

**FACT SHEET**  
**Review and Update of the World Bank's Environmental and Social Framework**  
**Status of Key Issues in Revised (Second) Draft**  
**8-4-15**

- **The World Bank is in the process of reviewing, updating and strengthening its environmental and social safeguards.** Examples of such requirements include conducting an environmental and social impact assessment, consulting with affected communities about potential project impacts, and restoring the livelihoods of economically and physically displaced people. While our current safeguard policies have served the development community well for more than two decades by protecting the environment and the world's poor and vulnerable in World Bank investment projects, new and varied development demands and challenges have arisen over time.
- On July 1, 2015, the Committee on Development Effectiveness (CODE) of **the World Bank's Board of Executive Directors authorized a third phase of consultations on a revised (second) draft** of the proposed Environmental and Social Framework and requested the preparation of an accompanying document to outline certain issues that require further attention. The text of the entire [revised framework, as well as the issue summary](#) - is now publicly available on the consultations [Web Site](#).
- At the request of Executive Directors, **the third review phase will focus on implementing the framework in borrowing countries and on issues that require further attention.** Consultations details will be forthcoming on the World Bank's consultation web site: <http://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies>.
- **This is the most extensive consultation the World Bank has ever had. In Phase 2 alone:** 65 countries, including 54 borrower countries; 8 dedicated Indigenous Peoples consultations; 5 topical expert consultations (labor, biodiversity, non-discrimination, LGBT/SOGIE; cultural heritage); and consultations/workshops with development partners, including other MDBs, ILO, UNHCHR, and WHO.

**Overview of Proposed Environmental and Social Framework:**

- **Stronger protections.** This proposal substantially strengthens the World Bank's existing safeguard measures and is a **major step forward** for the World Bank. The provisions in the proposed framework, including all requirements for assessment, are **mandatory for Borrowers and Bank staff for all investment projects.**
- **Updated, risk- and impact-based approach to protecting the environment and people.**
  - A strong emphasis on risk management and achieving sustainable development outcomes over the life of the project.
  - Broadened social assessment and management of environmental and social risks.
  - Greater clarity of the roles and responsibilities of the World Bank and Borrower.
  - Increased harmonization with development partners and recognized good international practices.
  - Renewed and strengthened partnerships with borrowers.
- **The second draft has evolved significantly from the first:**
  - **Major extension of labor standard:** includes the rights to **collective bargaining** and the **freedom of association**, and **increased coverage** for contractors, primary supply workers, and workers involved in Community labor.
  - **Indigenous Peoples:** "Alternative Approach" language has been removed.
  - **Free Prior and Informed Consent ("FPIC"):** Draft has been further strengthened to require the World Bank to document that consent has been obtained. This improvement provides for a new standard that is at the forefront of International Financial Institution ("IFI") safeguard policies.
  - **Biodiversity:** draft text revised to introduce the concept of **ecosystems**; clarify that "offsets" – actions to compensate for unavoidable biodiversity impacts associated with economic development - should only be considered as a last resort; and propose that in some instances offsets would be prohibited altogether.
  - **Land and Involuntary Resettlement:** second draft **adds an annex with detailed resettlement planning requirements**, including for the production of baseline studies, and **clarifies that compensation must always be paid before displacement.** In addition, the revision **recognizes the importance of treating resettlement as a development opportunity** and of including measures for affected people to share in project benefits where possible.
  - **Human rights language** in the vision statement emphasizes that the Bank shares the aspirations of Universal Declaration of Human Rights and helps its clients to fulfill those aspirations.

**Summary of Key Issues:**

***Use of Borrower Frameworks***

- Provisions related to the use of Borrower frameworks have been amended to clarify that the **use of Borrower frameworks will be determined at the discretion of the Bank** (in the first draft they were considered the default). The revised draft commits to promoting and strengthening the use of Borrower frameworks, while acknowledging concerns about gaps in capacity and local

requirements. The specific approach to using Borrower frameworks will be defined in more detail during the next consultation phase.

#### ***Risk-and Outcomes-Based Approach:***

- The proposed “adaptive risk management approach” is **designed to improve the Bank’s ability to adjust projects to unexpected changes and has potential to reduce the need for legal restructuring of projects.**
- Typically, all action plans would be finalized before Board consideration. **For some projects** with multiple phases that will be built over a longer period, some of those action plans could be finalized during project implementation, but well in advance of any construction activities.
- **A rigorous upfront assessment will always be required** to determine the scope and significance of environmental and social impacts, but more detailed, site-specific assessments are often required to inform preparation of detailed management plans. This provision gives the borrower the ability to fulfill this requirement at a stage in the project when there is more and better information available.

#### ***Indigenous Peoples***

- The proposed standard represents significant advances over the Bank’s existing IP policy by including Free and Prior Informed Consent (FPIC) for the first time, and by addressing peoples in voluntary isolation, and pastoralists.
- In the second draft, the “**alternative approach**” has been removed, and a **provision to document consent** has been added. These improvements provide for **a new standard that is at the forefront** of International Financial Institution (“IFI”) safeguard policies.

#### ***Land and Involuntary Resettlement***

- The proposed standard builds on our strong existing resettlement policy and clarify the protections related to land and involuntary resettlement. Among other things, **proposed ESS 5 strives to avoid, or where unavoidable, to minimize involuntary resettlement; avoid forced eviction; and mitigate any adverse impacts** through compensation and assistance. **Borrowers are required to consult** with communities affected by resettlement over the life of the project, and the resettlement processes need to be transparent.
- The second draft **adds an annex with detailed resettlement planning requirements** and clarifies that **compensation must always be paid before displacement**. The revision also treats **resettlement as a development opportunity**, including benefit sharing for project-affected people. A requirement to assess risks and impacts caused by **land titling** activities has been added.

#### ***Environment and Biodiversity***

- The proposed framework **strengthens our existing provisions on the conservation of biodiversity** and the management of living natural resources, including forests by **introducing more specific and stringent requirements** and emphasizing the “**precautionary approach**” (“if in doubt, don’t proceed”). The proposed ESF also **provides more clarity on how risks and adverse impacts on natural habitats must be mitigated**, and creates a **clear mitigation hierarchy**.
- The second draft **clarifies that biodiversity “offsets” should only be considered as a last resort** and proposes that **in some instances offsets would be prohibited altogether**.
- **Climate Change:** The proposed framework addresses impacts on climate change at the project level and aims to reduce project-related greenhouse gas emissions. In the second draft, **thresholds for GHG emission estimation and water management plans have been removed**. The World Bank is working across the entire institution to develop a strong and effective approach to climate change.

#### ***Labor***

- The proposed framework includes – for the first time - detailed labor provisions to protect workers, including a right to freedom of association and collective bargaining, grievance mechanisms, non-discrimination, occupational health and safety, and explicit prohibition of child and forced labor;
- The second draft **expanded the scope to include** the rights to **collective bargaining** and the **freedom of association**, as well as **increased coverage for contractors, primary supply workers, and workers involved in Community labor**.

#### ***Human Rights***

- Human rights and the World Bank’s contribution to their realization are addressed in the draft framework’s Vision and through key provisions in the standards. The proposed framework emphasizes that the Bank shares the aspirations of the Universal Declaration of Human Rights and helps its clients to fulfill those aspirations. This approach is promoted in the design and implementation of the development projects the Bank supports.