

## Quick Reference

# World Bank Safeguard Policies

In 1998, the World Bank grouped ten of its key environmental and social policies into a set of “safeguard policies” which together are designed to provide minimal protections to the environment and vulnerable populations from negative effects of Bank-financed operations. The World Bank Safeguard Policies establish mandatory standards and procedures that the borrower and the Bank must follow in preparing and implementing Bank-financed projects. See Part 4 for more details.

Key provisions of the Bank’s public sector (IBRD/IDA) safeguard policies are described below. The more civil society organizations understand the Bank’s policy requirements, the more able they will be to utilize the policies to further their interests in the context of Bank-financed projects. Most safeguard policies are comprised of Operational Policies (OP) that list core requirements and Bank Procedures (BP) that list the procedures Bank staff must follow. The full text of these mandatory policies can be found on the Bank’s website at [www.worldbank.org/safeguards](http://www.worldbank.org/safeguards).



## Environmental Assessment OP/BP 4.01 (1999)

This is the “umbrella policy” through which potential social and environmental impacts are identified and mitigation measures proposed. Assessment process determines whether other safeguard policies (such as involuntary resettlement) apply.

### KEY PROVISIONS

- Bank screens projects to identify potential impacts early in project cycle and categorizes projects according to level of impacts (see box). Categories trigger varying requirements regarding pre-project studies, participation, and information disclosure.
- Borrower conducts assessment. Identified impacts are to be avoided or minimized and project alternatives are to be examined. Borrower assesses not only impacts of immediate project area, but project’s “area of influence” (e.g., access roads, power lines, pipelines) as well as unplanned developments (spontaneous settlements, logging, etc.) induced by the project.
- Assessment contains appropriate mitigation measures to offset potential negative social and environmental impacts. The mitigation measures are often contained in an Environmental Management Plan.
- Bank should not (or cannot) finance projects that contravene legislation or obligations of the country under relevant international environmental treaties and agreements.
- For high-risk (Category A) projects, the borrower must retain independent experts not affiliated with the project to carry out the assessment.

### ABCs of Bank Projects

Projects are categorized according to the degree of potential adverse social and environmental impacts

- **Category A:** may cause “irreversible,” diverse, or unprecedented damage
- **Category B:** impacts are site-specific and can be more readily mitigated than for Category A projects
- **Category C:** minimal or no adverse environmental impacts
- **Category FI:** for subprojects financed through financial intermediaries that may have negative impacts.

- For Category A and B projects, borrower must consult with project-affected groups and local non-governmental organizations about project’s environmental aspects and take their views into account. Borrower must (a) initiate consultations as early as possible; (b) for Category A projects, borrower consults groups at least twice (before terms of reference for the assessment are finalized and once a draft assessment report is prepared); (c) borrower consults affected groups throughout project implementation as necessary to address related issues.

- For all Category A and B projects borrower must provide 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.

### Natural Habitats OP/BP 4.04 (2001)

This policy establishes limits on Bank-financed projects that may impact areas with high degrees of plant and animal species and that have not been essentially modified by human activity.

#### Critical natural habitats are

- existing or proposed protected areas
- areas recognized as protected by traditional local communities (e.g., sacred groves)
- sites that maintain conditions vital for the viability of the above protected areas
- other areas of high conservation value identified by the Bank or other bodies.

#### KEY PROVISIONS

- Bank may finance projects that involve “significant conversion” (or damage, see box) of natural habitats only if there are no “feasible” alternatives (defined in financial and technical terms). Comprehensive analysis must show that potential benefits “substantially outweigh” environmental costs.
- No financing of projects that, in the Bank’s opinion, involve significant conversion or degradation of “critical natural habitats.” (see box)

#### What is significant conversion?

The Bank determines significant conversion or degradation on a case-by-case basis. Significant conversion exists when major changes in land or water use eliminate or severely weaken the integrity of a natural habitat. Degradation occurs when an area is modified to the extent that it substantially loses the ability to maintain viable populations of native species.

- Projects with significant impacts are to be classified as “Category A” and must include mitigation measures acceptable to the Bank. Such measures normally include minimizing habitat loss and establishing ecologically similar protected areas often referred to as “offsets.”
- Consultation and information disclosure requirements of the environmental assessment policy apply. Additional language may provide civil society groups

more leverage: borrowers must “take into account the views, roles, and rights of groups, including NGOs and local communities affected by Bank-funded projects and to involve such people in planning, designing, implementing, and monitoring and evaluating such projects.”

### Forests OP/BP 4.36 (2002)

This policy establishes minimum standards on the types of forest projects that the Bank will finance. Provides for financing of commercial logging and plantations under restricted conditions.

#### KEY PROVISIONS

- Forests Policy builds off the Natural Habitats policy. If Bank determines that a forest area is not a critical natural habitat, the policy allows project financing that may cause significant conversion/degradation provided that (a) no feasible alternatives exist to the project or its siting; (b) comprehensive analysis indicates that benefits “substantially outweigh” costs; and (c) appropriate mitigation measures are incorporated.



- No financing of projects that would involve significant conversion or degradation of critical natural habitats (including critical forest areas). This is not a “no go zone” standard for sensitive forest areas, but a weaker standard of not financing projects that would “significantly” damage such areas.
- Bank does not finance projects that contravene applicable international environmental laws.

- No financing of plantations that involve any conversion or degradation of critical natural habitats, including adjacent or downstream critical natural habitats (a higher standard than allowing “significant conversion”).
- No financing of commercial logging if areas affected are “critical forests” or related critical natural habitats (higher standard than allowing “significant conversion”).
- Commercial logging operations must be certified under an independent forest certification system acceptable to the Bank.
- “Meaningful participation” of local people, communities, and organizations required in the development of the certification system.
- Forest Management Plans often developed, though not required. Disclosure not mandatory but considered “good practice.”

### **Involuntary Resettlement OP/BP 4.12 (2001)**

This policy establishes standards and procedures for projects that displace people from their homes or cause economic displacement due to loss of land, buildings, or sources of income.

#### **KEY PROVISIONS**

- Involuntary resettlement to be minimized, if not avoided.
- Displaced persons must be assisted at a minimum in restoring their former living standards, income earning capacity, and production levels. Though not required, the policy speaks of improving living standards of resettled persons.
- Resettlement activities should be conceived and executed as sustainable development programs.
- Policy applies when a Bank-financed project causes the loss of land (including buildings), assets, or sources of income. The policy also applies when a project restricts access to parks and protected areas.
- Affected persons without formal title or legal claims to the land they occupy are covered by the policy but will be provided resettlement assistance rather than compensation for the loss of occupied land.

### **What is full replacement value?**

All affected assets (land and structures) are to be compensated at their replacement cost, that is, equivalent to the amount required to replace the asset in its existing condition. Since in many borrower countries, and especially at the project sites, there may not be functioning markets in old housing, replacement cost should be equal to the cost of constructing/purchasing a new structure, without making any deductions for depreciation.

- Land-based resettlement strategies “should” be provided to displaced persons whose livelihoods are land-based. Does not require land-for-land compensation.
- Compensation for loss of land or assets is to be at full replacement value. (see box)
- Taking of land and related assets allowed only after compensation has been paid and resettlement sites and moving allowances have been provided.
- Displaced persons to be offered transitional support and development assistance to restore livelihoods, in addition to compensation.
- Affected persons must be consulted on resettlement options and offered opportunities to participate in planning, implementing, and monitoring.
- Borrower prepares resettlement plan on all aspects of resettlement. Must identify choices of affected persons regarding resettlement measures and compensation.
- Draft resettlement plans must be available at an accessible place in a form, manner, and language that are understandable.



### **Indigenous Peoples OP/BP 4.10 (2005)**

This policy establishes standards and procedures when projects affect indigenous communities. Recognizes

limited procedural rights of indigenous communities to confer or deny support to proposed projects.

#### KEY PROVISIONS

- Avoid potentially adverse effects on indigenous communities or, when such avoidance is not “feasible,” minimize, mitigate, or compensate for such effects.
- Bank-financed projects to deliver culturally appropriate social and economic benefits to indigenous communities.
- Bank identifies if indigenous peoples are present in or have a collective attachment to the project area. Borrower conducts social assessment.
- Policy establishes higher consultation standards than normally apply. “The Bank provides project financing only where free, prior, and informed consultation results in broad community support to the project by the affected Indigenous Peoples.” Free, prior, and informed consultation required at each stage of the project.
- Policy establishes a higher access to information standard: “Indigenous Peoples’ communities are to be provided all relevant information in a culturally appropriate manner at each stage of project preparation and implementation.”
- Borrower must prepare, in consultation with indigenous communities, an Indigenous Peoples Plan that ensures that (a) affected Indigenous Peoples receive culturally appropriate social and economic benefits and (b) adverse effects are avoided, minimized, mitigated, or compensated.

#### Human Rights

The Indigenous Peoples Policy is the only Bank operational policy that references human rights; the policy is to ensure “that the development process fully respects the dignity, human rights, economies and cultures of indigenous peoples.”

- Physical Relocation is to be avoided or to occur only in exceptional circumstances and must be “broadly supported” by the affected indigenous peoples. Land-based resettlement strategies are to be used.
- Borrower must pay particular attention to but not required to recognize customary rights of indigenous peoples to lands or territories that they traditionally own, or customarily use or occupy. Legal recognition only required in projects that depend on recognition (such as land titling projects) or when such lands will be

‘acquired.’ Action plans for legal recognition to be developed in such cases.

- Commercial exploitation of indigenous peoples cultural knowledge and resources “is conditional upon their prior agreement to such development” (highest standard of consent in all of the safeguards).
- Exploitation of natural resources on indigenous lands and territories only requires weaker free, prior informed consultation standard. “Broad community support” clause is conspicuously absent in this section of the policy.
- Access restrictions to legally designated parks and protected areas, in particular access to their sacred sites, “should” —not must— “be avoided.” Where it is not “feasible” to avoid restricting access, indigenous peoples only need to be consulted on preparation of a process framework and management plan that are to provide for equitable sharing of benefits from restricted areas.

#### Pest Management OP/BP 4.09 (1998)

This policy promotes the use of biological or environmental control methods and reduces reliance on synthetic chemical pesticides and sets conditions on the acquisition and use of pesticides.

#### KEY PROVISIONS

- Pest populations to be controlled through Integrated Pest Management (IPM) approaches (see box). Bank may finance the purchase of pesticides when use justified under an IPM approach.

#### What is IPM?

IPM refers to a mix of farmer-driven, ecologically based pest control practices that seeks to reduce reliance on synthetic chemical pesticides. It involves (a) managing pests rather than seeking eradication; (b) relying on non-chemical measures to keep pest populations low; and (c) selecting and applying pesticides in ways that minimize adverse effects on beneficial organisms, humans, and the environment.

- Selection and use of pesticides (a) must have negligible adverse human health affects; (b) must be shown to be effective against target species; (c) must have minimal effects on non-target species and the natural environment; and (d) must take into account need to prevent the development of resistance in pests.

- Pesticides to be manufactured, packaged, labeled, handled, stored, disposed of, and applied according to standards acceptable to the Bank.

### **Cultural Property OPN 11.03 (1986)**

This policy requires Bank projects to avoid damage to and assist in the preservation of cultural property, such as sites having archeological, paleontological, historical, religious and unique cultural values (policy to be updated as Physical Cultural Resources, OP 4.11).

#### **KEY PROVISIONS**

- Bank “normally declines” projects that will “significantly” damage non-replicable cultural property and only assists projects that prevent such damage.
- Provides assistance to the protection of cultural properties encountered in Bank-financed projects, often through relocation and museum preservation.
- Bank staff must determine extent of knowledge about cultural property in project area. Specialist should survey area if there is chance of such property in area.



### **Safety of Dams OP/BP 4.37 (1999)**

This policy establishes procedures and safety requirements for construction of new dams and for projects that depend of safe functioning of existing dams. Requirements apply to large dams (15 meters or more in height, with some exceptions).

#### **KEY PROVISIONS**

- For construction of new dams, borrower must engage panel of independent experts to review the design, construction, and start of operations and prepare detailed plans for all phases of dam construction and operation.

- For existing dams, borrowers must engage independent dam specialists to inspect, evaluate safety status of the dam, review operation and maintenance procedures, and submit written report for any potential remedial work.
- Bank staff must review all written reports, verify that recommendations have been adopted, and monitor all activities related to dam safety provisions.

### **Projects on International Waterways OP/BP 7.50 (2001)**

This policy seeks to reduce potential conflict between states that border an international waterway (or a bay, gulf, etc.) over projects that may affect the use or pollute the waterway.

#### **KEY PROVISIONS**

- Encourages borrowers to notify and to provide sufficient project details so other riparian states can determine if interests affected. If borrower refuses notification, Bank normally does so. If borrower objects, Bank discontinues processing.
- Bank encourages riparians to enter into agreements that cover concerned waterway.
- If riparians raise objections, Bank may appoint independent experts to review.
- Applies to dams, irrigation, flood control, navigation, water, sewage and industrial projects.

### **Projects in Disputed Areas OP/BP 7.60 (2001)**

This policy establishes minimal rules for Bank-financing of projects in areas disputed by two or more states.

#### **KEY PROVISIONS**

- Bank may proceed if governments in dispute agree to go forward without prejudice to claims.
- Bank may finance project even if one government objects provided that the Bank determines that the project is not harmful to the interest of the claimants and that no conflicting claims have received international recognition.
- Requires early identification of territorial disputes and descriptions in all Bank documentation