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**Factsheet: Proposed[[1]](#footnote-1) Environmental and Social Standard 1:**

**Assessment and Management of Environmental and Social Risks and Impacts**

**What is the proposed ESS 1 about?**

All projects financed by the World Bank require an assessment of the impacts they may have on the environment and on people. The assessment of environmental and social risks and impacts is the responsibility of the borrowing country. Under the proposed framework, the Borrower would conduct environmental and social assessment of projects proposed for Bank financing to help ensure that projects are environmentally and socially sound and sustainable.

If approved, borrowers would manage environmental and social risks and impacts throughout the project life-cycle in a systematic manner, appropriate to the nature and scale of the project and the potential risks and impacts. Projects that have the potential for significant environmental and social impacts would require a very thorough environmental and social assessment. The assessment would inform the design of the project, and be used to identify mitigation measures and actions and to improve decision making.

The proposed ESS1 is the overarching standard of the proposed Environmental and Social Framework and applies to all projects supported by the Bank through investment project financing. It lays out the process for an integrated social and environmental assessment of projects. Under the proposed framework, Borrowers would need to identify any potential environmental and social risks and impacts that could arise during the project, design studies to analyze these challenges, and propose mitigation measures. If new challenges surface, the Borrower would address those when they arise.

The proposed ESS 1 mandates that Borrowers explain in detail how disadvantaged and vulnerable groups may be affected by projects and how project impacts may be addressed.

Under the proposed World Bank Environmental and Social Policy for Investment Project Financing, the World Bank’s responsibilities would include reviewing the environmental and social assessments conducted by the Borrower; promoting the use and strengthening of the Borrower’s environmental and social framework; conducting a comprehensive risk classification to allocate Bank resources to projects that most need them; assisting the Borrower in developing measures and actions required for the project to comply with the ESSs; and agreeing with the Borrower on the measures and actions they would take in the Environmental and Social Commitment Plan (ESCP). Throughout implementation, the World Bank would monitor the environmental and social performance and provides support and capacity building, as needed, in accordance with the legal agreement, including the ESCP.

**What’s new?**

* + - * ***Stronger provisions for social assessment***: During the previous consultation phases, we often heard that the World Bank needs to be better at assessing social risks. We responded by adding a clear definition of what social risks are and how they need to be assessed and mitigated. The former Environmental Assessment policy would become the Environmental and Social Standard, thereby clearly acknowledging that our responsibility is for the people as much as for the environment. For example: the current policy mandates the integrated consideration of social aspects, such as involuntary resettlement, indigenous peoples, and physical cultural resources. The proposed ESS 1 spells out what these social aspects are: threats to human security, discrimination, involuntary loss of land and restrictions on land use, limited access to land and food, impacts on the health, safety and well-being of workers and project-affected communities, and risks to cultural heritage. The range of issues to be considered would be broader.
* ***Clear and actionable risk management system***: Under the proposed framework, the Borrower and the World Bank would agree on an Environmental and Social Commitment Plan based on the environmental and social assessment. This plan would be incorporated in the legal agreement and would list actions that the Borrower would take to achieve compliance with the ESSs and manage the identified risks and impacts throughout the project life-cycle.
* ***Risk mitigation hierarchy***: It is international best practice to manage risk along a hierarchy, and the new draft ESF explicitly incorporates such a hierarchy for environmental and social risks in ESS 1. It is proposed that Borrowers would, first and foremost, strive to avoid adverse impacts. If avoidance is not feasible, the project would be designed to minimize or reduce adverse effects on people and the environment. Where residual impacts remain, Borrowers would compensate affected communities or offset adverse impacts.
* ***A strengthened partnership with Borrowers***: The proposed ESS 1 includes a commitment to a strong partnership between the World Bank and its Borrowers. We recognize that many countries have significantly improved their capacity to assess and manage environmental and social risks and impacts of projects since the current safeguard policies were first established over twenty years ago. Under the proposed ESS1, where the Bank has agreed to use the Borrower’s environmental and social frameworks, or elements thereof, the Bank would work with Borrowers to identify and address any gaps in those frameworks to enable the project to achieve objectives materially consistent with the ESSs, thereby contributing to building and strengthening Borrower systems.
* ***Moving toward a more harmonized approach with other development partners***: The draft ESF would bring the Bank more in line with the environmental and social policies of other development partners, particularly the other major IFIs, but also including bilateral funding agencies. In part, this alignment is because almost all of them have recently updated their policies and the draft draws upon these changes. Thus, the update would make joint financing more efficient and effective. In these jointly financed arrangements, the Borrower would cooperate with the Bank and such agencies in order to agree on a common approach for assessing and managing environmental and social risks and impacts associated with the project. A common approach should enable the project to achieve objectives materially consistent with the ESSs.
* ***Strengthened project monitoring and reporting***: Stakeholders have told us that projects need to be more thoroughly monitored to make sure that risk mitigation measures are effectively applied and to react to new, unforeseen risks. If approved, ESS 1 would extend the Borrower’s monitoring and reporting requirements throughout the project life-cycle. This would ensure better risk management as the project progresses and as new, unforeseen challenges may arise. The proposed ESS 1 lays out clear and comprehensive requirements for the Borrower on how to monitor project impacts and risks in more detail. Under the proposed framework, the World Bank would require an annual report from the Borrower about how environmental and social risk is managed.

**What stays the same?**

* The proposed ESS 1 builds on the current policy on Environmental Assessment and applies to all projects supported by the Bank through investment project financing.
* Under the proposed ESS1, the Borrower would be responsible for carrying out the impact and risk assessment, for identifying mitigation measures, and for managing the project impacts. The World Bank would be monitoring this process.
* Under the proposed framework, the World Bank would continue to ensure that Bank funds are being used in accordance with the legal agreement. Bank monitoring and implementation support would continue until the completion of the project.

1. The content of the proposed Standard is for consultation purposes. It has not been endorsed by the Executive Directors of IBRD/IDA. The Board of Executive Directors will make the final decision on the content**.** [↑](#footnote-ref-1)