

Earth is our Business

changing the rules of the game

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NEW WORLD BANK ASSESSMENT RULES¹

WORLD BANK OPERATIONAL POLICY ENVIRONMENTAL ASSESSMENT

1. The Bank requires environmental assessment (EA) of projects proposed for Bank financing to help ensure that they are environmentally sound and sustainable, and thus to improve decision making.
2. EA is a process whose breadth, depth, and type of analysis depend on the nature, scale, and potential environmental impact of the proposed project. EA evaluates a project's potential environmental risks and impacts in its area of influence; examines project alternatives; identifies ways of improving project selection, siting, planning, design, and implementation by preventing, minimizing, mitigating, or compensating for adverse environmental impacts and enhancing positive impacts; and includes the process of mitigating and managing adverse environmental impacts throughout project implementation. The Bank favours preventive measures over mitigatory or compensatory measures, whenever feasible.
3. EA takes into account the natural environment (air, water, and land); human health and safety; social aspects (involuntary resettlement, indigenous peoples, and physical cultural

¹ for original World bank Operational Policy 4.01 Environmental Assessment and Definitions see: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/ENVIRONMENT/EXTENVASS/0,,contentMDK:20482643~menuPK:1182608~pagePK:148956~piPK:216618~theSitePK:407988,00.html>

resources); and transboundary and global environmental aspects.² EA considers natural and social aspects in an integrated way. It also takes into account the variations in project and country conditions; the findings of country environmental studies; national environmental action plans; the country's overall policy framework, national legislation, and institutional capabilities related to the environment and social aspects; and obligations of the country, pertaining to project activities, under relevant international environmental treaties and agreements. The Bank does not finance project activities that would contravene such country obligations, as identified during the EA. EA is initiated as early as possible in project processing and is integrated closely with the economic, financial, institutional, social, and technical analyses of a proposed project.

4. The borrower is responsible for carrying out the EA. For Category B projects, the borrower retains independent EA experts not affiliated with the project to carry out the EA. The borrower must engage an advisory panel of independent, internationally recognized environmental specialists to advise on all aspects of the project relevant to the EA. The role of the advisory panel depends on the degree to which project preparation has progressed, and on the extent and quality of any EA work completed, at the time the Bank begins to consider the project.
5. The Bank advises the borrower on the Bank's EA requirements. The Bank reviews the findings and recommendations of the EA to determine whether they provide an adequate basis for processing the project for Bank financing. When the borrower has completed or partially completed EA work prior to the Bank's involvement in a project, the Bank reviews the EA to ensure its consistency with this policy. The Bank will make all EA's available for public consultation and disclosure.
6. The Pollution Prevention and Abatement Handbook describes pollution prevention and abatement measures and emission

2 Global environmental issues include climate change, ozone-depleting substances, pollution of international waters, and adverse impacts on biodiversity.

levels that are normally acceptable to the Bank. The handbook meets the standards set by the Ecocide Act. The EA report must provide full and detailed justification for the levels and approaches chosen for the particular project or site.

EA Instruments

7. Depending on the project, a range of instruments can be used to satisfy the Bank's EA requirement: environmental impact assessment (EIA), regional or sectoral EA, strategic environmental and social assessment (SESA), environmental audit, hazard or risk assessment, environmental management plan (EMP) and environmental and social management framework (ESMF). EA applies one or more of these instruments, or elements of them, as appropriate. When the project is likely to have sectoral or regional impacts, sectoral or regional EA is required.

Environmental Screening

8. The Bank undertakes environmental screening of each proposed project to determine the appropriate extent and type of EA. The Bank classifies the proposed project into one of four categories, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts.
 - a. Category A: A proposed project is classified as Category A if it is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works. EA for all projects examines the project's potential negative and positive environmental impacts, compares them with those of feasible alternatives (including the 'without project' situation), and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance.

When a project is classified as Category A, a report will be submitted to the relevant authorities for consideration for criminal prosecution.

- b. Category B: A proposed project is classified as Category B if its potential adverse environmental impacts on human populations or environmentally important areas – including wetlands, forests, grasslands, and other natural habitats – are less adverse than those of Category A projects. These impacts are site-specific; none are irreversible and mitigatory measures can be designed. The scope of EA for a Category B project may vary from project to project, and will examine the project's potential negative and positive environmental impacts, compares them with those of feasible alternatives (including the 'without project' situation), and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. The findings and results of Category B EA are described in the project documentation (Project Appraisal Document and Project Information Document).
- c. Category C: A proposed project is classified as Category C if it is likely to have minimal or no adverse environmental impacts. Beyond screening, no further EA action is required for a Category C project.
- d. Category FI: A proposed project is classified as Category FI if it involves investment of Bank funds through a financial intermediary, in subprojects that may result in adverse environmental impacts.

EA FOR SPECIAL PROJECT TYPES

Sector Investment Lending

9. For sector investment loans (SILs), during the preparation of each proposed subproject, the project coordinating entity or implementing institution carries out appropriate EA

according to country requirements and the requirements of this policy. The Bank appraises and, if necessary, includes in the SIL components to strengthen, the capabilities of the coordinating entity or the implementing institution to:-

- a. screen subprojects,
- b. obtain the necessary expertise to carry out EA,
- c. review all findings and results of EA for individual subprojects,
- d. ensure implementation of mitigation measures (including, where applicable, an EMP), and
- e. monitor environmental conditions during project implementation.

If the Bank is not satisfied that adequate capacity exists for carrying out EA, all Category A subprojects and, as appropriate, Category B subprojects – including any EA reports – will be refused.

Financial Intermediary Lending

10. For a financial intermediary (FI) operation, the Bank requires that each FI screen proposed subprojects and ensure that subborrowers carry out World Bank standard of EA for each subproject. Before approving a subproject, the FI must verify (through its own staff, outside experts, or existing environmental institutions) that the subproject meets the environmental requirements of the Ecocide Act and is consistent with this OP.
11. In appraising a proposed FI operation, the Bank reviews the adequacy of country environmental requirements relevant to the project and the proposed EA arrangements for subprojects, including the mechanisms and responsibilities for environmental screening and review of EA results. When necessary, the Bank ensures that the project includes components to strengthen such EA arrangements. For FI operations expected to have Category A subprojects, prior to the Bank's appraisal each identified participating FI provides to the Bank a written assessment of the institutional mechanisms

(including, as necessary, identification of measures to strengthen capacity) for its subproject EA work. Where the Bank is not satisfied that adequate capacity exists for carrying out EA, all subprojects – including EA reports – are subject to prior review and approval by the Bank and will be submitted for consideration for criminal prosecution.

Emergency Operations under OP 8.00

12. The policy set out in OP 4.01 normally applies to emergency operations processed under OP/BP 8.00, Rapid Response to Crises and Emergencies. However, when compliance with any requirement of this policy would prevent the effective and timely achievement of the objectives of an emergency operation, the Bank may exempt the project from such a requirement. The justification for any such exemption is recorded in the loan documents. In all cases, however, the Bank requires at a minimum that (a) the extent to which the emergency was precipitated or exacerbated by inappropriate environmental practices be determined as part of the preparation of such projects, and (b) any necessary corrective measures be built into either the emergency operation or a future lending operation.

Institutional Capacity

13. When the borrower has inadequate legal or technical capacity to carry out key EA-related functions (such as review of EA, environmental monitoring, inspections, or management of mitigatory measures) for a proposed project, the project includes components to strengthen that capacity.

Public Consultation

14. For all Category B projects proposed for IBRD or IDA financing, during the EA process, the borrower consults project-affected groups and local nongovernmental organisations (NGOs) about the project's environmental aspects and takes their views and must justify any departure

from their recommendations in the final decision. The borrower initiates such consultations as early as possible. For Category B projects, the borrower consults these groups at least twice: (a) shortly after environmental screening and before the terms of reference for the EA are finalized; and (b) once a draft EA report is prepared. In addition, the borrower consults with such groups throughout project implementation as necessary to address EA-related issues that affect them.

Disclosure

15. For meaningful consultations between the borrower and project-affected groups and local NGOs on all projects proposed for IBRD or IDA financing, the borrower provides relevant material in a timely manner prior to consultation and in a form and language that are understandable and accessible to the groups being consulted.
16. For a Category B project, the borrower provides for the initial consultation a summary of the proposed project's objectives, description, and potential impacts; for consultation after the draft EA report is prepared, the borrower provides a summary of the EA's conclusions. In addition, for a Category B project, the borrower makes the draft EA report available at a public place accessible to project-affected groups and local NGOs. For SILs and FI operations, the borrower/FI ensures that EA reports for all subprojects are made available in a public place accessible to affected groups and local NGOs.
17. Any separate Category B report for a project proposed for IDA financing is made available to project-affected groups and local NGOs. Public availability in the borrowing country and official receipt by the Bank of Category B reports for projects proposed for IBRD or IDA financing are prerequisites to Bank appraisal of these projects.
18. Once the borrower officially transmits the Category B EA report to the Bank, the Bank distributes the summary (in English) to the executive directors (EDs) and makes the report available through its InfoShop. If the borrower objects

to the Bank's releasing an EA report through the World Bank InfoShop, Bank staff (a) do not continue processing an IDA project, or (b) for an IBRD project, submit the issue of further processing to the EDs.

Implementation

19. During project implementation, the borrower reports on (a) compliance with measures agreed with the Bank on the basis of the findings and results of the EA, including implementation of any EMP, as set out in the project documents; (b) the status of mitigatory measures; and (c) the findings of monitoring programs. The Bank bases supervision of the project's environmental aspects on the findings and recommendations of the EA, including measures set out in the legal agreements, any EMP, and other project documents.

Definitions

1. *Environmental audit*: An instrument to determine the nature and extent of all environmental areas of concern at an existing facility. The audit identifies and justifies appropriate measures to mitigate the areas of concern, estimates the cost of the measures, and recommends a schedule for implementing them. For certain projects, the EA report may consist of an environmental audit alone; in other cases, the audit is part of the EA documentation.
2. *Environmental impact assessment (EIA)*: An instrument to identify and assess the potential environmental impacts of a proposed project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures. Projects and subprojects need EIA to address important issues not covered by any applicable regional or sectoral EA.
3. *Environmental management plan (EMP)*: An instrument that details (a) the measures to be taken during the implementation and operation of a project to eliminate adverse environmental impacts; and (b) the actions needed to implement these measures. The EMP is an integral part of Category B EAs

(irrespective of other instruments used). EAs for Category C projects may also result in an EMP.

4. *Environmental and social management framework (ESMF)*: An instrument that examines the issues and impacts associated when a project consists of a program and/or series of sub-projects, and the impacts cannot be determined until the program or sub-project details have been identified. The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social impacts. It contains measures and plans to reduce, mitigate and/or offset adverse impacts and enhance positive impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project impacts. The term 'Environmental Management Framework' or 'EMF' may also be used.
5. *Hazard assessment*: An instrument for identifying, analyzing, and controlling hazards associated with the presence of dangerous materials and conditions at a project site. The Bank requires a hazard assessment for projects involving certain inflammable, explosive, reactive, and toxic materials when they are present at a site in quantities above a specified threshold level. For certain projects, the EA report may consist of the hazard assessment alone; in other cases, the hazard assessment is part of the EA documentation.
6. *Project area of influence*: The area likely to be affected by the project, including all its ancillary aspects, such as power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, and construction camps, as well as unplanned developments induced by the project (e.g., spontaneous settlement, logging, or shifting agriculture along access roads). The area of influence may include, for example,
 - a. the watershed within which the project is located;
 - b. any affected estuary and coastal zone;
 - c. off-site areas required for resettlement or compensatory tracts;

- d. the airshed (e.g., where airborne pollution such as smoke or dust may enter or leave the area of influence;
 - e. migratory routes of humans, wildlife, or fish, particularly where they relate to public health, economic activities, or environmental conservation; and
 - f. areas used for livelihood activities (hunting, fishing, grazing, gathering, agriculture, etc.) or religious or ceremonial purposes of a customary nature.
7. *Regional EA*: An instrument that examines environmental issues and impacts associated with a particular strategy, policy, plan, or program, or with a series of projects for a particular region (e.g., an urban area, a watershed, or a coastal zone); evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the issues and impacts; and recommends broad measures to strengthen environmental management in the region. Regional EA pays particular attention to potential cumulative impacts of multiple activities.
8. *Risk assessment*: An instrument for estimating the probability of harm occurring from the presence of dangerous conditions or materials at a project site. Risk represents the likelihood and significance of a potential hazard being realized; therefore, a hazard assessment often precedes a risk assessment, or the two are conducted as one exercise. Risk assessment is a flexible method of analysis, a systematic approach to organizing and analyzing scientific information about potentially hazardous activities or about substances that might pose risks under specified conditions. The Bank routinely requires risk assessment for projects involving handling, storage, or disposal of hazardous materials and waste, the construction of dams, or major construction works in locations vulnerable to seismic activity or other potentially damaging natural events. For certain projects, the EA report may consist of the risk assessment alone; in other cases, the risk assessment is part of the EA documentation.

9. *Sectoral EA*: An instrument that examines environmental issues and impacts associated with a particular strategy, policy, plan, or program, or with a series of projects for a specific sector (e.g., power, transport, or agriculture); evaluates and compares the impacts against those of alternative options; assesses legal and institutional aspects relevant to the issues and impacts; and recommends broad measures to strengthen environmental management in the sector. Sectoral EA pays particular attention to potential cumulative impacts of multiple activities.
10. *Strategic environmental and social assessment (SESA)*: An instrument that describes analytical and participatory approaches that aim to integrate environmental and social considerations into policies, plans and programs and evaluate their inter linkages with economic considerations. The term 'Strategic Environmental Assessment' or 'SEA' may also be used.

