

**Annex 1:
World Bank Operational Policy 4.00 & Table A1**

OP 4.00 - Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.

**OP 4.00
March, 2005**

[Click here to print OP 4.00 and Table A1](#)

Section E of Table A1 was revised in July 2005 to ensure consistency with the requirements of [OP/BP 4.10, *Indigenous Peoples*](#), issued in July 2005. Section G of Table A1 was revised in July 2006 following issuance of [OP/BP 4.11, *Physical Cultural Resources*](#).

Note: OP and [BP 4.00](#) are based on proposals in *Expanding the Use of Country Systems in Bank-Supported Operations: Issues and Proposals* (R2005-0018/2) that were approved by Executive Directors on March 18, 2005. OP and BP 4.00 apply to Bank-supported projects that pilot the use of borrower systems to address environmental and social safeguard issues and that are approved by the Board as part of the pilot program on or after March 21, 2005. General questions on using country systems in World Bank-supported projects should be addressed to the Adviser, Investment Lending Unit, Operations Policy and Country Services. Questions on environmental and social safeguards aspects of pilot operations should be directed to the Senior Adviser, Quality Assurance and Compliance Unit in the Environmentally and Socially Sustainable Development Network.

1. The Bank's¹ environmental and social ("safeguard") policies² are designed to avoid, mitigate, or minimize adverse environmental and social impacts of projects supported by the Bank. The Bank encourages its borrowing member countries to adopt and implement systems³ that meet these objectives while ensuring that development resources are used transparently and efficiently to achieve desired outcomes. To encourage the development and effective application of such systems and thereby focus on building borrower capacity beyond individual project settings, the Bank is piloting the use of borrower systems in Bank-supported projects. The key objective of the pilot program is to improve overall understanding of implementation issues related to greater use of country systems.
 2. **Equivalence and Acceptability.** The Bank considers a borrower's environmental and social safeguard system to be equivalent to the Bank's if the borrower's system is designed to achieve the objectives and adhere to the applicable operational principles set out in [Table A1](#). Since equivalence is determined on a policy-by-policy basis, the Bank may conclude that the borrower's system is equivalent to the Bank's in specific environmental or social safeguard areas in particular pilot projects, and not in other such areas. Before deciding on the use of borrower systems, the Bank also assesses the acceptability of the borrower's implementation practices, track record, and capacity.⁴
 3. **Addressing Gaps.** If the borrower has to fill gaps in its system to meet the objectives and applicable principles in [Table A1](#) and is committed to doing so, the Bank may, when determining equivalence take account of measures to improve the borrower's system. Similarly if the borrower has to fill gaps in implementation practices and capacity to achieve acceptability and is committed to doing so, the Bank may, when determining acceptability, take account of measures to
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strengthen borrower implementation practices and capacity. Such measures are to be carried out before the borrower undertakes implementation of the relevant project activities, and may include Bank-supported efforts to strengthen relevant capacity, incentives and methods for implementation.

4. Borrower Role and Obligations. The borrower is responsible for achieving and maintaining equivalence as well as acceptable implementation practices, track record, and capacity, in accordance with the Bank's assessment. For each project, the borrower identifies those provisions of the country system that are necessary to ensure that the requirements of [Table A1](#) are met. These provisions may vary from project to project, depending on such factors as the structure of the country's system and the type of operation. In all cases, the specific provisions of the country system and any additional actions that the borrower needs to undertake to achieve and maintain equivalence and acceptable implementation become part of the borrower's contractual obligations to the Bank, subject to the Bank's normal contractual remedies (e.g., suspension of disbursements).

5. Bank Responsibility. The Bank is responsible for determining the equivalence and acceptability of borrower systems, and for appraising and supervising pilot projects that use these systems. The Bank carries out its responsibility, including supervision⁵ of borrower implementation practices, track record, and capacity, in a manner proportional to potential impacts and risks. The Bank may explore with the borrower (and, as appropriate, third-parties) the feasibility of arrangements to strengthen ownership and country capacity to implement specific operational principles in [Table A1](#). Without limitation to its responsibility under this paragraph, the Bank may also explore with the borrower (and, as appropriate, third-parties) the feasibility of establishing alternative monitoring arrangements for overseeing the implementation of the project.

6. Changes in Borrower Systems and Bank Remedies. If, during project implementation, there are changes in applicable legislation, regulations, rules or procedures, the Bank assesses the effect of those changes and discusses them with the borrower. If, in the judgment of the Bank, the changes reflect a further improvement in the country systems, and if the borrower so requests, the Bank may agree to revise the legal framework applicable to the operation to reflect these improvements, and to amend the legal agreement as necessary. Management documents, explains, and justifies any changes to such framework, and submits them for Board approval (normally on an absence of objection basis). If the country system is changed in a manner inconsistent with the legal framework agreed with the Bank, the Bank's contractual remedies apply.

7. Disclosure. To promote transparency and facilitate accountability, the Bank makes public through the PID early in the project cycle its intent to use country systems in a proposed pilot operation. It updates this information as project development proceeds. At a later stage, but prior to beginning appraisal, the Bank makes publicly available its analysis of equivalence of borrower systems and Bank requirements and its assessment of the acceptability of borrower implementation practices, track record, and capacity (including a description of the applicable borrower systems and of actions that would achieve and sustain equivalence and acceptability). In addition, the Bank ensures that relevant project-related environmental and social safeguard documents (see [Table A1](#)), including the procedures prepared for projects involving subprojects, are disclosed in a timely manner before project appraisal formally begins, in an accessible place and understandable form and language to key stakeholders.

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1. "Bank" includes IBRD and IDA; "loan" includes IDA credit and IDA grant; and "borrower" includes grant recipient.
 2. The Bank's environmental and social safeguards policies and procedures are: [OP/BP 4.01, Environmental Assessment](#); [OP/BP 4.04, Natural Habitats](#); [OP 4.09, Pest Management](#); [OP/BP 4.10, Indigenous Peoples](#); [OP/BP 4.11, Physical Cultural Resources](#); [OP/BP 4.12, Involuntary Resettlement](#); [OP 4.36, Forests](#); and [OP/BP 4.37, Safety of Dams](#).
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3. When used in this policy statement "country systems" means a country's legal and institutional framework, consisting of its national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules, and procedures.
4. As the applicable statement for the pilots, this OP and BP will apply only to those areas where the Bank has determined equivalence. The Bank's environmental and social safeguard policies will apply to the areas which the Bank has determined not to be equivalent to its applicable policy framework and will continue to apply to all projects that are not part of the pilot program. Pilot projects will be subject to all other applicable policies and procedures.
5. [OP/BP 13.05, Project Supervision](#), applies to pilot projects

Table A1 of OP 4.00, Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects

<i>Objectives</i>	<i>Operational Principles</i>
A. Environmental Assessment	
<p>To help ensure the environmental and social soundness and sustainability of investment projects.</p> <p>To support integration of environmental and social aspects of projects into the decision making process.</p>	<ol style="list-style-type: none"> 1. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment (EA) so that appropriate studies are undertaken proportional to potential risks and to direct, and, as relevant, indirect, cumulative, and associated impacts. Use sectoral or regional environmental assessment when appropriate. 2. Assess potential impacts of the proposed project on physical, biological, socio-economic and physical cultural resources, including trans-boundary and global concerns, and potential impacts on human health and safety. 3. Assess the adequacy of the applicable legal and institutional framework, including applicable international environmental agreements, and confirm that they provide that the cooperating government does not finance project activities that would contravene such international obligations. 4. Provide for assessment of feasible investment, technical, and siting alternatives, including the "no action" alternative, potential impacts, feasibility of mitigating these impacts, their capital and recurrent costs, their suitability under local conditions, and their institutional, training and monitoring requirements associated with them. 5. Where applicable to the type of project being supported, normally apply the Pollution Prevention and Abatement Handbook (PPAH). Justify deviations when alternatives to measures set forth in the PPAH are selected. 6. Prevent and, where not possible to prevent, at least minimize, or

compensate for adverse project impacts and enhance positive impacts through environmental management and planning that includes the proposed mitigation measures, monitoring, institutional capacity development and training measures, an implementation schedule, and cost estimates.

7. Involve stakeholders, including project-affected groups and local nongovernmental organizations, as early as possible, in the preparation process and ensure that their views and concerns are made known to decision makers and taken into account. Continue consultations throughout project implementation as necessary to address EA-related issues that affect them.

8. Use independent expertise in the preparation of EA where appropriate. Use independent advisory panels during preparation and implementation of projects that are highly risky or contentious or that involve serious and multi-dimensional environmental and/or social concerns.

9. Provide measures to link the environmental assessment process and findings with studies of economic, financial, institutional, social and technical analyses of a proposed project.

10. Provide for application of the principles in this Table to subprojects under investment and financial intermediary activities.

11. Disclose draft EA in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders.

Objectives

Operational Principles

B. Natural Habitats

To promote environmentally sustainable development by supporting the protection, conservation, maintenance, and rehabilitation of natural habitats and their functions.

1. Use a precautionary approach to natural resources management to ensure opportunities for environmentally sustainable development. Determine if project benefits substantially outweigh potential environmental costs.

2. Avoid significant conversion or degradation of critical natural habitats, including those habitats that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities.

3. Where projects adversely affect non-critical natural habitats, proceed only if viable alternatives are not available, and if appropriate conservation and mitigation measures, including those required to maintain ecological services they provide, are in place. Include also mitigation measures that minimize habitat loss and establish and maintain an ecologically similar protected area.

4. Whenever feasible, give preference to siting projects on lands already converted.

5. Consult key stakeholders, including local nongovernmental organizations and local communities, and involve such people in design, implementation, monitoring, and evaluation of projects, including mitigation planning.
6. Provide for the use of appropriate expertise for the design and implementation of mitigation and monitoring plans.
7. Disclose draft mitigation plan in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders.

Objectives

Operational Principles

C. Pest Management [This text refers to Integrated Pest Management (IPM) as defined in OP 4.09].

To minimize and manage the environmental and health risks associated with pesticide use and promote and support safe, effective, and environmentally sound pest management.

1. Promote use of demand driven, ecologically based biological or environmental pest management practices (Integrated Pest Management [IPM] in agricultural projects and Integrated Vector Management [IVM] in public health projects) and reduce reliance on synthetic chemical pesticides. Include assessment of pest management issues, impacts and risks in the EA process.
2. Procure pesticides contingent on an assessment of the nature and degree of associated risks, taking into account the proposed use and intended users. Do not procure formulated products that are in WHO Classes IA and IB, or formulations of products in Class II unless there are restrictions that are likely to deny use or access to lay personnel and others without training or proper equipment Reference: WHO's "Recommended Classification of Pesticides by Hazard and Guidelines to Classification" (IOMC, 2000-2002).
3. Follow the recommendations and minimum standards as described in the United Nations Food and Agriculture Organization (FAO) International Code of Conduct on the Distribution and Use of Pesticides (Rome, 2003) and procure only pesticides that are manufactured, labeled, handled, stored, applied and disposed of according to acceptable standards as described in FAO Pesticide Guidelines on Storage, Labeling, and Disposal (Rome, 1985).
4. Support policy reform and institutional capacity development to (a) enhance implementation of IPM- and IVM-based pest management, and (b) regulate and monitor the distribution and use of pesticides.
5. Disclose draft mitigation plan in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

Objectives

Operational Principles

D. Involuntary Resettlement

To avoid or minimize involuntary resettlement and, where this is not feasible, to assist displaced persons in improving or at least restoring their livelihoods and standards of living in real terms relative to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.

1. Assess all viable alternative project designs to avoid, where feasible, or minimize involuntary resettlement.
2. Through census and socio-economic surveys of the affected population, identify, assess, and address the potential economic and social impacts of the project that are caused by involuntary taking of land (e.g., relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, whether or not the affected person must move to another location) or involuntary restriction of access to legally designated parks and protected areas.
3. Identify and address impacts also if they result from other activities that are (a) directly and significantly related to the proposed project, (b) necessary to achieve its objectives, and (c) carried out or planned to be carried out contemporaneously with the project.
4. Consult project-affected persons, host communities and local nongovernmental organizations, as appropriate. Provide them opportunities to participate in the planning, implementation, and monitoring of the resettlement program, especially in the process of developing and implementing the procedures for determining eligibility for compensation benefits and development assistance (as documented in a resettlement plan), and for establishing appropriate and accessible grievance mechanisms. Pay particular attention to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples, ethnic minorities, or other displaced persons who may not be protected through national land compensation legislation.
5. Inform displaced persons of their rights, consult them on options, and provide them with technically and economically feasible resettlement alternatives and needed assistance, including (a) prompt compensation at full replacement cost for loss of assets attributable to the project; (b) if there is relocation, assistance during relocation, and residential housing, or housing sites, or agricultural sites of equivalent productive potential, as required; (c) transitional support and development assistance, such as land preparation, credit facilities, training or job opportunities as required, in addition to compensation measures; (d) cash compensation for land when the impact of land acquisition on livelihoods is minor; and (e) provision of civic infrastructure and community services as required.
6. Give preference to land-based resettlement strategies for displaced persons whose livelihoods are land-based.
7. For those without formal legal rights to lands or claims to such land that could be recognized under the laws of the country, provide resettlement assistance in lieu of compensation for land to help improve or at least restore their livelihoods.
8. Disclose draft resettlement plans, including documentation of

the consultation process, in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

9. Apply the principles described in the involuntary resettlement section of this Table, as applicable and relevant, to subprojects requiring land acquisition.

10. Design, document, and disclose before appraisal of projects involving involuntary restriction of access to legally designated parks and protected areas, a participatory process for: (a) preparing and implementing project components; (b) establishing eligibility criteria; (c) agreeing on mitigation measures that help improve or restore livelihoods in a manner that maintains the sustainability of the park or protected area; (d) resolving conflicts; and (e) monitoring implementation.

11. Implement all relevant resettlement plans before project completion and provide resettlement entitlements before displacement or restriction of access. For projects involving restrictions of access, impose the restrictions in accordance with the timetable in the plan of actions.

12. Assess whether the objectives of the resettlement instrument have been achieved, upon completion of the project, taking account of the baseline conditions and the results of resettlement monitoring.

<i>Objectives</i>	<i>Operational Principles</i>
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E. Indigenous Peoples

To design and implement projects in a way that fosters full respect for Indigenous Peoples' dignity, human rights, and cultural uniqueness and so that they: (a) receive culturally compatible social and economic benefits; and (b) do not suffer adverse effects during the development process.

1. Screen early to determine whether Indigenous Peoples are present in, or have collective attachment to, the project area. Indigenous Peoples are identified as possessing the following characteristics in varying degrees: self-identification and recognition of this identity by others; collective attachment to geographically distinct habitats or ancestral territories and to the natural resources in these habitats and territories; presence of distinct customary cultural, economic, social or political institutions; and indigenous language.

2. Undertake free, prior and informed consultation with affected Indigenous Peoples to ascertain their broad community support for projects affecting them and to solicit their participation: (a) in designing, implementing, and monitoring measures to avoid adverse impacts, or, when avoidance is not feasible, to minimize, mitigate, or compensate for such effects; and (b) in tailoring benefits in a culturally appropriate manner .

3. Undertake social assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples. Give full consideration to options preferred by the affected Indigenous Peoples in the provision of benefits and design of mitigation measures. Identify social and economic benefits for Indigenous Peoples that are culturally appropriate, and gender and inter-generationally inclusive and develop measures to avoid, minimize and/or mitigate adverse impacts on Indigenous Peoples .

4. Where restriction of access of Indigenous Peoples to parks and protected areas is not avoidable, ensure that the affected Indigenous Peoples' communities participate in the design, implementation, monitoring and evaluation of management plans for such parks and protected areas and share equitably in benefits from the parks and protected areas.

5. Put in place an action plan for the legal recognition of customary rights to lands and territories, when the project involves: (a) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples traditionally owned, or customarily used or occupied; or (b) the acquisition of such lands.

6. Do not undertake commercial development of cultural resources or knowledge of Indigenous Peoples without obtaining their prior agreement to such development.

7. Prepare an Indigenous Peoples Plan that is based on the social assessment and draws on indigenous knowledge, in consultation with the affected Indigenous Peoples' communities and using qualified professionals. Normally, this plan would include a framework for continued consultation with the affected communities during project implementation; specify measures to ensure that Indigenous Peoples receive culturally appropriate benefits, and identify measures to avoid, minimize, mitigate or compensate for any adverse effects; and include grievance procedures, monitoring and evaluation arrangements, and the budget for implementing the planned measures.

8. Disclose the draft Indigenous Peoples Plan, including documentation of the consultation process, in a timely manner before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

9. Monitor implementation of the Indigenous Peoples Plan, using experienced social scientists.

Objectives

Operational Principles

F. Forests

To realize the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests.

1. Screen as early as possible for potential impacts on forest health and quality and on the rights and welfare of the people who depend on them. As appropriate, evaluate the prospects for new markets and marketing arrangements.

2. Do not finance projects that would involve significant conversion or degradation of critical forest areas or related critical natural habitats, or that would contravene applicable international environmental agreements.

3. Do not finance natural forest harvesting or plantation development that would involve any conversion or degradation of critical forest areas or related critical natural habitats.

4. Support projects that adversely impact non-critical natural forests or related natural habitats only if viable alternatives to the project

are not available and only if appropriate conservation and mitigation measures are in place.

5. Support commercial, industrial-scale forest harvesting only when the operation is certified, under an independent forest certification system, as meeting, or having a time-bound action plan to meet, internationally recognized standards of responsible forest management and use.

6. Ensure that forest restoration projects maintain or enhance biodiversity and ecosystem functionality and that all plantation projects are environmentally appropriate, socially beneficial and economically viable.

7. Give preference to small-scale community-level management approaches where they best reduce poverty in a sustainable manner.

8. Support commercial harvesting by small-scale landholders, local communities or entities under joint forest management where monitoring with the meaningful participation of local communities demonstrates that these operations achieve a standard of forest management consistent with internationally recognized standards of responsible forest use or that they are adhering to an approved time-bound plan to meet these standards.

9. Use forest certification systems that require: (a) compliance with relevant laws; (b) recognition of, and respect for, legal or customary land tenure and use rights as well as the rights of Indigenous Peoples and workers; (c) measures to enhance sound community relations; (d) conservation of biological diversity and ecological functions; (e) measures to maintain or enhance environmentally sound multiple benefits from the forest; (f) prevention or minimization of environmental impacts; (g) effective forest management planning; (h) active monitoring and assessment of relevant forest management areas; and (i) independent, cost effective, third-party assessment of forest management performance against measurable performance standards defined at the national level and compatible with internationally accepted principles and criteria of sustainable forest management through decision making procedures that are fair, transparent, independent, designed to avoid conflict of interest and involve the meaningful participation of key stakeholders, including the private sector, Indigenous Peoples, and local communities.

10. Disclose any time-bound action plans in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

Objectives

Operational Principles

G. Physical Cultural Resources

To assist in preserving

1. Use an environmental assessment (EA) or equivalent process to

physical cultural resources and avoiding their destruction or damage. PCR includes resources of archaeological, paleontological, historical, architectural, religious (including graveyards and burial sites), aesthetic, or other cultural significance.

identify PCR and prevent or minimize or compensate for adverse impacts and enhance positive impacts on PCR through site selection and design.

2. As part of the EA, as appropriate, conduct field based surveys, using qualified specialists.
3. Consult concerned government authorities, relevant non-governmental organizations, relevant experts and local people in documenting the presence and significance of PCR, assessing the nature and extent of potential impacts on these resources, and designing and implementing mitigation plans.
4. For materials that may be discovered during project implementation, provide for the use of "chance find" procedures in the context of the PCR management plan or PCR component of the environmental management plan.
5. Disclose draft mitigation plans as part of the EA or equivalent process, in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

Objectives

Operational Principles

H. Safety of Dams

To assure quality and safety in the design and construction of new dams and the rehabilitation of existing dams, and in carrying out activities that may be affected by an existing dam.

1. Identify existing dams and dams under construction that can influence the performance of the project and implement necessary safety measures/remedial works.
2. Use experienced and competent professionals to design and supervise the construction, operation, and maintenance of dams and associated works.
3. Develop detailed plans, including for construction supervision, instrumentation, operation and maintenance and emergency preparedness.
4. Use independent advice on the verification of design, construction, and operational procedures and appoint independent panels of experts for large or high hazard dams.
5. Use contractors that are qualified and experienced to undertake planned construction activities.
6. Carry out periodic safety inspections of new/rehabilitated dams after completion of construction/rehabilitation, review/monitor implementation of detailed plans and take appropriate action as needed.

