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INTRODUCTION

The World Resources Institute (WRI) thanks the World Bank for the opportunity to weigh in on the second draft Environmental and Social Framework. We have chosen to focus our comments on two important areas that we feel are in particular need of improvement: 1) recognition of climate change and 2) assessments of Borrower systems and other alternative systems.

I. CLIMATE CHANGE IN THE ESF

A. Aligning the Framework with International Agreements and Standards

Curbing the impacts of climate change is our time's most pressing challenge. As a result, governments from nearly every country agreed in Paris on the need to make "finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."[1] To maintain a position as global leader in development finance, the World Bank should ensure that its finance supports climate change mitigation and adaptation in borrower countries. The Environmental and Social Framework (ESF) is a key tool in these efforts.

Using the ESF to tackle climate impacts is also in line with the Bank's commitment to the Five Principles for Mainstreaming Climate Action within Financial Institutions. The second of these principles calls for the Bank to actively manage climate risks assessing the risks associated with its "portfolio, pipeline and new investments" and "working with clients to determine appropriate measures for building resilience to climate impacts and improving long-term sustainability of investments."[2]

The draft Vision for Sustainable Development acknowledges climate change as "a fundamental threat to development in our lifetime." The policy and standards could more effectively reflect this understanding.

B. Climate Change Mitigation

The role of the ESF is to ensure that the World Bank only invests in projects that live up to a minimum standard of environmental and social protection. For climate change mitigation, the ESF should help the Bank ensure that it only funds project where mitigation effects are reduced to a minimum and projects align with global goals for low-carbon development. It can do so by:

[1] UNFCCC. 2015. Decision 1/CP.21: Adoption of the Paris Agreement. Available at: http://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf

[2] http://www.eib.org/attachments/fi_mainstreaming_principle2_en.pdf

➔ *Explicitly supporting implementation of the Paris Agreement.* The Paris Agreement is a major milestone in the fight against climate change. The World Bank's ESF should clearly state a commitment to upholding this agreement.

Location in text	Suggested text changes
E&S Vision or Policy	ADD: Design and implement the Project so as to minimize emissions in accordance with the aims of the Paris Agreement of December 2015.[3]

➔ *Requiring borrowers to show that the project is in line with national commitments, strategies and policies related to climate change, such as the relevant country's nationally determined contributions.* The ESF is a key tool for ensuring a clear connection between World Bank project investments and country commitments on climate change. While other efforts, including Systematic Country Diagnostics, will ideally help align investments with national goals, the ESF is the only document that can require a systematic assessment of the relationship between the project and national climate change plans.

Location in text	Suggested text changes
ESS 3 Objectives	ADD: To align activities with global commitments on efficiency and pollution prevention, including the nationally determined contributions of borrower countries.

➔ *Require and pay for GHG emissions accounting.* To help ensure that the Bank clearly understands the impact of funded projects on climate change mitigation, the ESF must require borrowers or bank staff to assess the GHG emissions of funded projects. Requiring assessments will enable the Bank to understand the costs and benefits of projects, calculate portfolio-wide impacts and trends, and steer investments toward low-carbon alternatives.

The current draft states that GHG assessments should be implemented if a threshold yet to be determined by the Bank has been met. We recommend that the Bank put the minimum threshold for assessments at 25,000 tons of CO^2 equivalent emissions per year, while also leaving flexibility to require assessments for projects that will have lower emissions. This is in line with the practice of other financial institutions (see table).

Best Practice: GHG Accounting at Other Development Financial Institutions

Bank	GHG Assessments
AFD	Quantifies potential direct and indirect GHG emissions (scope 1-3) for all projects funded using the Carbon Footprint Tool
EIB	Requires estimation of expected GHG emissions in carbon-intensive sectors, which generally covers all projects with over 20,000 tonnes expected CO^2 equivalent emissions
IFC	Requires quantification of potential direct and indirect emissions (scope 1 and 2) for projects expected to produce more than 25,000 tonnes of CO^2 equivalent annually

[3] The suggested text is similar to that found in the AIIB's new Environmental and Social Framework.

GCF	Requires quantification of potential direct and indirect emissions (scope 1 and 2) for projects expected to produce more than 25,000 tonnes of CO^2 equivalent annually [follows IFC Standards]

GHG project assessments are often relatively inexpensive and so should generally not pose a serious burden on borrowers. That said, the Bank could benefit from paying for these assessments instead of requiring borrowers to do so. The Bank could justify this payment based on the fact that most recipient countries are relatively low historical emitters relative to the primary Bank funders (and so the notion of "common but differentiated responsibilities" could apply). Furthermore, the Bank could use the assessments to track overall portfolio trends. The Environmental and Social Policy could contain this commitment (similar to the Bank commitment to screen for project-affected indigenous peoples (para. 51)).

Location in text	Suggested text changes
E&S Policy, section C	ADD: The Bank recognizes the importance of understanding the impacts of its investments on efforts to mitigate climate change. When relevant,[x] the Bank will estimate (a) direct emissions from the facilities owned or controlled by the Borrower[y] and (b) indirect emissions associated with off-site production of energy[z] used by the project. [x] Relevance will be determined based on the potential significance of the emissions, the technical feasibility of accurate emissions assessments, and the potential for emissions reductions. Emissions assessments will always be relevant for projects expected to emit over 20,000 tonnes of gross CO^2 equivalent annually. [y] Project-induced changes in soil carbon content or above ground biomass and project-induced decay of organic matter may contribute to direct emission sources and will be included in the emission estimation where such emissions are expected to be significant. [z] These emissions result from the off-site generation by others of electricity, heating and cooling energy used in the project.
ESS 3 para. 16	IF CHANGE MADE AS RECOMMENDED ABOVE, DELETE PARA. 16. IF CHANGE NOT MADE, REPLACE WITH: ~~For projects that are expected to produce GHG emissions in excess of the threshold established by the Bank of CO_2-equivalent annually~~When the Bank determines GHG assessments to be of relevance,[x] the Borrower will~~, where feasible,~~ estimate (a) direct emissions from the facilities owned or controlled ~~within the physical project boundary~~by the Borrower;[y] and (b) indirect emissions associated with off-site production of energy[z] used by the project. Estimation of GHG emissions will be conducted by the Borrower annually in accordance with internationally recognized methodologies and good practice. [x] Relevance will be determined based on the potential significance of the emissions, the technical feasibility of accurate emissions assessments, and the potential for emissions reductions. Emissions assessments will always be relevant for projects expected to emit over 20,000 tonnes of gross CO^2 equivalent annually. [y] Project-induced changes in soil carbon content or above ground biomass and project-induced decay of organic matter may contribute to direct emission sources and will be included in the emission estimation where such emissions are expected to be significant. [z] These emissions result from the off-site generation by others of electricity, heating and cooling energy used in the project.

C. Adaptation to Climate Change

The World Bank has recognized the importance of reducing vulnerability to climate change. In the Strategic Framework for Climate Change, for example, the Bank commits to providing "financial and technical assistance to managing climate risks, especially focusing on those countries that are lacking capacities and infrastructure to deal with present climate variability, as can be witnessed by their vulnerability to floods, droughts, and hurricanes."[4] Meanwhile the IDA-17 replenishment required climate risk assessments for all IDA projects.

The ESF can help the Bank embed its broader commitments on climate change resilience into its project-specific policies and ensure a lasting commitment to understanding and accounting for climate change impacts. Unfortunately the current draft does not take full advantage of this opportunity. The ESF can better integrate consideration of resilience to climate change by:

➔ *Requiring thorough assessments of climate impacts and resilience.* The draft ESF does mention climate change risks briefly in several instances, but without detail. We strongly recommend that the bank create a separate paragraph aimed at directing Bank staff, Borrowers, and their consultants to conducting thorough climate risk assessment when relevant. The paragraph should require Borrowers to assess the impact of projects not just on structures (as mentioned in ESS 4 para. 6) or ecosystems services (as mentioned in ESS 4 para. 14), but also on the resilience of people and ecosystems. The Borrower and Bank should understand:

1. The potential impact of climate change on the project itself, including direct impacts (e.g., increase in temperature effect on the evaporation rate of an irrigation project) and indirect impacts through the project's dependence on ecosystem services (e.g., decrease in water flow in rivers with consequence for hydropower production).

2. The potential impact of the project on ecosystems and their resilience to climate change (e.g., a project might not affect the current distribution of a specific species but its presence might affect the species ability to migrate to higher altitude to adapt to climate change).

3. The potential impact of the project on community resilience to climate change (e.g., in times of drought where community livestock is lost, pastoralists might use fishing in a lake as their security net. An irrigation dam, might affect the health of fisheries in that lake and in turn the resilience of pastoralists to climate shocks).

➔ *Requiring projects to be adaptive and supportive of community adaptation.* In addition to requiring thorough and climate-sensitive risk assessments, the Bank should ensure that projects are designed to reflect identified risks to the project, ecosystems, and people. The Bank and Borrower also need to design projects with increasing climate uncertainty in mind. This may include adopting "no regrets," reversible or flexible strategies to project development, or similar methods for dealing with climate uncertainty.

[4] World Bank. 2008. *Development and Climate Change: A Strategic Framework for the World Bank Group*. p. 7.

Location in text	Suggested text changes
ESS 1, for example after para. 28 *or* ESS 4, new paragraph	ADD: The Borrower will identify risks to the projects associated with climate change, and the resilience of the project to these potential impacts. The Borrower will also assess the project's impacts on people's resilience to climate change. Where climate change impacts are uncertain, the Borrower will account for this uncertainty when planning and implementing the project.
ESS 4, para. 6	REPLACE WITH: The Borrower will design, construct, operate, and decommission the structural elements of the project in accordance with national legal requirements, the EHSGs and GIIP, taking into consideration safety risks to third parties and affected communities. Structural elements of a project will be designed and constructed by competent professionals, and certified or approved by competent authorities or professionals.[5] Structural design will take into account potential impacts of climate change on the integrity of the structure, as well as the structure's impact on people's resilience to climate change. ~~climate change considerations, as technically and financially feasible.~~

II. Borrower Systems and Other Alternative Systems

Over the past several years WRI has looked closely at the question of how the Bank should best structure its relationship with Borrower safeguard systems and other alternative approaches to safeguards. Through an analysis of the role of Borrower systems in four different approaches to environmental and social risk reduction at the World Bank[5] (published in 2015) we came to the conclusion that both the Borrower and World Bank would benefit from, among other things, providing clear requirements for the staff of both the Bank and the host government and investing in adequate Bank staff dedicated to safeguard implementation.

➔ *Invest resources in supporting Borrower systems.* One primarily lesson to emerge from the Bank's own reviews of the Use of Country Systems pilot was the cost associated with the approach. Thoroughly assessing national systems is a time consuming and costly effort. Filling gaps in systems can be even more costly. The Bank will only be able to fulfill its goal of using and supporting Borrower systems if it dedicates resources specifically toward this end.

➔ *Take a broader approach.* Another lesson to emerge from the Bank's own assessment of the pilot program is the need to look beyond the project level when conducting assessments and gap filling measures. While project-level interventions have their place, broader national or sectoral assessments are likely to lead to cost savings, less frustration, and greater uptake from borrowers. The Bank should therefore seek to implement projects or programs specifically aimed at understanding and strengthening the relevant country's safeguard systems. The Asian Development Bank's activities in this area are a positive example.

➔ *Create clear standards.* In general, the current draft ESF has some strong points. However, there is still room for improvement, particularly in the realm of clarifying the requirements. Frequent use of terminology such as "when technically and financially feasible," for example, is likely to at

[5] Gaia Larsen, Athena Ballesteros, *Striking the Balance: Ownership and Accountability in Social and Environmental Safeguards,* World Resources Institute: Washington, DC (2014).

best lead to unnecessary confusion and debate about feasibility, and at worst to inadequate protection of people and the environment.

Location in text	Suggested text changes
ESS 1 para. 25, *and 12 other places*	CHANGE TO: The environmental and social assessment will apply a mitigation hierarchy, which will favor the avoidance of impacts over minimization or reduction of impacts to acceptable levels, and where residual risks or impacts remain, will compensate for or offset them~~, where technically and financially feasible~~. REPEAT IN OTHER PLACES WHERE THIS PHRASE IS USED.

➔ *Clarify how Borrower systems and other alternative systems will be assessed.* The current draft ESF states that Borrower systems should be able to "achieve objectives materially consistent with the ESSs." This language is also used to describe when a "common approach" to safeguards can be used, as well as the standard that should be met for certain associated facilities and financial institutions. It is therefore of great importance in the draft ESF. Unfortunately however, the language is unclear, and has already caused confusion among stakeholders.

Some of this confusion stems from the fact that the ESSs have objectives listed within them, yet these objectives do not seem written with the purpose of assessing Borrower systems or other alternative systems. ESS 1, for example, lists four objectives, two of which focus on encouraging the Bank to support and use Borrower systems. While a valuable goal, this language does not help those seeking to assess whether alternative systems are adequate. The two remaining objectives do not come close to fully outlining the key objectives of ESS 1.

We recommend that the relevant language "achieve objectives materially consistent with the ESSs" be replaced with "adhere to standards materially consistent with the ESSs." This language would delink the assessments from the objectives and focus them instead on the main elements of the ESSs. At the same time "materially consistent" allow some flexibility in how the standards are met by Borrowers or other relevant systems (greater flexibility than was implemented in the Bank's Use of Country Systems pilot (OP4.00)).

Location in text	Suggested text changes
E&S Policy para. 24, *and 9 other places*	CHANGE TO: The Bank supports the use of the Borrower's existing environmental and social framework in the assessment, development and implementation of projects supported through Investment Project Financing, providing this is likely to be able to address the risks and impacts of the project, and enable the project to ~~achieve~~ adhere to ~~objectives~~ standards materially consistent with the ESSs. REPEAT IN ALL OTHER PLACES WHERE THIS PHRASE IS USED.

➔ *Make the objectives better reflect the ESSs.* In addition to changing the reference to the objectives, we recommend enhancing the objectives to make them better reflect the content of the ESSs.

(This is particularly important if the Bank chooses to maintain the current language on material consistency with the objectives.)

The table below provides recommendations on how to enhance the language of the objectives in ESS 1 and 3-10 (we have no comments on ESS 2 as that is not our area of expertise).

Suggested Changes to Objectives

ESS1. Assessment and Management of Environmental and Social Risks and Impacts	
Objective with Suggested Text Edits	Notes
• To identify, evaluate and manage the environment and social risks and impacts of the project in a manner consistent with the ESSs. • To adopt a mitigation hierarchy approach to: (a) Anticipate and avoid risks and impacts; (b) Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels; (c) Once risks and impacts have been minimized or reduced, mitigate; and (d) Where residual risks or impacts remain, compensate for or offset them[x] ~~where technically and financially feasible~~	The terms technical and financially feasible create confusion and go beyond established practice. A footnote can clarify that when compensation or offsets is not technically or financially feasible, the project should not take place as planned.
• To incorporate recognized elements of environmental and social assessment good practice, including: (i) early screening of potential impacts; (ii) consideration of strategic, technical, and site alternatives (including the "no action" alternative); (iii) explicit assessment of potential induced, cumulative, and transboundary impacts; (iv) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized; (v) clear articulation of institutional responsibilities and resources to support implementation of plans; and (vi) responsiveness and accountability through stakeholder consultation, timely dissemination of the program information, and responsive grievance redress measures.	This suggested text comes directly from the Bank Directive on the Program for Results Financing (para 28(b)). It provides more detail on the actual objectives of ESS1, while helping to create a link between the two financing approaches.
• To ensure that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and that they are not disadvantaged in sharing any development benefits and opportunities resulting from the project. Disadvantage or vulnerability may stem from age, gender (including gender identity), ethnicity, religion, disability, social or civic status, ill health, migration status, sexual	This text draw on paragraph 7 of ESS 1.

orientation, poverty, indigenous status, and/or dependence on unique natural resources. • To create a clear, time-bound plan for dealing with potential risks and impacts, and for monitoring and enforcing that plan. • ~~To utilize national environmental and social institutions, systems, laws, regulations and procedures in the assessment, development and implementation of projects, whenever appropriate.~~ • ~~To promote improved environmental and social performance, in ways which recognize and enhance Borrower capacity.~~ [x] Where compensation or offsetting is not technically or financially feasible, the investment should be redesigned or canceled.	The introduction of Environmental and Social Commitment Plans (ESCPs) in ESS 1 is important and should be reflected in the objectives. Monitoring and enforcement are of central importance to the success of the ESF. If these objectives are being used to help the Bank assess Borrower systems, the last two points are confusing in that they provide no guidance for such an assessment. These points would be better placed in the E & S Policy.
ESS 2 Labor and Working Conditions	
Objective with Suggested Text Edits	Notes
• To promote safety and health at work. • To promote the fair treatment, non-discrimination and equal opportunity of project workers. • To protect project workers, including vulnerable workers such as women, persons with disabilities, children (of working age, in accordance with this ESS), migrant workers, contracted workers and primary supply workers. • To prevent the use of all forms of forced labor and harmful child labor. • To support the principles of freedom of association and collective bargaining of workers.	We have no comments on ESS 2 as this is not our area of expertise
ESS 3 Resource Efficiency and Pollution Prevention and Management	
Objective with Suggested Text Edits	Notes
• To promote the~~more~~ sustainable use of resources, including energy, water and raw materials. • To understand the potential cumulative impacts of water use upon communities, other users, and the environment, and ensure that water usage does not have significant adverse impacts on others.	This text comes from ESS 2 paragraphs 9 and 7.

• To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities, including air, water and land pollution. • To avoid or minimize project-related emissions of short and long-lived climate pollutants.[3] • To avoid the generation of hazardous and non-hazardous waste and encourage proper reuse, recycling, recovery or disposal. • To avoid negative impacts from the use of pesticides (or other chemicals or hazardous materials) on human health, or the health of non-target species and the natural environment.	This text reflects section B of ESS 3. This text reflects section D (and C) of ESS 3.
ESS 4 Community Health and Safety	
Objective with Suggested Text Edits	Notes
• To anticipate and avoid adverse impacts on the health and safety of project-affected communities during the project life-cycle from both routine and non-routine circumstances. • To have in place effective measures to address emergency events. • To avoid negative impacts on the resilience of communities to climate change. • To ensure that the safeguarding of personnel and property is carried out in a manner that avoids or minimizes risks to the project-affected communities.	Given that this is the only ESS where climate resilience is really mentioned it should be reflected in the objectives.
ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	
Objective with Suggested Text Edits	Notes
• To avoid involuntary physical or economic resettlement or, when unavoidable, minimize ~~involuntary~~ such resettlement by exploring project design alternatives. • To avoid forced eviction.[5] • To mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by: (a) providing ~~timely~~ compensation for loss of assets, or use of assets (including ecosystem services and communal resources), at replacement cost[6] prior to resettlement and (b) assisting displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher. • To improve living conditions of poor or vulnerable persons who are physically displaced, through provision of	Added text reflects important aspects of ESS 5 outlined in paragraph 15 and 4(c).

adequate housing, access to services and facilities, and security of tenure.[7] • To extend compensation rights to people without formal, traditional, or recognizable usage rights, and who occupy or utilize land prior to a project-specific cut-off date. • To conceive and execute resettlement as a development opportunity, including measures enabling displaced persons to benefit directly from the project as the nature of the project may warrant • To ensure that resettlement activities are planned and implemented with early and appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.	Added text reflects an important aspect of ESS 5 outlined in paragraph 4(d).
ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	
Objective with Suggested Text Edits	Notes
• To protect and conserve biodiversity and its multiple values using a precautionary approach. • To maintain the benefits from ecosystem services derived from the sustainable management of biodiversity and living natural resources. • To promote the sustainable management of living natural resources to support local livelihoods and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities. • To protect natural habitats, critical natural habitats, and legally protected areas, as well as other natural habitats with significant biodiversity value. • To ensure that activities only take place in critical natural habitats if no other alternative exists and potential adverse impacts on the habitat will not lead to measurable adverse impacts on those biodiversity values for which the critical habitat was designated.	This added text reflects important aspects of ESS 6 outlined in paragraphs 19-26. This added text reflects important aspects of ESS 6 outlined in paragraph 24.
ESS 7 Indigenous Peoples	
Objective with Suggested Text Edits	Notes
• To ensure that the development process fosters full respect for the human rights, dignity, aspirations, identity, culture, and natural resource-based livelihoods of Indigenous Peoples. • To avoid adverse impacts of projects on Indigenous Peoples, or when avoidance is not possible, to minimize, mitigate and/or compensate for such impacts in accordance with the unique rights of indigenous peoples.	Text inserted because the mitigation hierarchy should be implemented differently for indigenous peoples according to the ESS.

• To promote sustainable development benefits and opportunities for Indigenous Peoples in a manner that is accessible, culturally appropriate and inclusive. • To ~~improve project design and promote local support by establishing and maintaining an ongoing relationship based on meaningful consultation with the Indigenous Peoples affected by a project throughout the project's life-cycle.~~ ensure that Indigenous Peoples present in, or with collective attachment to, the project area are fully consulted about, and have opportunities to actively participate in, project design and the determination of project implementation arrangements. • To ensure the Free, Prior, and Informed Consent (FPIC) of affected Indigenous Peoples in the three circumstances described in this ESS. • To recognize, respect and preserve the culture, knowledge, and practices of Indigenous Peoples, and to provide them with an opportunity to adapt to changing conditions in a manner and in a timeframe acceptable to them. • To protect people in voluntary isolation or with limited external contact.	Inserted text is from paragraph 9 of ESS 7 and outlines stronger commitment to the full participation of affected IPs.
ESS 8 Cultural Heritage	
Objective with Suggested Text Edits	Notes
• To protect tangible and intangible cultural heritage from the adverse impacts of project activities and support its preservation, including both immovable and moveable heritage and natural features with cultural significance. • To address cultural heritage as an integral aspect of sustainable development. • To promote the equitable sharing of benefits from the use of cultural heritage. • Ensure proper stakeholder consultation in relation to cultural heritage, and with adequate chance find procedures.	One key element of ESS 8 is its inclusive definition of cultural heritage.

ESS 9 Financial Intermediaries	
Objective with Suggested Text Edits	Notes
• To set out how the FIs will assess and manage environmental and social risks and impacts associated with project related investments or subprojects. • To ~~promote~~ ensure good environmental and social management practices in the subprojects the FIs finance. • To ~~promote~~ ensure good environmental and sound human resources management within the FIs.	
ESS 10 Stakeholder Engagement and Information Disclosure	
Objective with Suggested Text Edits	Notes
• To establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship with them, in particular project-affected communities and disadvantaged and vulnerable people. • To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and environmental and social performance. • To promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life-cycle on issues that could potentially affect them. • To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable,~~an~~ accessible and appropriate manner and format. • To provide project-affected parties with accessible means to raise issues and grievances in a culturally appropriate manner, and allow Borrowers respond to and manage such grievances.	The ESS includes a focus on vulnerability.