project involves financing subprojects through FIs, or through institutions or agencies that play the role of intermediary, this will require positioning the ESMS at a sufficiently high level within the organizational structure to enable the Borrower to establish the necessary depth and breadth of project oversight to manage the environmental and social risks and impacts of the project in an effective manner. Furthermore, certain aspects of the ESMS might require delegation, which will necessitate appropriate management oversight by the Borrower. In the case of projects that consist of multiple works or multiple subprojects, the ESMS may be an E&S management framework that acts as an ESMS for multiple subprojects.

**GL18.** The effort needed to establish an ESMS depends on the Borrower's existing policies and practices, as well as the national laws and regulations that govern the Borrower's mandate (i.e., its area of responsibility, such as transport or education) and the management of E&S themes and issues. Where a Borrower has developed and implemented a formal environmental, labor, health and safety, and/or social management system consistent with or certified by an internationally recognized standard, the alignment of the system, or elements within the system, with applicable ESPSs may be sufficient to meet some of the requirements of ESPS 1. While some certified management systems may meet most of the requirements of ESPS 1, the specific objectives and requirements of the ESPSs may need to be incorporated into the Borrower's existing management system. ESPS 1 does not require management systems certified under international standards.

## Project-Specific Environmental and Social Framework

7. The Borrower will establish an overarching Environmental and Social Framework in defining the environmental and social objectives and principles that guide the project to achieve sound environmental and social performance.<sup>49</sup> The framework includes the environmental and social assessment and management process and specifies that the project will comply with the applicable laws and regulations of the jurisdictions in which it is being undertaken, including applicable country obligations under international law. The framework should be consistent with the principles of the ESPSs. Under some circumstances, Borrowers may also subscribe to other internationally recognized standards, certification schemes, or codes of practice, and

<sup>49</sup> This requirement is a stand-alone, project-specific framework and is not intended to affect (or require alteration of) existing policies the Borrower may have defined for other projects or environmental and social policies that might have been established by different tiers of government (national/regional/local).

these should also be included in the framework. The framework will indicate who, within the Borrower's organization, will be responsible for its execution (with reference to an appropriate responsible government agency or third party, as necessary). The Borrower will communicate the framework to all relevant levels of its organization.

**GL19.** The project-specific E&S framework required under ESPS 1 consists of a clear statement by the Borrower that defines values, principles, objectives and goals that will guide project preparation and implementation and E&S performance management. The project-specific E&S framework also describes the overall structure, processes, and functioning of a project's E&S management requirements, providing a roadmap and linkages amongst the different project components, processes and procedures. The project-specific E&S framework should reflect the Borrower's strategy and commitment regarding management of E&S risks and impacts in line with the requirements of the ESPSs. The framework supports the achievement of objectives and measures needed to meet ESPS requirements during project implementation. Borrowers will need to consider a variety of national strategies and plans, policies, laws and regulations, procedures and programs to effectively capture governmental priorities, processes and relevant requirements in the E&S framework.

**GL20.** The project-specific E&S framework should provide a concise summary of, or cross reference to, the applicable E&S host country (or countries, as appropriate) laws and regulations as well as other commitments the Borrower has made under relevant international law or industry or sector codes of practice and standards that the Borrower has adopted or intends to adopt. In some cases, national standards or requirements may differ from ESPS requirements or guidelines found in the World Bank Group's Environmental, Health and Safety Guidelines (EHSGs) (see GL31 and ESPSs 2, 3 and 4). In such cases, the Borrower will adopt the more stringent standard or requirement. Furthermore, when aspects of government legislation and/or regulations may



be in direct contradiction to ESPS requirements and thereby potentially constrain a Borrower's ability to implement ESPS requirements, the Borrower should seek ways to meet the requirements and to achieve the objectives of the ESPSs without contravening applicable laws. If this is not feasible under specific project circumstances, the Borrower will provide a detailed justification for any proposed alternatives including evidence that the alternative standard does not result in unacceptable risks or impacts. Additional guidance on the scope and content of a project-specific E&S framework can be found at <https://www.iadb.org/en/mpas/guidelines>.

## Identification of Risks and Impacts

8. The Borrower will establish and maintain a process for identifying the environmental and social risks and impacts of the project (see paragraph 19 of this ESPS for competency requirements). The type, scale, and location of the project guide the scope and level of effort devoted to the risks and impacts identification process. The scope of the risks and impacts identification process will be centered on the application of the mitigation hierarchy and consistent with good international industry practice, and will determine the appropriate and relevant methods and assessment tools. The process may comprise a full-scale environmental and social impact assessment, a limited or focused environmental and social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards.<sup>50</sup> When the project involves existing facilities, environmental and/or social audits or risk/hazard assessments can be appropriate and sufficient to identify risks and impacts. If existing facilities or activities do not meet the requirements of the ESPF, the Borrower will adopt and implement measures to meet them. If some project activities to be financed have yet to be fully defined, the environmental and social due diligence process applicable to these project activities will be implemented at a point in the future when the activities are sufficiently defined to allow for the necessary assessment to take place. The risks and impacts identification process will be based on recent environmental and social baseline data at an appropriate level of detail.

<sup>50</sup> For greenfield developments or large expansions with specific components, aspects, and facilities that are likely to generate potential significant environmental or social impacts, the Borrower will conduct a comprehensive Environmental and Social Impact Assessment, including an examination of alternatives, including the no-project alternative.

**GL21.** The E&S assessment process is integrated into the analysis and planning phases during the design and development of the project to ensure that E&S risks and potentially adverse impacts are subjected to the mitigation hierarchy. For the ESPSs, 'E&S' includes all the applicable themes and topics in the ESPSs, as well as any other E&S risks and potential impacts of the project. The E&S assessment process also results in the production of studies and reports that support the project review and approval process as well as stakeholder engagement and information disclosure requirements.

**GL22.** The Borrower will identify and use appropriate assessment and evaluation tools and instruments, such as analysis of alternatives (including the no-project alternative), screening and scoping, environmental and social analyses, investigations, audits, surveys, specialized studies and consultations with technical experts, to identify and assess the E&S risks and potential impacts of the project. These tools and instruments will reflect the nature, scale and associated risks and potential impacts of the project and will include, as appropriate, a combination or elements of different tools and instruments, including, for example, but not limited to: an appropriately scoped out E&S Impact Assessment (ESIA) that is consistent with ESPS requirements; a socio-cultural analysis; a health impact assessment; a gender analysis; a Human Rights Impact Assessment (HRIA); a climate risk assessment; a critical habitat assessment; a disaster and climate risk assessment; an environmental audit; a hazard or risk assessment; a contextual risk assessment; a labor assessment; a social and conflict analysis. Depending on the nature and scope of the project, instruments may be integrated into a single ESIA process and report or may be stand-alone. The outcome of the application of these tools and instruments can lead to a single overarching umbrella E&S management plan (ESMP) or several individual management plans that capture all the action plans to be implemented to achieve the objectives of the ESPSs. Specific features or unique risks and potential impacts of a project may require the Borrower to develop specialized management plans such as a Cultural Heritage Management Plan and Indigenous Peoples Plan. Where the project is likely to have sectoral or regional impacts, a sectoral or regional ESIA may be required. In some instances, a stand-alone cumulative impact assessment (CIA) may be required (see GL39 to GL45). Borrowers should conduct the ESIA in consultation with, and by soliciting information from, project-affected people and other stakeholders to capture their views and knowledge on project risks and potential impacts (see GL92-GL105 and ESPS 10). More detailed information on the different types of E&S assessment tools and instruments can be found at <https://www.iadb.org/en/mpas/guidelines>.

**GL23.** By carrying out an E&S due diligence against the ESPSs, the Borrower will address any project-related human rights risks. For example, ESPS 1 requires the identification of environmental and social risks and impacts, many of which are further elaborated in ESPSs 2 through 9. These E&S risks and impacts may also have human rights risks and impacts dimensions. ESPS 1 also addresses the development and implementation of an effective project grievance mechanism, which is itself a rights-based tool that provides remedy for adverse human rights impacts. ESPS 10 supports the human rights principles of transparency and participation. Where a risk of wide-spread or systemic adverse impacts on human rights exist, or a risk of any adverse human rights impact is significant, the Borrower will supplement its due

diligence under the ESPSs by using appropriate human rights due diligence. Such human rights due diligence may, depending on risk and operating context, be integrated in the general E&S assessment or other instruments, such as contextual risk assessments, or may be realized through a stand-alone human rights impact assessment (HRIA).

**GL24.** The Borrower will consider contextual risks and how they may evolve over time. Those considerations will be included in the E&S assessment process and management programs, underscoring project scenarios or situations that may have the potential to exacerbate social tensions, impede project implementation, and hinder environmental and social performance. Contextual knowledge should be obtained from a wide range of stakeholders. Project scenarios or situations where contextual risk is particularly relevant include: (i) areas where armed or social conflict or the risk of conflict exists; (ii) areas where gross human rights abuses or systematic human rights violations exist; (iii) areas experiencing significant social flux linked to migration, including influx of labor; (iv) areas where the rule of law and governance are weak or non-existent and in areas where respect for human rights is limited or absent; (v) area recently affected by a natural disaster; (vi) areas significantly affected by epidemic or pandemic issues; and (vii) areas with severely curtailed civic space. Where significant contextual risk exists, country risk analyses, the E&S assessment, or the HRIA if selected as an assessment tool, will need to factor in relevant concerns such as infringements of human rights, threats to meaningful consultation, discrimination and non-inclusion of minorities, sexual and gender-based violence and the threat of reprisal to project-affected people and other stakeholders engaging in stakeholder participation. Consideration of contextual risk can inform the E&S impact assessment and help improve the design of mitigation measures, including measures to prevent reprisals. Additional information on contextual risk assessment can be found at <https://www.iadb.org/en/mpas/guidelines>.

**GL25.** The mitigation hierarchy represents a systematic and structured approach to considering a project's E&S risks and impacts and consists of the following steps: (a) anticipating and avoiding E&S risks and adverse impacts; (b) minimizing E&S risks and adverse impacts that cannot be avoided; (c) remedying or mitigating the residual adverse E&S impacts to an acceptable level; and (d) compensating or offsetting for those residual E&S risks and impacts that cannot be remedied or mitigated to an acceptable level. In applying the mitigation hierarchy, Borrower are encouraged to consider past knowledge, experience, and lessons-learned from previous assessments on similar projects. The Borrower should start developing the mitigation hierarchy early in the project life cycle, including through the integration of E&S specialists in the project feasibility and design teams. The mitigation hierarchy is further discussed in the other ESPSs as relevant to the specific context of each ESPS.

**GL26.** Application of the mitigation hierarchy in the E&S assessment process consists of the following steps:

**Step 1: Anticipation and Avoidance.** Avoidance is the preferred form of mitigation. As a first step, the E&S risks and impacts assessment includes an alternatives analysis, which should identify and evaluate a reasonable range of feasible project alternatives to meet the project's purpose and need (e.g., location, technology, or alignment options, among



others) and their environmental and social implications, including a no-project alternative. During the project scoping process, stakeholders and project-affected people should participate in the identification of feasible project alternatives through public consultation meetings and other feasible opportunities to provide comments. When assessing the feasibility of alternatives, both costs and benefits should be considered. The objective is to compare the E&S risks and potential impacts of feasible alternatives, rank them, and justify the selection and any compromises that are necessary, in a participatory and transparent way with stakeholders. The evaluation of alternatives should include, whenever possible, analysis of alternatives in project design (including alternative locations and the 'no-project alternative'), enabling the Borrower to choose alternatives that anticipate and avoid environmental and social risks and adverse impacts. As the decision-making and project conceptualization process progresses, a cascading series of alternative options emerges and shapes the project towards its final design. As such, the mitigation hierarchy and the analyses of alternatives are two interconnected processes in shaping a project, managing E&S risks and potential impacts and enhancing potential benefits.

**Step 2: Minimization.** Where avoidance is not possible, the E&S assessment will identify specific actions to minimize or reduce E&S risks and adverse impacts throughout the life of the project, including at design and development stage. For example, this could include reducing the physical footprint of a project; reducing climate impacts by choosing alternatives with lower greenhouse gas emissions; or selecting infrastructure, equipment, and technology options that support efficient use of resources (including energy, water, and raw materials) and reduce the generation of waste throughout the life of the project.

**Step 3: Mitigation.** Following the avoidance and minimization steps, the E&S assessment process should identify mitigation measures that allows the project to meet the requirements of the ESPs and relevant laws and regulations. Mitigation measures are those actions that reduce the severity and extent of the risks and impacts. Appropriate mitigation measures should be considered at every stage of the project life cycle. In case of existing facilities, these actions must include measures to address the E&S risks and adverse impacts necessary to meet the requirements of the ESPs and relevant laws and regulations. All these measures, including all other thematic E&S management plans required under the ESPs (e.g., Resettlement Action Plan, Indigenous Peoples Plan, Biodiversity Action Plan), are components of the project ESMS and can be organized under an umbrella ESMP.

**Step 4: Offset or Compensation.** Where avoidance, minimization and mitigation are not sufficient to reduce E&S risks and potential impacts to an acceptable level, measures that offset or compensate must be considered. E&S offsets can be a cost-

effective way to address inevitable, but nonetheless acceptable residual risks and impacts, through compensation.

- Environmental or biodiversity offsets. An example of environmental offset is the establishment or enhancement of habitat to achieve no net loss for a natural habitat that has been affected by project activities. There is a recognized hierarchy among approaches to biodiversity offsets which is restoration, creation, enhancement, and preservation. Enhancement and preservation are particularly relevant to biodiversity aspects regarding threatened species or ecosystems. Offsetting is not recognized as a means to mitigate impacts in areas of critical habitat. See ESPS 6 on *Biodiversity Conservation and Sustainable Management of Living Natural Resources* for more information on biodiversity offsets.
- Social compensation or offsets. Any compensation to project-affected people required under ESPS 5 on *Land Acquisition and Involuntary Resettlement* falls under this step. Additionally, examples of offsets from a social dimension may include creating alternative recreational assets to replace those lost due to project activities, the planting of forage trees and plants to offset losses of foraging fields due to construction activities or loss of access, and the restoration of living conditions and livelihoods for the duration of the impacts. Offsets are not an appropriate mitigation measure for adverse human rights impacts.

**GL27.** Projects may include facilities already in existence, such as a project to rehabilitate a pollution control facility, the rehabilitation of a hydropower dam or improvements to existing transport infrastructure or an existing facility needed for a project but subject to any rehabilitation or enhancement. The Borrower should undertake an E&S audit of these facilities to (i) characterize the E&S risks, impacts and liabilities associated with them and (ii) determine the extent to which their E&S performance can be aligned with the requirements of the ESPSs. The E&S risks, impacts and liabilities may include contamination of water bodies, soil and groundwater; health issues among people exposed to substances and/or emissions from existing facilities; and the re-emergence of legacy grievances about compensation, workforce exclusion, displacement, or disturbance, as well as new or emerging conflicts regarding access to or use of natural resources. The E&S audit should verify that stakeholder engagement processes are in place or otherwise recommend corrective actions. Some of these issues and liabilities may have significant financial implications for the Borrower as well as E&S implications associated with any rehabilitation or remediation measures. The E&S audit should identify all relevant risks and impacts and propose rehabilitation or remediation measures that are consistent with the requirements of the ESPSs while considering the extent to which implementing specific measures will be technically and financially feasible. Any measures identified by the Borrower should be incorporated into the relevant E&S management plan as appropriate or may require a dedicated action plan.

**GL28.** The baseline information-gathering phase is an important step to enable the determination of the project's risks and potential impacts. The E&S risks and impacts identification process should be based on recent, up-to-date and verifiable primary and secondary information, including a detailed description of the project in its geographic, ecological, physical, climatic, social, health, political, ethnocultural vulnerability and temporal context, all of which constitutes the environmental and social baseline. Baseline information should describe the current situation at project site level and surrounding areas. For example, a count of houses in the project area in recent weeks or days qualifies as current information. A count of households in the project area completed a year ago may not reflect the current situation on the ground (see GL28). Relevant baseline information includes all Associated Facilities (see GL37 and GL38) that are required for the successful operation of the project (e.g., dedicated pipelines, access roads, captive power plants, water supply, housing, and raw material and product storage facilities). Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate impacts, including those operated by third parties, the collection and analysis of E&S baseline information and data, at an appropriate level of detail for the project, are essential to define the project's area of influence (see GL37). Baseline information should include relevant physical, biological, chemical, ecological, socioeconomic, ethnocultural, and health and labor data and conditions, including any changes anticipated to occur in the foreseeable future along with current and proposed development activities within the general project area, which may be directly or indirectly connected to the project. It is good practice to compare and gather baseline information from multiple sources and through different means of collection to increase the reliability of the information. Baseline data can also be gathered in consultation with project-affected people, who can give primary information on the existing environmental and social conditions. Baseline information should include actual and/or projected variability in climatic and environmental conditions due to the effects of climate change and any relevant baseline related to emissions of greenhouse gases (see ESPS 3 on *Resource Efficiency and Pollution Prevention* for further details).

**GL29.** Whether older data can be considered as acceptable for assessment purposes depends on the nature of the data and the project context. At first glance, geological data that is a decade old may be suitable for a preliminary assessment of the construction of a new hydropower dam, but with more sophisticated geophysical survey techniques now available, structural weaknesses may now be detected beyond what was possible in older geological studies. Climate change renders much of the historical hydro-meteorological data of limited use as patterns of rainfall have changed in most regions of the world. Information relating to biodiversity, especially for species and habitats under threat, will need to be current to be consistent with the principles of a precautionary approach and GIIP. Guidance on baseline data in the context of biodiversity and living natural resources is provided in ESPS 6 and its Guideline.

**GL30.** Depending on the project context, accurate and up-to-date baseline information on socio-economic, political and ethnocultural issues is essential, as rapidly changing situations, such as in-migration of people in anticipation of a project, or lack of data on disadvantaged or vulnerable individuals and groups among project-affected people, can affect the efficacy of social risk mitigation measures and project sustainability. Limitations on data, such as the extent and quality of available data, assumptions and key data gaps, and uncertainties associated with

predictions, should be clearly identified and presented in assessment studies. Reference to secondary information on the project's area of influence is acceptable, but it may still be necessary to gather primary information from field surveys to establish baselines consistent with GIIP in accordance with the project's risks and potential impacts. Relevant data may be available from various governmental agencies, nongovernmental organizations (NGOs) and academic sources as well as from direct interaction with stakeholders and project-affected people through interviews, focus group discussions, meetings, surveys, among others.

9. The process will consider all relevant direct, indirect, and cumulative environmental and social risks and impacts of the project, including the issues identified in ESPSs 2 through 10, and those who are likely to be affected by such risks and impacts. The risks and impacts identification process will consider, among others: (i) risks whose negative impacts fall disproportionately on individuals and groups who, because of their particular circumstances, are in a vulnerable position; (ii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged; (iii) those defined by the EHSs; (iv) those related to the health,<sup>51</sup> safety and well-being of workers and project-affected communities, including risks associated to pandemics, epidemics and any transmission of communicable diseases that may be caused or, exacerbated by, project activities; (v) GHG emissions, risks and impacts associated with natural hazards and climate change, to the project or exacerbated by it, along with adaptation opportunities, and other potential transboundary effects, such as air pollution and use or pollution of international waterways; (vi) those related to community safety, including the safety of the project's infrastructure and threats to human security through the risk of escalation of personal or communal conflict and violence that could be caused or exacerbated by the project;<sup>52</sup> (vii) adverse economic and social impacts relating to the involuntary taking of land or restrictions on land use; (viii) risks or impacts associated with land and natural resource tenure and use,<sup>53</sup> including (as relevant) potential project impacts

<sup>51</sup> It may be appropriate for the Borrower to include in its environmental and social risks and impacts identification process a Health Impact Assessment.

<sup>52</sup> It may be appropriate for the Borrower to include in its environmental and social risk and impact identification process a specific human rights due diligence in line with the UN Guiding Principles on Business and Human Rights. A requirement for human rights due diligence is most likely to be appropriate where the nature of the project or its operating contexts pose significant risk to human rights, such as in investments in security provision, in contexts where internally displaced persons exist, and in contexts of post-or on-going conflict, among others.

<sup>53</sup> Due to the complexity of tenure issues in many contexts, and the importance of secure tenure for livelihoods, careful assessment and design are needed to help ensure that projects do not inadvertently compromise existing legitimate rights (including collective rights, subsidiary rights and women's rights) or have other unintended consequences, particularly where the project supports land titling and related issues. In such circumstances, the Borrower will at a minimum demonstrate that applicable laws and procedures, along with project design features (i) provide clear and adequate rules for the recognition of relevant land tenure rights; (ii) establish fair criteria and functioning, transparent and participatory processes for resolving competing tenure claims; and (iii) include genuine efforts to inform affected people about their rights and provide access to impartial advice

on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (ix) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; (x) those related to ecosystem services and the use of natural resources, including for basin-wide and/or trans-boundary risks and impacts; (xi) adverse impacts on communities of Indigenous Peoples; (xii) risks to cultural heritage; (xiii) gender-related risks, including gender-based exclusion, gender-based violence (sexual exploitation, human trafficking and the spread of sexually transmitted diseases); and potential discrimination risks based on gender and sexual orientation, among others.

**GL31.** A direct impact is an impact that is caused by the project and occurs contemporaneously in the location of the project. An indirect impact is an impact that is caused by the project and is generally, but not always, later in time or farther removed than a direct impact but is still reasonably foreseeable and may include effects related to changes in the pattern of land use, population density, and related effects on air and water and other natural systems, including ecosystems. A cumulative impact is the incremental impact of the project when added to impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but reasonably predictable activities enabled by the project that may occur later or at a different location. Any of these impacts can be transboundary in nature (see GL57 below).

**GL32.** The World Bank Group's ESHGs include general and specific guidelines that have become a global benchmark for project- and facility-level environmental, health and safety performance. See ESPS 3 for further information on the ESHGs and their application. There is also an extensive series of good practice and technical notes from other institutions that address specific issues in more detail. Useful references are listed in the Annotated Bibliography, here: <https://www.iadb.org/en/mpas/guidelines>.

**GL33.** The E&S risks and impacts identification process can generally be used to identify and assess human rights risks and impacts in a satisfactory manner. Where a risk of wide-spread or systemic adverse impacts on human rights risks exists, or a risk of any adverse human rights impact is significant due to, for example, the risk of reprisals, inherent country or sectoral risks or the nature or scale of the project, the Borrower will undertake specific human rights due diligence to address these concerns. Considering severity of risks and operating context, it may be necessary for the Borrower to carry out a stand-alone HRIA for a specific aspect of the project or, under certain circumstances, the entire project. A stand-alone HRIA provides the opportunity to (i) systematically assess risks against a comprehensive international human rights framework; (ii) assess risks to rights holders and their entitlements and identify duty bearers and their responsibilities that allows for a comprehensive understanding of vulnerability; and (ii) identify holistic mitigation measures to be



implemented by stakeholders beyond the Borrower, such as the national institutions of the host country, including the legislature, judiciary, political parties and the police. An HRIA also enables the Borrower to review any measures and agreements made with other national or local agencies, contractors, primary suppliers, and stakeholders to ensure these do not interfere with human rights.

**GL34.** During the life of a project, the Borrower will likely engage with multiple third parties, such as contractors and suppliers, and should therefore consider the UN Guiding Principles on Business and Human Rights that establish a “Protect, Respect and Remedy” framework that rests on three pillars: (i) the state duty to protect against human rights abuses by third parties, including business; (ii) the corporate responsibility to respect human rights; and (iii) greater access by victims to effective remedy, both judicial and non-judicial.

**10.** Where the project involves specific activities, aspects, and facilities that are likely to generate impacts, environmental and social risks and impacts will be identified in the context of the project’s area of influence. This area of influence encompasses, as appropriate:

- The area likely to be affected by: (i) the project<sup>54</sup> and the Borrower’s activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the project; (ii) impacts from unplanned but predictable developments caused by the project that may occur later or at a different location; or (iii) indirect project impacts on biodiversity or on ecosystem services upon which project affected people’s livelihoods depend.
- Associated facilities,<sup>55</sup> which are new or additional works and/or infrastructure, irrespective of the source of financing, that are deemed essential for a project to function.
- Cumulative impacts<sup>56</sup> that result from the incremental impact of the project when added to impacts from other relevant past, present, and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. Cumulative impacts can result from individually minor but collectively significant activities taking place over a period of time.

<sup>54</sup> Examples include the project’s sites, the immediate air shed and watershed, or transport corridors. Examples include power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments).

<sup>55</sup> Associated facilities may include new/additional access roads, railways, power lines, and pipelines required to be built for the project; new/additional construction camps or permanent housing for project workers; new/additional power plants required for the project; new/additional project effluent treatment facilities, new/additional warehouses and marine terminals built to handle project goods.

<sup>56</sup> Cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from project-affected people. Examples of cumulative impacts include incremental contribution of gaseous emissions to an air shed, reduction of water flows in a watershed due to multiple withdrawals, increases in sediment loads to a watershed, interference with migratory routes or wildlife movement,

**GL35.** The E&S risks and impacts identification process for projects where the scope and components are defined only in general terms should focus on the steps associated with identifying the inherent risks related to the specific sector and geographies in which the Borrower intends to develop and implement the project. Key concepts, methods and tools for risks and impacts identification are discussed below.

**GL36.** Area of Influence. Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate impacts, the E&S assessment process should identify the extent and complexity of E&S risks and potential adverse impacts in the context of the project's entire area of influence, which is the total area likely to be affected by project activities, assets and facilities, including Associated Facilities (see GL37 and GL38). The area of influence is not an arbitrary determination but rather one that is based on the identification of impacts, direct and indirect, environmental and social. Indirect impacts should not be overlooked as these might be the most significant impacts in certain circumstances. The size of a project's area of influence, as well as the E&S risks and impacts within the area, can vary considerably depending on the nature and scope of the project. As such, the area of influence may be transboundary in nature. Some of these risks and impacts, including those described in the ESPs, may be attributable to third parties within the area of influence. Cumulative impacts from other existing or planned projects in the area of influence may also need to be identified during the E&S assessment process (see GL40 to GL46). The identification of E&S risks and impacts must also consider the role and capacity of third parties (such as local and regional governments, contractors and suppliers) on which the project depends, recognizing that the Borrower should address these third-party risks and impacts in a manner that is commensurate with the Borrower's control and influence over third party actions.

**GL37.** Associated Facilities. For the ESPs, Associated Facilities are new facilities (e.g., access road to a project site) or additional works on existing facilities (e.g., expansion of an existing water treatment plant to meet project demand), irrespective of the ownership of the facilities or source of financing, that are deemed essential for a project to function. Existing works and/or infrastructure that are in place at the time of the project's E&S risks and impact identification process are not considered new or additional work and/or infrastructure. For example, if a project is in an area where there is an existing road or active quarry and these components may be essential for the project, they should not be considered to be Associated Facilities since (i) they already exist and (ii) are not dependent upon the project for their existence. However, an existing but inactive quarry that is to be re-commissioned solely to provide materials to the project would be considered an Associated Facility. The phrase 'deemed essential for the project to function' does not infer exclusivity. As such, a quarry could be considered essential for the provision of building material to the project but also provide product to other projects or enterprises. The reliance of the quarry upon the project as a source of revenue will affect the extent to which the Borrower can exercise control or influence over how the quarry manages environmental and social risks and impacts. The definition of 'Associated Facilities' differs among international financial institutions.

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and more traffic congestion and accidents due to increases in vehicular traffic on community roadways.

**GL38.** Examples of Associated Facilities include new or additional access roads, railway lines, power lines, and pipelines; new or additional construction camps or permanent housing for project workers; new or additional power plants; new or additional project effluent treatment facilities; new/additional warehouses and marine terminals built to handle project goods. Factors to consider in determining whether a component is an Associated Facility, rather than part of the project, are: (i) who is financing, (ii) whether it is essential for the project to function, and (iii) whether they existed previously or is new. This in turn defines what E&S requirements should be placed upon them. If the facilities are financed through the project loan or by the Borrower as part of its contribution to project financing, then they should be considered part of the project and will need to meet the requirements of the ESPs. If, on the other hand, the new/additional works or infrastructure are essential for the project but are financed by a different development partner, a different government department/agency or the private sector, they are still recognized as Associated Facilities and must therefore be included in the scope of the E&S risks and impacts identification process and the requirements of the ESPs are applicable to the extent that the Borrower has control or influence over the other sources of financing.

**GL39.** Cumulative Impacts. Projects often concentrate in areas where natural resources are found (e.g., watersheds with hydropower potential, land corridors with good wind resources, deep water coastal areas, mining resources, forests), potentially leading to multiple projects in the same geographical area. E&S risks and impacts from existing projects, combined with the potential additional impacts from proposed and/or anticipated future projects as well as predictable trends (e.g., climate change), may result in cumulative impacts that must be considered in the Borrower's E&S risks and impacts identification process.

**GL40.** Examples of cumulative impacts include effects on ambient conditions caused by additional emissions of pollutants in an airshed, increase in pollutant concentrations in a water body, in soil or sediments or through bioaccumulation, reduction of water flow in a watershed due to multiple withdrawals, increases in sediment loads to a watershed or increased erosion, interference with migratory routes or wildlife movement, increased pressure on the carrying capacity or the survival of indicator species in a given ecosystem, wildlife population reduction due to increased hunting, road kills and forestry operation, depletion of a forest as a result of multiple logging concessions. Cumulative impacts can also be of a social nature, such as a project's contribution to an increase to active ongoing in-migration and accelerate the abandonment of traditional practices and cultural heritage (such as use of indigenous language) or worsen traffic congestion and accidents along community roadways due to increases in transport activity.

**GL41.** Even though cumulative impacts may not necessarily be different in quality from impacts analyzed in an ESIA that is focused on the specific area and timeframe related to the project's direct footprint and implementation timetable, a Cumulative Impact Assessment (CIA) may be required to effectively capture the necessary scale and temporal distribution of impacts. At a practical level, a CIA must determine how large an area around the project should be considered; what is an appropriate period to cover; and how to practically assess the complex

interactions among different projects and trends occurring at different times. The likelihood of future projects or developments taking place should be considered carefully so that the CIA focuses on what can reasonably be predicted at the time of the assessment rather than what is theoretically or remotely possible. Because a CIA transcends a single project development, the resulting potential management or mitigation measures typically require participation from a larger and more diverse number of stakeholders and government authorities, both local and national. The active participation of one or more government authority is typically required to: assess the incremental contribution of each project to the cumulative impacts, monitor and enforce the implementation of the mitigation measures corresponding to each project; identify the additional mitigation measures required; and coordinate and ensure and document their implementation. In all other ways a CIA is fundamentally similar to an ESIA and, therefore, often relies on established ESIA practices, including scoping, analysis of effects, evaluation of significance, identification of mitigation measures and follow-up.

**GL42.** In certain instances, it may not be practical or appropriate for a CIA to be performed solely by the Borrower's organization responsible for project implementation when (i) impacts from multiple existing and future projects (whether public or third party private) or developments over a large area (e.g., watershed, airshed, forest) may cross jurisdictional boundaries, (ii) there are effects that may have occurred or will occur over a longer period of time, (iii) impacts on specific ecosystem components or characteristics will increase the significance of impacts and/or its irreversibility when considered in the context of a series of existing or future third party projects or developments. A regional or sectoral assessment may be more appropriate than a CIA in situations where impacts from the Borrower's own project or operations are expected to be a relatively small contribution to the total cumulative impacts that are likely to occur from activities by third parties in the region. The Borrower's organization responsible for project implementation may be one of several government entities and other stakeholders participating in such an assessment without taking ownership for its undertaking.

**GL43.** The scope of the CIA should be commensurate with the incremental contribution, source, extent, and severity of the potential cumulative impacts and be limited to only those impacts generally recognized as important based on scientific concerns and/or concerns from project-affected people and/or other stakeholders. The geographic and temporal boundaries of the assessment should depend on the screening and identification of potential cumulative impacts that correspond to the criteria indicated above. The assessment should determine if the project's incremental emissions are responsible for contribute to adversely affecting an ecosystem component or specific characteristic beyond an acceptable predetermined threshold (i.e., carrying capacity) by the relevant government authority and GIIP, in consultation with relevant stakeholders. The Borrower should ensure that its assessment determines the degree to which its project might contribute to the cumulative effects.

**GL44.** The assessment of baseline conditions under the Borrower's risks and impacts identification process should identify relevant baseline conditions that could be exacerbated by the project and lead to cumulative impacts. In terms of anticipated future projects and developments, priority should be given to assessing cumulative impacts stemming from the Borrower's project, such as further planned developments associated with the project and other future developments of the same type in the project's area of influence that are realistically defined at the time of the assessment, which may include any combination of developments which are either proposed, licensed or for which permits exist.

**GL45.** The Borrower should use reasonable efforts, in accordance with the requirements of ESPS 10, to engage with other relevant government authorities, private developers, project-affected people, and other relevant stakeholders, in the assessment, design, and implementation of coordinated mitigation measures to manage the potential cumulative impacts resulting from multiple projects in the same area of influence.

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- 11.** In the event of risks and impacts in the project's area of influence resulting from a third party's actions, the Borrower will address those risks and impacts in a manner commensurate with the Borrower's control and influence over the third parties and with due regard to conflict of interest.
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**GL46.** The Borrower's accountability derived from the ESMS and its management plans cascades vertically and horizontally throughout the project management structure. The Borrower should collaborate with third parties and act to the extent of their influence or control over them. Third parties include contractors, suppliers and other parties not directly related to the project but nonetheless active in the project's area of influence. Among these third parties are operators of Associated Facilities that might have a particularly close relationship with the project. Because of this relationship, the Borrower should normally have some leverage on the operators of such facilities. Where such leverage allows, undertakings can be secured from these operators to operate their facilities in accordance with the requirements of the ESPSs. In addition, the Borrower should identify its own actions, if any, that could support or supplement the actions of the operators of Associated Facilities.

**GL47.** The Borrower may have limited or no leverage on third parties and there may be compelling reasons why a Borrower cannot, or does not wish to, exercise control or influence over third parties. Where the Borrower has limited or no control or influence over third parties, the E&S assessment process should identify these parties and their roles, including with regards to Associated Facilities, and the risks that third parties pose to the project and to stakeholders with regards to project area of influence.



**GL48.** The Borrower must recognize that the way in which contractors perform their roles and responsibilities has a significant effect on how E&S risks and impacts manifest themselves. As such, it is important that the Borrower's ESMS and management plans reflect the need for contractor awareness to E&S risks and impacts as well as the need to specify performance parameters, including a code of conduct. Where large contractors procure services through sub-contractors, the responsibilities and obligations of the main contractor must also be met by sub-contractors. Additional guidance on the management of contractors can be found at <https://www.iadb.org/en/mpas/guidelines>.

- 12.** Where the Borrower can reasonably exercise control, the risks and impacts identification process will also consider those risks and impacts associated with primary suppliers, as defined in ESPS 2 (paragraphs 36–38) and ESPS 6 (paragraph 29).

**GL49.** Primary suppliers are those suppliers who, on an ongoing basis, provide, directly to the project, goods or materials essential for the core functions of the project. Core functions of a project constitute those operations, production activities and/or services essential for a specific project activity without which the project cannot function. The requirements in paragraph 36 of ESPS 2 on *Labor and Working Conditions* regarding primary supply workers apply to ongoing contractual relationships between the project and the supplier, through which the Borrower has the potential to influence the supplier's operational practices. The E&S assessment should consider the nature and potential sources of goods and materials that are required for critical ongoing project activities, including construction activities. This may include, for example, timber for railroad ties, or gravel, sand and asphalt for road construction. Primary suppliers in relation to biodiversity risks and impacts are discussed in ESPS 6.

- 13.** Where the project involves specifically identified activities, aspects and facilities that are likely to generate environmental and social impacts, the identification of risks and impacts will take into account the findings and conclusions of related and applicable plans, studies, or assessments prepared by relevant government authorities or other parties that are directly related to the project and its area of influence.<sup>57</sup> These include master economic development plans, country or regional plans, feasibility studies,

<sup>57</sup> The Borrower can take these into account by focusing on the project's incremental contribution to selected impacts generally recognized as important on the basis of scientific concern or concerns from project-affected people and other relevant stakeholders within the area addressed by these larger-scope regional studies or cumulative assessments.

disaster and climate change risks studies, alternatives analyses, and cumulative, regional, sectoral, or strategic environmental assessments where relevant. The risks and impacts identification will take account of the outcome of the engagement process with project-affected people and other relevant stakeholders, as appropriate.

**GL50.** The Borrower's E&S assessment process should take into consideration sectoral, regional, global, and strategic assessments prepared by relevant government authorities or other parties that are relevant to the project and its area of influence.

**GL51.** Regional, Sectoral, or Strategic Assessments. ESPS 1 requires that, where the project involves specifically identified physical elements, aspects and facilities that are likely to generate impacts on a wider regional scale, the Borrower's risks and impacts identification process take into account the findings and conclusions of relevant sectoral, regional, and strategic plans, studies, or assessments prepared by relevant government authorities or third parties that are directly related to the project's area of influence, including studies and assessments from NGOs, academia, aid organizations, UN agency, among others. These include master economic development plans, regional plans, feasibility studies, alternatives analyses, and CIAs where relevant.

**GL52.** A regional assessment may be required when a project or a series of project-related developments are expected to have a significant regional impact or influence regional development (e.g., an urban area, a watershed, or a coastal zone), and may also be appropriate where the project's area of influence spans two or more countries, or where project-related impacts are likely to occur beyond the host country (see GL59 on transboundary impacts). A sectoral assessment may be required when several projects are proposed in the same or related sector (e.g., power, transport, or agriculture) in the same region or country, either by the Borrower alone or by the Borrower and other project developers. A strategic assessment examines risks and impacts associated with a particular strategy, policy, plan, or program, and may be required when the Borrower plays a significant role in the development of the strategy, policy, plan, or program. Regional, sectoral, or strategic assessments may also be necessary to evaluate and compare the impact of alternative development options, assess legal and institutional aspects relevant to the project's E&S risks and impacts, and recommend broad measures for future E&S management. The timing, sequencing, participation and leadership for these assessments, including the role of the Borrower, will be determined on a case-by-case basis in accordance with the specific circumstances surrounding the nature of assessment that is required.

**GL53.** Global Impacts. While individual project impacts on climate, the oceans and seas, biodiversity and other environmental receptors may not be significant, when taken together with impacts created by other human activities, they can become significant at regional, national and global levels. The Borrower's risks and impacts identification process should consider impacts that contribute to global impacts. Specific requirements and guidance on biodiversity and ecosystem services can be found in ESPS 6 and its Guideline, while climate change considerations can be found below as well as in ESPS 3 and its Guideline.

**GL54.** Natural Hazards and Climate Change. Natural hazards and changing weather patterns due to climate change, including greater climate variability and extreme weather events, may affect projects in a variety of ways, including physical risks to project assets arising from damage associated with significant events, and as such are potential considerations in the environmental and social risks and impacts identification process. Climate change also affects the frequency and intensity of hurricanes, cyclones, storms and floods; impacts the availability and quality of natural resources and ecosystem services; and has the potential to affect primary suppliers (e.g., increasing costs of raw materials) as well as the operations or working practices of the project. Other potential effects associated with change in climatic conditions are related to possible changing patterns in demand for goods and services supplied by the project. Specific requirements and guidance on natural hazards and climate change can be found in ESPS 4 on *Community Health, Safety and Security* and its Guideline.

**GL55.** A project's vulnerability to natural hazards and climate change and its potential to increase the vulnerability of ecosystems and communities to natural hazards and climate change should dictate the extent of natural hazards and climate change considerations in the Borrower's E&S risks and impacts identification process. The identification process should (i) identify potential direct and indirect natural hazard and climate-related adverse effects that may affect the project during its entire life, (ii) identify direct and indirect natural hazards and climate-related adverse effects and impacts on people and the environment that may be exacerbated by the project, and (iii) define monitoring and adaptation measures, as appropriate. The Borrower should use the most current geologic, hydrologic and climatologic data in the design of project infrastructure, and for other relevant studies, such as, for example, pollutant fate and transport models, and water resources impact studies. See ESPSs 3 and 4 and their respective Guideline for further information.

**GL56.** More careful identification of risks associated with climate change should be conducted for projects located in recognized climate sensitive and/or vulnerable areas, in particular risks that are further exacerbated by climate change, including extreme weather events such as floods and droughts, extended periods of extreme heat, variability in precipitation, windstorms, cold spells and freeze-thaw cycles, coastal erosion, and coastal flooding due to sea-level rise. The severity of the risks should drive the scope of the assessment.

**GL57.** Transboundary Impacts. Transboundary impacts are impacts that extend to other countries, beyond the host country of the project, but are not global in nature. Examples include, on the environmental side, air pollution extending to multiple countries, use or pollution of international waterways, transboundary epidemic disease transmission, and, on the social side, impacts on cross-border indigenous peoples. The Borrower should determine whether the risks and impacts require the application of ESPS requirements in the countries affected by transboundary impacts (e.g., such as the need for meaningful consultations). If the E&S risks and impacts identification process determines that: (i) the project entails activities that may cause adverse transboundary E&S impacts; (ii) the affected countries and the host country have entered into any agreements or arrangements or have established any institutional framework regarding the potential impacts on people or resources; or (iii) there are unresolved differences between the affected countries and host country regarding the potentially affected resource, and the likelihood of a resolution is not imminent, then the Borrower should determine the need for, and the feasibility of, meeting obligations to affected neighboring countries. In some cases, the Borrower may need to notify neighboring countries in accordance with regional or international agreements, treaties or conventions. In some circumstances, the Borrower may need to consider the possibility of transboundary impacts in the development of environmental and/or social monitoring programs.

14. Where the project involves specifically identified activities, aspects and facilities that are likely to generate impacts, and as part of the process of identifying risks and impacts, the Borrower will identify individuals, groups and communities that may be directly and differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status.<sup>58</sup> The Borrower will consider diverse cross-sectional groups historically disadvantaged in Latin America and the Caribbean, such as women, people of diverse sexual orientations and gender identities, people with disabilities, African descendants, and Indigenous and other traditional peoples. Where individuals, groups or communities are identified as disadvantaged or vulnerable, the Borrower will propose and implement differentiated measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities resulting from the project.

<sup>58</sup> This disadvantaged or vulnerable status may stem from disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable individuals and/or groups may include people or groups in vulnerable situations including the poor, the landless, the elderly, single-headed households, refugees, internally displaced people, natural resource-dependent communities, or other displaced persons who may not be protected through national legislation and /or international law.

**GL58. Disadvantaged or Vulnerable Groups.** There may be individuals, groups or peoples within the project's area of influence who are particularly vulnerable or disadvantaged and who could experience adverse impacts from the project more severely than others. Such impacts may occur in large-scale projects with a large area of influence and multiple affected communities as well as in smaller-scale projects with site-specific issues and impacts. Where it is anticipated that the project will impact one or more affected communities, the risks and impacts identification process must use established tools and methodologies to identify and characterize vulnerable individuals or groups within the affected communities including collecting data on a disaggregated basis. Using this information, the Borrower should assess potential impacts, including differentiated impacts, on these individuals and groups and propose specific, and if necessary separate, measures in consultation with them to ensure that potential impacts and risks are appropriately avoided, minimized, mitigated or compensated. When considering how to disaggregate data for vulnerable groups, it is important to consider intersectionality (i.e., overlapping of social categories). For example, a person with disabilities may also be indigenous and elderly.

**GL59.** Vulnerable or disadvantaged individuals and groups should be able to benefit from project opportunities equally with the rest of the project-affected people. This may require that the Borrower establish differentiated benefit-sharing processes and levels such as: (i) ensuring that compensation for a house taken during resettlement is provided equally to project-affected people household heads or in accordance with recognized family structures; (ii) providing training for individuals or groups who might lack the necessary skills to find a job with the project; and (iii) ensuring access to medical treatments for conditions and illnesses resulting from the projects. Project monitoring should track these individuals and groups on a disaggregated basis. Specific considerations and measures for Indigenous Peoples are described in ESPS 7 on *Indigenous Peoples* and its Guideline and in ESPS 9 on *Gender Equality* and its Guideline for people of different gender identities and sexual orientation.

**GL60. Disability.** There are country laws, regulations, and other guidance pertaining specifically to people with disabilities who may be highly vulnerable to disproportionate impacts from the project. Where no adequate legal framework exists, the Borrower must identify and implement appropriate alternatives to avoid, minimize, mitigate or compensate for potential adverse impacts and risks on people with disabilities. The alternatives should be focused on creating access to the resources and services for the community (e.g., accessibility to education, medical assistance, training, employment, and consumer goods; and physical accessibility to transportation, schools, hospitals/clinics, work facilities, hotels, restaurants, stores, and other commercial areas). Borrowers should also consider incorporating the principles of universal design (i.e., defined as the design of products, environments, programs and services to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design) into design, construction, and operation, including emergency and evacuation plans, whether new construction, expansion, or modernization of facilities, to maximize use by all potential users, including people with disabilities. See ESPS 4 and its Guideline for additional details.

**GL61.** Gender Identity and Sexual Orientation. Projects may have variable impacts on people because of their gender identity or sexual orientation, due to their differentiated socioeconomic roles and their varying degrees of control over and access to assets, productive resources, and employment opportunities. There may be norms, societal practices, or legal barriers that impede the full participation of persons of one gender (usually women, but potentially men) as well as people of diverse sexual orientations and gender identities, in consultation, decision-making, or sharing of benefits. These barriers and societal norms and practices may lead to gender discrimination or inequality. The Borrower should assess gender-based risks and impacts through the E&S risks and impacts identification process and propose measures so that people of diverse gender identities and sexual orientations are not disadvantaged relative to others in the context of the project. This may include providing opportunities to enhance full participation and influence in decision-making and developing measures that allow people of all gender and sexual orientation equal access to compensation and benefits such as land titles and employment. See ESPS 9 and its Guideline.

**GL62.** African Descendants. African descendants are present throughout Latin America and the Caribbean and are known and self-identify by different names, such as Afro-descendants from their countries of origin (Afro-Colombian, Afro-Peruvian, etc.), negros, preto, pardos, palenqueros, quilombolas and creoles, among others. While their socio-economic and cultural characteristics may be varied, African descendants often represent a large section of the vulnerable and disadvantaged. Although they can be found in remote rural areas, they are also be concentrated in poor urban areas and can be excluded from mainstream society, depending on the national and/or local context. African descendants are recognized under international law and afforded specific anti-discrimination and collective rights protections (i.e., rights afforded to groups in addition to the rights of individuals) under the Durban Declaration and Programme of Action (2001) and the UN General Assembly Resolution 68/237 and other international human rights instruments such as the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD, 1969). The Inter-American Convention Against Racism, Racial Discrimination and Related Forms of Intolerance (A-68) (2013) and the Inter-American Convention Against All Forms of Discrimination and Intolerance (A-69) (2013) have been ratified by several countries in the region and provide specific protections for African descendants in Latin America and the Caribbean. These collective rights include (i) the right to property and to the use, conservation and protection of lands traditionally occupied by them; (ii) the rights to their cultural identity and heritage; and (iii) the right to prior consultation with respect to decisions that may affect their rights in accordance with international standards. The extent to which such rights are adopted in Borrower countries varies. In some countries these rights have been incorporated into national constitutions and/or laws.



## Management Programs

15. Consistent with the Borrower's policy and the objectives and principles described therein, the Borrower will establish management programs that, in sum, will describe mitigation and performance improvement measures and actions that address the identified environmental and social risks and impacts of the project.
16. Depending on the nature and scale of the project, these programs may consist of some documented combination of operational procedures, practices, plans, and related supporting documents, including legal agreements, that are managed in a systematic way.<sup>59</sup> The programs will apply broadly across the Borrower's organizational structure for project implementation, including contractors and primary suppliers over which the organization has control or influence, or to specific sites, facilities, or activities. The mitigation hierarchy to address identified risks and impacts will favor the avoidance of impacts over minimization, and, where residual impacts remain, compensation/offset, wherever technically<sup>60</sup> and financially feasible.<sup>61</sup>
17. Where the identified risks and impacts cannot be avoided, the Borrower will identify mitigation and performance measures and establish corresponding actions to ensure the project will operate in compliance with applicable laws and regulations and meet the requirements of ESPS 1 through 10. The level of detail and complexity of this collective management program and the priority of the identified measures and actions will be commensurate with the project's risks and impacts and will take account of the outcome of the engagement process with project-affected people and other relevant stakeholders as appropriate.
18. The management programs will establish environmental and social action plans,<sup>62</sup> which will define desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that

<sup>59</sup> Existing legal agreements between the Borrower and third parties that address mitigation actions with regard to specific impacts constitute part of a program.

<sup>60</sup> Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.

<sup>61</sup> Financial feasibility is based on considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable to the Borrower.

<sup>62</sup> Action plans may include an overall Environmental and Social Action Plan necessary for carrying out a suite of mitigation measures or thematic action plans, such as Resettlement Action Plans, Disaster Risk Action Plans, or Biodiversity Action Plans. Action plans may be plans designed to fill in the gaps of existing management programs to ensure consistency with the Environmental and Social Performance Standards, or they may be standalone plans that specify the project's mitigation strategy. The "Action Plan" terminology is understood by some communities of practice to mean management plans, or development plans. In this case, examples

can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. As appropriate, the management program will recognize and incorporate the role of relevant actions and events controlled by third parties to address identified risks and impacts. Recognizing the dynamic nature of the project, the management program will be responsive to changes in circumstances, unforeseen events, and the results of monitoring and review.

**GL63.** The Borrower should address E&S risks and impacts identified by the E&S assessment process, including the outcome of stakeholder engagement, through the development of measures and actions to avoid, minimize, mitigate, and/or compensate/offset them. The adoption and implementation of a mitigation hierarchy should be documented through the E&S assessment process and, where trade-offs between avoidance and mitigation/compensation are considered, should be justified and documented. The Borrower's approach should include costs and benefits considerations and a determination of to whom they accrue. Where E&S risks and impacts are within the Borrower's ability to control or influence, the Borrower should capture the mitigation or corrective measures in a set of management programs that can be incorporated into an ESMP and implemented and supervised through the ESMS.

**GL64.** The level of detail and complexity of the management programs should be commensurate with the project's nature, scope and E&S risks and potential impacts. Projects with significant E&S risks and adverse impacts where a full-scale ESIA is undertaken will typically require comprehensive management programs that address all the E&S risks and impacts identified by the assessment process and include action plans, procedures, practices, and legal agreements, as necessary, so that all mitigation measures are managed in a systematic way. Projects with low/moderate E&S risks and potential adverse impacts will require less elaborate management programs. In the case of existing facilities, the management programs should include corrective measures and actions to address aspects that do not meet ESPS requirements and other areas of improvement as may have been identified in the E&S audit as described above (see GL27). Similarly, management programs should reflect the findings of, and include specific recommended actions resulting from, specialized assessments and studies. Additional guidance on management programs can be found at <https://www.iadb.org/en/mpas/guidelines>.

**GL65.** Management programs should apply broadly across the Borrower's organizational structure for project implementation, including contractors, consultants and primary suppliers over which the Borrower has control or influence, and to specific project sites, facilities or activities. Management programs will include provisions and agreements relevant to Associated

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are numerous and include various types of environmental and social management plans.

Facilities and primary suppliers as appropriate. Where there is E&S risk associated with suppliers, impacts should be assessed and Borrowers should collaborate with third parties, as appropriate, to take necessary actions to the extent of their control or influence over such parties. All such actions should be incorporated into the Borrower's management programs.

**GL66.** The Borrower's management programs should also include internal performance monitoring measures to enhance implementation performance and measures relevant outputs and outcomes to the extent possible. These include measures such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, to ensure continuous improvement of performance in these areas. Such measures may be supplemented through third party performance reviews that are integrated into the monitoring aspect of the ESMS.

**GL67.** The Borrower should determine, document and allocate adequate financial resources and designate responsible personnel within the Borrower's organization to implement the management programs.

**GL68.** *Thematic Action Plans.* Considering the results of the E&S risks and impacts identification process, including the outcome of stakeholder engagement, the management programs should include thematic action plans where appropriate. Thematic action plans are plans designed to fill the gaps of existing management programs to meet the requirements of applicable ESPs and may include various types of environmental, health and safety, and social management plans, such as Biodiversity Action Plans, Water Resources Management Plans, Site Restoration Plans, Occupational/Community Health and Safety Plans, Community Development Plans, Resettlement Action Plans or Indigenous People Plans.

**GL69.** *The E&S Action Plan (ESAP).* Where required, the Borrower shall develop and implement an ESAP that describes the actions agreed with the lender that are required to meet the requirements of the ESPs. The ESAP is often part of the legal agreement with the IDB. The ESAP should not repeat all the measures of the management programs or thematic action plans, but it should focus on the most critical actions needed to meet the requirements of the ESPs. This tool can also help the Borrower to prioritize issues and allocate resources based on agreed measures and actions as the planning and development of the project progresses. The Borrower should not carry out any project activities that create significant risks or may cause material adverse impacts until the relevant plans, measures, or actions have been completed in accordance with the ESAP. The Borrower should establish mechanisms as part of its management programs to track and report on progress with the ESAP. Additional guidance on the content and structure of an ESAP can be found at <https://www.iadb.org/en/mpas/guidelines>.

**GL70.** Effective management programs should have an adaptive management component. Review of the management programs is a fundamental element of an effective ESMS and should be undertaken on a regular basis, but no less than on an annual basis, and whenever a significant incidents or events have occurred that has significantly affected implementation performance. The Borrower should develop and implement procedures to adjust policies

and practices and adapt actions and mitigation measures as appropriate based on the E&S monitoring data. This iterative process promotes dynamic decision making that takes into consideration uncertainties, recognizes the importance of variability of the social and natural systems, and supports adjustments to policies and practices as outcomes from management actions, mitigation measures and other events are better understood.

**GL71.** Results from independent E&S due diligence of projects conducted by multiple financiers may require the Borrower to carry out additional and different measures and actions to meet the requirements of multiple E&S standards in addition to the ESPSs. In those circumstances, all requirements and additional measures and actions should be incorporated into the Borrower's management programs.

## Organizational Capacity and Competency

- 19.** The Borrower, in collaboration with appropriate and relevant third parties, will establish, maintain, and strengthen as necessary an organizational structure that defines roles, responsibilities, and authority to implement the ESMS. Specific personnel with clear lines of responsibility and authority should be designated by the Borrower. Key environmental and social responsibilities should be well defined and communicated to the relevant personnel and to the rest of the Borrower's organization responsible for project implementation. Sufficient management sponsorship and human and financial resources will be provided on an on-going basis to achieve effective and continuous environmental and social performance.
- 20.** Personnel within the Borrower's organization with direct responsibility for the project's environmental and social performance will have the knowledge, skills, and experience necessary to perform their work, including current knowledge of the relevant regulatory requirements and the applicable requirements of ESPSs 1 through 10. Personnel will also possess the knowledge, skills, and experience to implement the specific measures and actions required under the ESMS and the methods required to perform the actions in a competent and efficient manner.
- 21.** The process of identification and monitoring of risks and impacts will consist of an adequate, accurate, and objective evaluation and presentation, prepared by competent professionals. For projects posing potentially significant adverse impacts or where technically complex issues are involved, Borrowers may be required to involve external experts to assist in the risks and impacts identification and monitoring processes throughout the project's lifecycle.

**GL72.** Successful implementation of management programs requires the commitment of the Borrower's management and personnel responsible for project implementation. Accordingly, the Borrower should designate specific in-house personnel (as well as external consultants, where necessary), including personnel in management functions with clear lines of responsibility and authority for the management of E&S issues. Personnel in management functions are a link between the Borrower's senior decision makers and personnel working in departments with direct responsibility for the implementation of E&S management programs. Personnel in management functions should be part of the decision-making process in relation to E&S issues.

**GL73.** Other departments and functions such as human resources, legal, procurement, and other specialist functions are important contributors to the ESMS and its successful implementation. Whereas it is expected that the management of E&S issues will be led by E&S professionals, how the Borrower integrates other departmental contributions into the project can greatly affect implementation performance. The role of individuals within the above departments with regards to the management of E&S risks and impacts will be commensurate with the scope and nature of E&S risks and impacts, the mitigation actions and the management programs. For example, managing training needs (human resources), contracts and contractor performance (procurement and legal), are examples of functions where non-E&S professionals play a role in ESMS implementation. Leveraging the focused contributions from many people throughout the Borrower's organization responsible for project implementation, under the guidance of management and E&S professionals, is essential to manage an organization's E&S risks. The Borrower must carefully consider how it will integrate requirements associated with the management of E&S risks and impacts throughout all project elements and components to achieve the desired level of performance. If functions are outsourced to contractors or third parties, the Borrower's agreement with these parties should include actions and measures necessary for the parties to perform the functions detailed in the agreement in a manner consistent with the ESMS and management programs. In large or complex projects, multiple personnel and operational units may be designated to support implementation of the ESMS. In smaller projects with limited E&S risks, one individual may be sufficient to undertake these functions. Key E&S responsibilities should be well defined and communicated to relevant personnel as well as to the rest of the Borrower's organization as appropriate. Sufficient human and financial resources should be allocated to those designated as responsible for the implementation of the ESMS and management programs.

**GL74.** Borrowers should consider the following questions to assess the adequacy of the project's overall organizational capacity and structure to manage and implement the ESMS and the management programs:

- How does the Borrower's organization responsible for project implementation identify and allocate the human, technical, and financial resources, including external experts, necessary to manage E&S performance?
- How has E&S management been integrated into the overall project management process?
- What is the process for balancing and resolving conflicts between E&S and other project objectives and priorities?

- What are the responsibilities and accountability of officials who manage, perform, and verify work affecting E&S issues including those related to human rights, gender, and natural hazards and climate change? Are these well-defined and documented?
- How have the Borrower's senior officials responsible for project implementation established, reinforced and communicated organizational commitments?
- Is there a process for periodic review of the ESMS in the event of changed project circumstances?

**GL75.** Borrowers can use in-house specialists, competent professionals and experts external to the organization to carry out the E&S risks and impacts identification process, provided that the applicable requirements of the ESPSs are met. The competent professional(s) conducting the E&S assessment process must be able to do so adequately, accurately and objectively, as well as have the requisite competence and experience. For projects with issues that may pose significant E&S risks and adverse impacts, Borrowers should (and, under certain circumstances, may be required to) retain qualified external experts to assist in the conduct of all or part of the E&S assessment. To be considered qualified, these external experts must have substantive and extensive experience in similar projects or in dealing with similar project circumstances. They should be involved early in the project's development phase and, as necessary, in the various stages of design, construction, and commissioning of the project. The services of qualified external experts may be required for specific issues under ESPSs 2 to 10.

**GL76.** The Borrower should identify the knowledge and skills necessary for implementation of the ESMS and management programs, including specific requirements of thematic action plans and the ESAP. Prior background, time in the job, training, skills development, ongoing education, and experience can all play a role in determining whether a person has sufficient knowledge and skills to carry out their part of the ESMS and management programs. The Borrower should consider all the above contributions to the background of their E&S professionals and other personnel with implementation responsibilities to determine whether they can be deemed competent to do what is required of them. If necessary, the Borrower should recommend new recruitment for the project to ensure it has in place competent specialists/professionals.

**GL77.** Training can support the development of the personnel's skills and knowledge. To be successful, training programs must be carefully designed and delivered. The Borrower should consider following key elements in the development and delivery of its training programs:

- Identification of training needs for the Borrower's and project personnel responsible for project implementation and E&S performance, contractor and primary supplier personnel and any other entity that will play a role in project implementation and monitoring activities. Training needs should be guided first and foremost by the nature and scope of the E&S risks and impacts that will be managed under the ESMS and management plans and must also consider the context for project implementation. Training should address codes of



conduct for project workers and consider past events (e.g., accidents, emergency situations, internal or external grievances), and shortcomings in performance as identified by audits and benchmarking with other government agencies or organizations or direct suggestions or requests from employees themselves.

- Identification of training needs is followed by the development of a training plan to address defined needs. Among other sections, the plan should include information on the training objectives, a proposed syllabus, the number of expected sessions and their duration, and the frequency with which sessions will be held.
- Verification of current/ongoing training programs to ensure consistency with organizational policy, ESPs requirements, and other applicable requirements such as regulatory considerations.
- Training of target personnel. This can be formal, informal (e.g., on-the-job), one-time, periodic, etc.
- Documentation of training received, to show to regulators or government agencies, financial institutions, etc., and to provide a record for the trainees as part of job or career development.
- Evaluation of training received to determine its effectiveness. Ascertaining whether the individual is now competent to carry out the task at hand confirms the success or failure of the training. If it is determined that the training program(s) is not effective, then the organization should review all aspects of the training (i.e., curriculum, delivery, competence of the trainer, etc.) as applicable to determine what should be changed, if anything, to obtain a successful outcome. The evaluation of personnel competence should be done on a regular basis, and specific measures, such as refresher training, included in the training program as necessary to maintain the necessary level of knowledge needed to perform assigned tasks.

**GL78.** The Borrower should ensure that personnel and third parties with direct responsibility for activities relevant to E&S performance are competent and have the knowledge and skills necessary to perform their work, including having current knowledge of the host country's regulatory requirements and the applicable requirements of ESPs 1 through 10.

**GL79.** When the project is likely to impact vulnerable or disadvantaged individuals or groups, the Borrower's personnel and contractors that will interact with such individuals or groups should be knowledgeable in the specific issues and cultural considerations related to such individuals or groups. Borrowers should consider hiring experts from disadvantaged and vulnerable backgrounds as they may be best suited to understand the realities of those groups. Specific training may also be required.

## Emergency Preparedness and Response

- 22.** Where the project involves specific activities, aspects and facilities that are likely to generate impacts, the ESMS will establish and maintain an emergency preparedness and response system so that the Borrower, in collaboration with appropriate and relevant third parties and relevant government agencies and authorities, will be prepared to respond to accidental and emergency situations associated with the project in a manner appropriate to prevent and mitigate any harm to people and/or the environment. This preparation will include the identification of areas where accidents and emergency situations may occur, communities and individuals that may be impacted, response procedures, provision of equipment and resources, designation of responsibilities, communication, including that with potentially project-affected people and other stakeholders, and periodic training to ensure effective response. The emergency preparedness and response activities will be periodically reviewed and revised as necessary to reflect changing conditions. The emergency preparedness and response measures will include disasters triggered by natural hazards and disease outbreak situations.
- 23.** Where applicable, the Borrower will also assist and collaborate with the potentially project-affected people and other stakeholders (see ESPS 4) and the local government agencies in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to ensure effective response. These emergency situations include those associated with the influx of temporary or permanent project labor. If local government agencies have little or no capacity to respond effectively, the Borrower will play an active role in preparing for and responding to emergencies associated with the project. The Borrower will document its emergency preparedness and response activities, resources, and responsibilities, and will provide appropriate information to people that are potentially affected, other stakeholders, and relevant government agencies.

**GL80.** The Borrower should address emergency preparedness and response in an integrated way. Where the project involves specifically identified activities, aspects and facilities that are likely to generate impacts, the Borrower, and contractors, as appropriate, should address contingencies associated with project activities and facilities and accidental circumstances through the development and use of emergency preparedness and response plans or other similar tools appropriate to the specific project aspects, construction activities or industry sector, as part of its ESMS. Where the consequences of emergency events are likely to extend beyond the project boundary or originate outside of the project boundary (e.g., hazardous material spill during transportation on public roadways), the Borrower is required to design emergency preparedness and response plans based on the risks to community health and safety identified during the E&S

risks and impacts identification process. Project-affected people should be actively involved in the development of emergency response protocols. Additional guidance on emergency preparedness and response is provided in the World Bank Group's EHSs, in both the General EHS Guidelines as well as in Industry Sector EHS Guidelines, and in ESPS 4 and its Guideline.

**GL81.** Effective emergency preparedness and response plans help Borrowers and their contractors prepare for the best outcomes while considering worst-case scenarios. Borrowers should define and clearly assign responsibilities for the assessment of the degree of risk to life, property and environment associated with project activities and facilities, with procedures on who and with whom to communicate regarding different types of emergencies. The level of planning and communication should be commensurate with the risks and potential impacts. These plans should define specific procedures based on the emergency level classification (i.e., emergency tiers). Procedures for shutting down project activities, equipment and production processes and for evacuations, including a designated safe meeting place (i.e., muster point), should be part of the emergency preparedness and response plans. Additionally, effective emergency plans should include specific training and practice (i.e., simulations and drills) schedules and equipment requirements for employees who are responsible for rescue operations, medical duties, threat and incident responses (e.g., hazardous material spill response), firefighting and other responses specific to the project activities, sites and facilities. Emergency plans should therefore address the following aspects of emergency preparedness and response:

- Identification of emergency scenarios
- Specific emergency response procedures
- Trained emergency response teams
- Emergency contacts and communication systems/protocols including communication with project-affected people where necessary
- Procedures for interaction with government authorities such as emergency, health, and environmental authorities, including appointment of focal points where appropriate
- Permanently stationed emergency equipment and facilities (e.g., first aid stations, firefighting equipment, spill response equipment, personal protection equipment for the emergency response teams)
- Protocols for the use of emergency equipment and facilities
- Clear identification of evacuation routes and muster points
- Emergency drills and their periodicity based on assigned emergency levels or emergency tiers
- Decontamination procedures and means to proceed with urgent remedial measures to contain, limit and reduce pollution within the physical boundaries of the project site to the extent possible
- Protocols for managing epidemics and pandemics.

## Monitoring and Review

- 24.** The Borrower will establish procedures to monitor and measure the effectiveness of the management program(s), as well as compliance with any related legal and/or contractual obligations and regulatory requirements. Where other government agencies or third parties have responsibility for managing specific risks and impacts and associated mitigation measures, the Borrower will establish and monitor such mitigation measures. Where appropriate, Borrowers will consider involving representatives from project-affected people and other stakeholders to participate in monitoring activities.<sup>63</sup> The Borrower's monitoring program should be overseen by the appropriate level in the project's organizational structure. For projects with significant impacts, the Borrower will retain external experts to verify its monitoring information. The extent of monitoring should be commensurate with the project's environmental and social risks and impacts and with compliance requirements.
- 25.** In addition to recording information to track performance and establishing relevant operational controls, the Borrower should use dynamic mechanisms, such as internal inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. Monitoring will normally include recording information to track performance and comparing this against the previously established benchmarks or requirements in the management program. Monitoring should be adjusted according to performance experience and actions requested by relevant regulatory authorities. The Borrower will document monitoring results and identify and reflect the necessary corrective and preventive actions in the amended management program and plans. The Borrower, in collaboration with appropriate and relevant third parties, will implement these corrective and preventive actions and follow up on these actions in upcoming monitoring cycles to ensure their effectiveness.
- 26.** The Borrower will prepare periodic performance reviews of the effectiveness of the ESMS, based on systematic data collection and analysis. The scope and frequency of such reporting will depend upon the nature and scope of the activities identified and undertaken in accordance with the Borrower's ESMS and other applicable project requirements. Based on results within these performance reviews, senior management will take the necessary and appropriate steps to ensure that the intent of the Borrower's policy is met, that procedures, practices, and plans are being implemented, and that they are seen to be effective.

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<sup>63</sup> For example, participatory water monitoring.

**GL82.** Monitoring is the Borrower's primary means for tracking and evaluating progress towards the implementation of the ESMS and management programs, including all action items specified in thematic action plans and the ESAP. Borrowers should establish a system for measuring and monitoring consisting of (i) the key E&S risks and impacts on project workers, project-affected people and communities, and the natural environment; (ii) compliance with laws and regulations; and (iii) progress in implementation of the ESMS and management programs. Depending on the nature of the project, it may be appropriate for the Borrower to establish, track and measure specific key performance indicators and other monitoring metrics over time to gauge the effectiveness of mitigation measures and management programs. This will help monitor compliance with the ESPs and national requirements as well as identify areas where implementation performance must be strengthened.

**GL83.** The type, extent and frequency of monitoring should be commensurate with the project's E&S risks and impacts. The nature of monitoring will vary in accordance with the stages in the project life cycle, from the early stages of design and construction to operation and eventual closure and decommissioning. For example, some factors, like noise and percussive impacts from the use of explosives in construction, may be limited to a narrow time horizon whereas the water quality of watercourses passing through the project area may need to be monitored for the entire life of the project, with adjustments to the methodology and frequency over time. The most common approaches to monitoring are:

- Monitoring by a party involved in the project, such as the Borrower's own personnel, construction contractors or supervising engineer
- Third-party monitoring, by an agent/party that has specific expertise and experience and is independent of the project, such as a specialized consulting firm, NGO, academia, aid organizations, UN agency, etc. This may also be appropriate in cases where Borrower expertise in a specific area is limited, or the monitoring requirement is highly technical and specific expertise is required.
- Participatory monitoring (see GL84)
- A combination of two or more of the above.

**GL84.** Participatory monitoring is monitoring carried out in whole or in part by members of the community, either with or without participation of the Borrower and/or a third party. Participatory monitoring can take different forms, from data collection, analysis and publishing and disseminating of the results to communities and other stakeholders, to observation of all or part of a monitoring process undertaken by others. The design of the participatory monitoring process should be tailored to the specific requirements of the project, the capacity of the individuals or community participating in the process, and the relative need for independent monitoring or verification of results. Participatory monitoring can be designed through an inclusive consultation process with the community and is an opportunity for capacity building within the community, one that can lead to long-term job creation and the development of transferrable technical, organizational and managerial skills. It also provides an opportunity for

transparency and building trust and it may lead to more effective process changes as project-affected people often have deeper knowledge with regards to E&S risks and impacts. It is essential that those involved in participatory monitoring are free from intimidation, manipulation, coercion, retaliation or reprisals against them or their families and communities (see ESPS 10 and its Guideline). Those involved in participatory monitoring should also be free of broader risks of conflict that generate reprisal concerns beyond the monitoring activity. Members of the community may or may not be paid for their contribution to project monitoring, depending on their willingness to engage in monitoring, and/or the need to remain independent of the Borrower. Taking part in such monitoring does not preclude people from raising grievances or concerns through the project-related grievance mechanism or access administrative or judicial remedies.

**GL85.** As part of the monitoring program(s) established under the ESMS, the Borrower should define key social monitoring indicators and quantitative and qualitative measures of success, including stakeholder engagement practices, to improve performance on the social issues identified or highlight areas where more effort is required. The nature and scope of social monitoring should reflect the risks and impacts of the project. It should help develop an understanding of the project's social performance in terms of, inter alia: (i) equality and inclusion in distribution of compensation and project benefits, employment opportunities, local content (including those related to gender and sexual orientation, minorities and their intersectionality); (ii) the quality of external relations and stakeholder engagement, including the nature and implications of stakeholder feedback through informal and formal channels; (iii) the functioning of worker and project-level community grievance mechanisms (see ESPS 2 and ESPS 10); (iii) impacts on cultural heritage; (iv) impacts on indigenous peoples and disadvantaged and vulnerable people; (vi) socio-economics of affected people and communities, such as employment, income levels, disposable income, access to utilities, housing standards, costs and availability of food, accommodation, land and property prices, land use changes; (vii) adverse impacts related to in-migration and worker influx and; (viii) impacts on human rights including those related to discrimination, harassment, violence, sexual and gender-based violence and excessive use of force.

**GL86.** Factors to be considered in establishing an environmental monitoring program typically include, but are not limited to, engineering estimates, modelling results, baseline data, noise, ambient water quality and quantity (both surface and groundwater), air quality, soil quality, and workplace contaminants. For certain projects in natural or critical habitats, biodiversity monitoring can be an important element of the project's monitoring program (see ESPS 3 and ESPS 6 and their respective Guideline). The focus and extent of the monitoring should be commensurate with the risk of pollutant releases as related to the sensitivity of the surrounding areas, considering project-affected people's perception of risks to their health and environment resulting from the project. Appropriate processes should be in place to ensure the reliability of data, such as calibration of instruments, testing of equipment, and software and hardware sampling. Specific environmental monitoring measures consist of the parameters to be measured, sampling and analytical methods to be used, sampling locations, frequency of



measurements, detection limits (where appropriate), and the definition of thresholds that signal the need for corrective actions. Where external laboratories or other analytical services are required to analyze samples, these should be certified at least under nationally recognized schemes to ensure measurements and data provided are accurate, defensible, and reliable.

**GL87.** Monitoring results should be documented, and the necessary corrective and preventive actions identified and documented as well. Borrowers should also ensure that these corrective and preventive actions have been implemented and that there is a systematic follow-up to ensure their effectiveness, both internally and through engagement with project-affected people. Certain monitoring activities (e.g., water sampling for laboratory analysis) are often carried out by specialized professionals or external experts. In certain cases, due diligence conducted by co-financiers may result in additional monitoring and verification requirements that can be integrated into a single monitoring program. Findings of these external monitoring activities should be included in corrective or preventive actions, as appropriate. Participatory monitoring should be considered where appropriate, particularly for projects with potentially significant adverse E&S risks and impacts. In these cases, the Borrower should have the capacity of those participating in the monitoring evaluated and arrange for training and guidance as appropriate.

**GL88.** The outcome of monitoring may indicate that the mitigation measures in the management programs need to be adjusted. As part of on-going review and update of its ESMS, the Borrower should adjust and update the management programs as needed, but no less than annually, so that they adequately address changes in E&S risks and impacts arising from any change in project activities and from any other uncertainty, recognizing the variability of social and natural systems. For example, during construction of a hydropower dam, GIIP may require daily monitoring of water quality to assess impacts on downstream users. Once construction is completed, less frequent monitoring may be appropriate.

**GL89.** Even where a government agency (other than the Borrower) or other third party has the day-to-day responsibility for E&S risks and impacts management and the implementation of E&S mitigation measures, the Borrower is expected to monitor the implementation of such measures. Comprehensive monitoring should identify and assess completeness, effectiveness and potential gaps of mitigation measures and management plans implemented by other parties.

**GL90.** The results of E&S monitoring should be documented and evaluated. Periodic reporting of monitoring results and general progress should be established within the Borrower's organization responsible for project implementation, in accordance with the ESMS. Reports should be shared with project-affected people and other stakeholders in accordance with the project's stakeholder engagement practices. Reports should provide the information and data needed to determine compliance with applicable ESPS requirements and relevant host country legal requirements and progress on implementing the management programs. The format and content of these reports should reflect the scope and nature of the project and associated

E&S risks and impacts and should include a summary of findings and recommendations. The formats of these reports are generally agreed with lenders and with regulatory authorities. This information should also be made available broadly within the Borrower's organization responsible for project implementation, and to others as appropriate.

**GL91.** Key questions to ask when considering the type, extent, scope, frequency, and management of a monitoring program include:

- How should E&S performance be regularly monitored?
- Have specific quantitative and/or qualitative performance indicators been established that relate to the Borrower's compliance requirements and to the ESMS and management programs? If so, what are they?
- What control processes are in place to regularly calibrate and sample environmental measuring and monitoring equipment and systems?
- What are the key measures and indicators that best support adaptive management practices?
- What social monitoring methods are in place to track social impacts and assess effectiveness of mitigation measures and development outcomes?
- How has participatory monitoring been promoted and facilitated within the context of the project?
- What is the process to periodically evaluate compliance with laws and regulations, and what E&S information is reported to the Borrower's senior management, other financiers, and Project-Affected People?
- What is the process should situations of non-compliance be identified through monitoring measures?
- How is this information managed?
- Is information made available to those who need it when they need it?
- Who needs to be engaged to support the proper functioning of the ESMS both within the organization and outside it?

## Stakeholder Engagement

- 27.** Stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the successful management of a project's environmental and social impacts.<sup>64</sup> Stakeholder engagement is an ongoing process that may involve, in varying degrees, the following elements: stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanisms, and ongoing reporting to project-affected people and other

<sup>64</sup> Requirements regarding engagement of workers and related grievance redress procedures are found in ESPS 2. In situations where project workers have conjoint interests with project-affected people or other stakeholders, they will be included in the stakeholder engagement process, including consultations, monitoring, and mitigation, as appropriate.

stakeholders. The nature, frequency, and level of effort of stakeholder engagement may vary considerably and will be commensurate with the project's risks and adverse impacts, and the project's phase of development. The requirements related to stakeholder engagement and information disclosure are further described in ESPS 10.

## Stakeholder Analysis and Engagement Planning

- 28.** Borrowers should identify the range of stakeholders that may be interested in their actions and consider how external communications might facilitate a dialogue with all stakeholders (paragraph 34 below). Where projects involve specific activities, aspects and/or facilities that are likely to generate adverse environmental and social impacts to project-affected people, the Borrower will identify the project-affected people and other relevant stakeholders and will meet the relevant requirements described below.
- 29.** The Borrower will develop and implement a Stakeholder Engagement Plan that is scaled to the project risks and impacts and development stage and is tailored to the characteristics and interests of the project-affected people and other relevant stakeholders. Where applicable, the Stakeholder Engagement Plan will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable. When the stakeholder engagement process depends substantially on community representatives,<sup>65</sup> the Borrower will make every reasonable effort to verify that such persons do in fact represent the views of project-affected people and that they can be relied upon to faithfully communicate the results of consultations to their constituents.
- 30.** In cases where the exact location of specific project activities is not yet known but is reasonably expected to have significant impacts on local communities, the Borrower will prepare a Stakeholder Engagement Framework as part of its management program, outlining general principles and a strategy to identify project-affected people and other relevant stakeholders and plan for an engagement process compatible with this ESPS. The process will be implemented once the physical location of project activities is known and sufficiently defined to allow the necessary assessment to take place.

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<sup>65</sup> For example, community and religious leaders, local government representatives, civil society representatives, politicians, schoolteachers, and/or others representing one or more affected stakeholder groups.

**GL92.** Stakeholder engagement is a vital and essential component of the ESMS. The purpose of stakeholder engagement is to establish and maintain a constructive relationship with a variety of external stakeholders over the life of the project. For the purposes of the ESPSs, stakeholders are defined as persons, groups and communities external to the core activities of a project who may be affected by the project or have interest in it. This may include individuals, businesses, communities, local government authorities, local NGOs and institutions, and other interested or affected parties. Stakeholder identification consists of the identification of the various individuals, groups and communities who may have an interest in the project or who may affect or be affected by the project.

**GL93.** Stakeholder engagement offers structured pathways to:

- Inform people about the project in general and about the specific E&S risks and impacts and how it might affect people.
- Learn from stakeholders about the project area of influence.
- Learn from stakeholders about potential alternatives.
- Listen and talk to people about their concerns, answer their questions and deal with any grievances they may have.
- Have a structured dialog with project-affected people and interested parties through consultations, email, webinars, and other forms of communication.
- Integrate relevant stakeholder comments and concerns into project design, preparation and implementation in order to improve the project, minimize its adverse impacts, and increase its potential benefits.

**GL94.** Stakeholder engagement is a fundamental element of the E&S risks and impacts identification process and the development of mitigation measures and management plans. Borrower requirements for stakeholder engagement are provided in ESPS 10 and its accompanying Guidelines.

## Disclosure of Information

- 31.** Disclosure of relevant project information helps project affected people and other stakeholders understand the risks, impacts, potential opportunities and development benefits of the project. The Borrower will provide project-affected people and other stakeholders with access to relevant information<sup>66</sup> on: (i) the purpose, nature, and

<sup>66</sup> Depending on the scale of the project and significance of the risks and impacts, relevant document(s) could range from full Environmental and Social Assessments and Action Plans (i.e., Stakeholder Engagement Plan, Resettlement Action Plans, Biodiversity Action Plans, Hazardous Materials Management Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, Ecosystem Restoration Plans, socio-cultural analysis and Indigenous Peoples Development Plans, etc.) to easy-to-understand summaries of key issues and commitments. These documents could also include the Borrower's environmental and social policy and any

scale of the project; (ii) the duration of proposed project activities; (iii) any risks to and potential impacts on such communities and relevant mitigation measures; (iv) the envisaged stakeholder engagement process; (v) the grievance mechanism; and (vi) potential opportunities and development benefits of the project.

**GL95.** Disclosure of information and transparency are essential pre-requisites for meaningful engagement with stakeholders and for accountability and regulatory oversight to function effectively. Disclosure is therefore an essential component of the ESMS and is dealt with comprehensively in ESPS 10 and its Guideline.

## Meaningful Consultation

- 32.** When project-affected people and other stakeholders are subject to identified risks and adverse impacts from a project, the Borrower will undertake a process of consultation in a manner that provides opportunities to the project-affected people and other relevant stakeholders, without fear of reprisal, to express their views on project risks, impacts, and mitigation measures, as well on access to potential opportunities and development benefits, and allows the Borrower to consider and respond to them.
- 33.** The Borrower will carry out meaningful consultation on an ongoing basis as issues, impacts, and potential opportunities and development benefits evolve. The extent and degree of engagement required by the consultation process should be commensurate with the project's risks and adverse impacts and with the concerns raised by project-affected people and other relevant stakeholders. Meaningful and effective consultation is a two-way process that (i) begins early in the project planning process to gather initial views on the project proposal and inform project design; (ii) encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts; (iii) is ongoing, as risks and impacts arise; (iv) is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful, and easily accessible information which is in a culturally appropriate local language(s) and format and is understandable to stakeholders; (v) considers and responds to feedback; (vi) supports active and inclusive<sup>67</sup> engagement with project-affected people and other stakeholders; (vii) is free of external manipulation, interference, coercion, discrimination, retaliation, and intimidation; and (viii) the Borrower documents and discloses. The Borrower will

supplemental measures and actions defined as a result of independent due diligence conducted by financiers.

<sup>67</sup> Such as men, women, the elderly, youth, displaced persons, and vulnerable and disadvantaged persons or groups.

tailor its consultation process to the language preferences of the project-affected people, their decision-making process, and the needs of disadvantaged or vulnerable groups. If Borrowers have already engaged in such a process, they will provide adequate documented evidence of such engagement.

- 34.** For projects with potentially significant adverse impacts on project-affected people, the Borrower will conduct an Informed Consultation and Participation (ICP) process that will build upon the steps outlined above in Meaningful Consultation and will result in the project-affected people's informed participation. ICP involves a more in-depth exchange of views and information and an organized and iterative consultation, leading to the Borrower's incorporating into their decision-making process the views of the project-affected people on matters that affect them directly or indirectly, such as the proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The consultation process should (i) capture the views of people of all genders, if necessary, through separate forums or engagements and (ii) reflect different concerns and priorities of people of all genders about impacts, mitigation mechanisms, and benefits, where appropriate. The Borrower will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on project-affected people and will inform those affected about how their concerns have been considered.

**GL96.** To be considered meaningful and consistent with GIIP, all aspects of stakeholder engagement must be free of:

- Manipulation, such as invoking fear, obligation or guilt to influence people's behavior such as bribery, threats to family livelihood, accusing people of being unpatriotic and selfish.
- Interference, such as actions to disrupt or alter processes and outcomes, such as skewing attendance at public meetings by various means.
- Intimidation, such as causing people to feel threatened and afraid such that they remain silent or do not voice their views and opinions.
- Coercion, such as persuading people to do (or not do) something by use of force or threat such as compelling people to give positive feedback on a project.
- Discrimination, such as unjust or prejudicial treatment of people based on characteristics such as race and religion. This might involve preventing certain people from participating in stakeholder engagement.
- Retaliation, such as taking negative action against people for their actions or comments, such as disallowing benefits, withdrawing entitlements, harassment and physical violence.
- Punishment, such as imposing a penalty as retribution for an action or inaction or non-compliant behavior, including fines, legal action and imprisonment.



**GL97.** Meaningful consultation is an essential component of the ESMS and is dealt with comprehensively in ESPs 9 and 10 and their respective Guideline.

**GL98.** Assessment of the contextual risk can provide the Borrower with insights into how to adjust stakeholder engagement to fit the context. The Borrower should consult a wide spectrum of sources to assess contextual risk, including publicly available information from agencies and institutions involved in human rights advocacy and monitoring, such as reports of UN agencies and the case-law of the Inter-American Court of Human Rights, third party reports on the host government, NGO reports, international press, and academic research.

## Indigenous Peoples

**35.** For projects with adverse impacts to Indigenous Peoples, the Borrower is required to engage them in a process of culturally appropriate ICP and in certain circumstances the Borrower is required to obtain their FPIC. The requirements related to Indigenous Peoples and the definition of the special circumstances requiring FPIC are described in ESPS 7.

**GL99.** A Socio-Cultural Analysis (SCA) should be carried out if screening indicates the presence of a community of indigenous peoples in the project's area of influence. The SCA should inform measures for a culturally appropriate engagement process. Under certain circumstances the free, prior and informed consent (FPIC) of indigenous peoples will be required as part of the engagement process. See ESPS 7 and ESPS 10 and their respective Guideline.

## African Descendants

**36.** For projects with adverse impacts to African descendants, the Borrower is required to: (i) engage project-affected African descendant people and communities in a process of culturally appropriate ICP and (ii) propose and implement culturally appropriate measures to avoid or minimize risks to and adverse impacts throughout the project's life cycle. The Borrower will also ensure that the collective rights of African descendants, as recognized by national laws or applicable international law, are fully respected.

**GL100.** Under certain project circumstances, depending on the level of foreseen impacts, the Borrower should consider differentiated measures to provide information and facilitate and promote the engagement of African descendants so that the engagement is meaningful and culturally appropriate in accordance with the requirements of ESPS 10. African descendants may be reluctant to self-identify as such, due to experience or fear of discrimination, and may be hesitant to participate in stakeholder engagement due to concerns over recrimination. As such, stakeholder engagement should provide opportunities for anonymous feedback. The Borrower may need to employ specialists with expertise and experience with African descendants to help identify individuals, groups, and local communities that may be affected by the project and to assist in establishing culturally appropriate stakeholder engagement approaches that provide an atmosphere of safety needed for meaningful consultations to take place. National requirements in some countries afford them the right for FPIC under certain project circumstances.

### Government Collaboration and Coordination for Stakeholder Engagement

- 37.** Where stakeholder engagement is the responsibility of a government agency that is not involved in project implementation, the Borrower will collaborate with the responsible government agency to achieve outcomes that meet the objectives of this ESPS. In addition, where necessary, the Borrower will play an active role during the stakeholder engagement planning, implementation, and monitoring process to support the achievements of the objectives of this ESPS. If the process conducted by a government agency not involved in project implementation does not meet the relevant requirements of this ESPS, the Borrower will conduct a complementary process and, where appropriate, identify supplemental actions.

**GL101.** Stakeholder engagement should be undertaken by people who have the competency and experience to carry out the activities required to ensure meaningful consultation takes place with project-affected people and interested parties. Borrowers should therefore discuss with responsible agencies how their expectations and requirements under the ESPSs, ESMS and GIIP can be met by the government agency and if, and how, the Borrower might assist in the process. For further information see ESPS 10 and its accompanying Guidelines.

## External Communications and Grievance Mechanisms

### *External Communications*

- 38.** Borrowers will implement and maintain a procedure for external communications that includes methods to (i) receive and register external communications from the public; (ii) screen and assess the issues raised and determine how to address them; (iii) provide, track, and document responses, if any; and (iv) adjust the management program, as appropriate. In addition, Borrowers are encouraged to make publicly available periodic reports on their environmental and social sustainability.

**GL102.** External communication is an essential component of engagement with stakeholders, especially project-affected people. The nature of project-related external communications approaches can have a fundamental impact on the views, feelings and perceptions of project-affected people and other stakeholders and interested parties about a project. It is important therefore for the Borrower to understand stakeholder characteristics and the nature of its audiences, and to develop a communications strategy that fosters consistent approaches to external communication that are socially and culturally sensitive and appropriate and that touches on aspects that are important to them. The strategy should be executed by qualified personnel and be based upon a variety of information formats and pathways. An external communications strategy is not the same as a stakeholder engagement strategy. External communications activities can include newsletters, publications in the media, radio broadcasts and direct engagement of the Borrower's community liaison officers with communities. Information, questions and concerns from stakeholders must be received in good faith and addressed promptly. All external communications activities need to be documented and reviewed with a view to assessing their effectiveness. For further information see ESPS 10 and its Guidelines.

### *Grievance Mechanism*

- 39.** The Borrower will establish a grievance mechanism to receive and facilitate resolution of concerns and grievances about the Borrower's environmental and social performance. The grievance mechanism should be scaled to the risks and adverse impacts of the project and have project-affected people as its primary user. It should seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate, readily accessible, in accessible formats, and at no cost and without retribution to the party that originated the issue or concern. The mechanism should not impede access to judicial or administrative remedies. The mechanism should consider the use of accessible

formats for the different physical, sensory, and/or cognitive needs. The Borrower will inform project-affected people about the project's grievance mechanism and the IDB's Independent Consultation and Investigation Mechanism<sup>68</sup> in the course of the stakeholder engagement process.

**GL103.** The Borrower should establish a grievance mechanism in an accessible format as early as possible in the life of project to receive and facilitate expeditious resolution of stakeholders' concerns and grievances about environmental and social performance. The scope of the grievance mechanism should be proportional to the risks and adverse impacts of the project and should generally be managed or overseen through the project's ESMS.

**GL104.** The grievance mechanism will address concerns and grievances promptly and effectively, in a transparent manner that is accessible, culturally appropriate, free from manipulation, interference, coercion, intimidation and retribution, and be readily accessible to project-affected people and other relevant stakeholders, at no cost to them. The Borrower will inform stakeholders about the grievance mechanism during its engagement activities, and report regularly to the public on its implementation, protecting the privacy of affected individuals. For further information see ESPS 10 and its accompanying Guidelines.

## On-going Reporting to Project-Affected People and Other Relevant Stakeholders

**40.** The Borrower will provide periodic reports to project-affected people and other relevant stakeholders that describe progress with project implementation, action plans on issues that involve on-going risk to or impacts on project-affected people and on issues that the consultation process or grievance mechanism have identified as a concern to those communities. If the management program results in material changes in or additions to the mitigation measures or actions described in the action plans on issues of concern to the project-affected people and other relevant stakeholders, the updated relevant mitigation measures or actions will be communicated to them. The frequency of these reports will be proportionate to the concerns of project-affected people and other relevant stakeholders but not less than annually.

<sup>68</sup> Access to the IDB's Independent Consultation and Investigation Mechanism is not contingent upon having exhausted the recourse offered by the project's grievance mechanism.

**GL105.** The Borrower should provide periodic reports to project-affected people and other relevant stakeholders on implementation of the project and management programs. The periodicity and nature of the reports may vary throughout the life of the project. In the early stages, such as when construction is ongoing, monthly or even weekly updates may be necessary. Reports may focus on different issues in different ways. For example, it may be appropriate for the results of water quality monitoring to be shared monthly while construction activities taking place near villages may require more frequent sharing of information so that stakeholders can give feedback on how mitigation measures are working. The Borrower should also report on amendments and updates to the management programs that are material to project-affected people and other stakeholders.

