

OP 4.01 - Environmental Assessment

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

OP 4.01
January, 1999

This Operational Policy statement was updated in February 2011 to clarify the use of framework instruments and to add strategic environmental and social assessment (SESA) to the list of available instruments. It was previously revised in March 2007 to reflect the issuance of [OP/BP 8.00, Rapid Response to Crises and Emergencies](#), and in August 2004 to ensure consistency with the requirements of [OP/BP 8.60](#).

Note: OP and [BP 4.01](#) together replace OMS 2.36, *Environmental Aspects of Bank Work*; OD 4.00, Annex A, *Environmental Assessment*; OD 4.00, Annex B, *Environmental Policy for Dam and Reservoir Projects*; OD 4.01, *Environmental Assessment*; and the following Operational Memoranda: *Environmental Assessments: Instructions to Staff on the Handling of the Borrower's Consultations with Affected Groups and Relevant Local NGOs*, 4/10/90; *Environmental Assessments: Instructions to Staff on the Release of Environmental Assessments to Executive Directors*, 11/21/90; and *Release of Environmental Assessments to Executive Directors*, 2/20/91. Additional information related to these statements is provided in the *Environmental Assessment Sourcebook* (Washington, D.C.: World Bank, 1991) and subsequent updates available from the Environment Sector Board, and in the [World Bank Group Environment, Health and Safety Guidelines \(EHSGs\)](#).¹ Other Bank statements that relate to the environment include [OP/BP 4.02, Environmental Action Plans](#); [OP/BP 4.04, Natural Habitats](#); [OP 4.07, Water Resources Management](#); [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/BP 4.36, Forests](#); and [OP/BP 10.04, Economic Evaluation of Investment Operations](#). These OP and BP cover all projects for which a PID is first issued after March 1, 1998. Questions may be addressed to the Safeguard Policies Helpdesk in OPCS (Safeguards@worldbank.org).

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1. The Bank² requires environmental assessment (EA) of projects proposed for Bank financing to help ensure that they are environmentally sound and sustainable, and thus to improve decision making.
2. EA is a process whose breadth, depth, and type of analysis depend on the nature, scale, and potential environmental impact of the proposed project. EA evaluates a project's potential environmental risks and impacts in its area of influence;³ examines project alternatives; identifies ways of improving project selection, siting, planning, design, and implementation by preventing, minimizing, mitigating, or compensating for adverse environmental impacts and enhancing positive impacts; and includes the process of mitigating and managing adverse environmental impacts throughout project implementation. The Bank favors preventive measures over mitigatory or compensatory measures, whenever feasible.
3. EA takes into account the natural environment (air, water, and land); human health and safety; social aspects (involuntary resettlement, indigenous peoples, and physical cultural resources);⁴ and transboundary and global environmental aspects.⁵ EA considers natural and social aspects in an integrated way. It also takes into account the variations in project and country conditions; the findings of country environmental studies; national environmental action plans; the country's overall policy framework, national legislation, and institutional capabilities related to the environment and social aspects; and obligations of the country, pertaining to project activities, under relevant international environmental treaties and agreements. The Bank does not finance project activities that would contravene such country obligations, as identified during the EA. EA is initiated as early as possible in project processing and is integrated closely with the economic, financial, institutional, social, and technical analyses of a proposed project.
4. The borrower is responsible for carrying out the EA. For Category A projects,⁶ the borrower retains independent EA experts not affiliated with the project to carry out the EA.⁷ For Category A projects that are highly risky or contentious or that involve serious and multidimensional environmental concerns, the borrower should normally also engage an advisory panel of independent, internationally recognized environmental specialists to advise on all aspects of the project relevant to the EA.⁸ The role of the advisory panel depends on the degree to which project preparation has progressed, and on the extent and quality of any EA work completed, at the time the Bank begins to consider the project.
5. The Bank advises the borrower on the Bank's EA requirements. The Bank reviews the findings and recommendations of the EA to determine whether they provide an adequate basis for processing the project for Bank financing. When the borrower has completed or partially completed EA work prior to the Bank's involvement in a project, the Bank reviews the EA to ensure its consistency with this policy. The Bank may, if appropriate, require additional EA work, including public consultation and disclosure.

6. The *Pollution Prevention and Abatement Handbook*⁹ describes pollution prevention and abatement measures and emission levels that are normally acceptable to the Bank. However, taking into account borrower country legislation and local conditions, the EA may recommend alternative emission levels and approaches to pollution prevention and abatement for the project. The EA report must provide full and detailed justification for the levels and approaches chosen for the particular project or site.

EA Instruments

7. Depending on the project, a range of instruments can be used to satisfy the Bank's EA requirement: environmental impact assessment (EIA), regional or sectoral EA, strategic environmental and social assessment (SESA), environmental audit, hazard or risk assessment, environmental management plan (EMP) and environmental and social management framework (ESMF).¹⁰ EA applies one or more of these instruments, or elements of them, as appropriate. When the project is likely to have sectoral or regional impacts, sectoral or regional EA is required.¹¹

Environmental Screening

8. The Bank undertakes environmental screening of each proposed project to determine the appropriate extent and type of EA. The Bank classifies the proposed project into one of four categories, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts.

(a) *Category A*: A proposed project is classified as Category A if it is likely to have significant adverse environmental impacts that are sensitive,¹² diverse, or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works. EA for a Category A project examines the project's potential negative and positive environmental impacts, compares them with those of feasible alternatives (including the "without project" situation), and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. For a Category A project, the borrower is responsible for preparing a report, normally an EIA (or a suitably comprehensive regional or sectoral EA) that includes, as necessary, elements of the other instruments referred to in para. 7.

(b) *Category B*: A proposed project is classified as Category B if its potential adverse environmental impacts on human populations or environmentally important areas--including wetlands, forests, grasslands, and other natural habitats--are less adverse than those of Category A projects. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigatory measures can be designed more readily than for Category A projects. The scope of EA for a Category B project may vary from project to project, but it is narrower than that of Category A EA. Like Category A EA, it examines the project's potential negative and positive environmental impacts and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance. The findings and results of Category B EA are described in the project documentation (Project Appraisal Document and Project Information Document).¹³

(c) *Category C*: A proposed project is classified as Category C if it is likely to have minimal or no adverse environmental impacts. Beyond screening, no further EA action is required for a Category C project.

(d) *Category FI*: A proposed project is classified as Category FI if it involves investment of Bank funds through a financial intermediary, in subprojects that may result in adverse environmental impacts.

EA for Special Project Types

Sector Investment Lending

9. For sector investment loans (SILs),¹⁴ during the preparation of each proposed subproject, the project coordinating entity or implementing institution carries out appropriate EA according to country requirements and the requirements of this policy.¹⁵ The Bank appraises and, if necessary, includes in the SIL components to strengthen, the capabilities of the coordinating entity or the implementing institution to (a) screen subprojects, (b) obtain the necessary expertise to carry out EA, (c) review all findings and results of EA for individual subprojects, (d) ensure implementation of mitigation measures (including, where applicable, an EMP), and (e) monitor environmental conditions during project implementation.¹⁶ If the Bank is not satisfied that adequate capacity exists for carrying out EA, all Category A subprojects and, as appropriate, Category B subprojects--including any EA reports--are subject to prior review and approval by the Bank.

Financial Intermediary Lending

10. For a financial intermediary (FI) operation, the Bank requires that each FI screen proposed subprojects and ensure that subborrowers carry out appropriate EA for each subproject. Before approving a subproject, the FI verifies (through its own staff, outside experts, or existing environmental institutions) that the subproject meets the environmental requirements of appropriate national and local authorities and is consistent with this OP and other applicable environmental policies of the Bank.¹⁷

11. In appraising a proposed FI operation, the Bank reviews the adequacy of country environmental requirements relevant to the project and the proposed EA arrangements for subprojects, including the mechanisms and responsibilities for environmental screening and review of EA results. When necessary, the Bank ensures that the project includes components to strengthen such EA arrangements. For FI operations expected to have Category A subprojects, prior to the Bank's appraisal each identified participating FI provides to the Bank a written assessment of the institutional mechanisms (including, as necessary, identification of measures to strengthen capacity) for its subproject EA work.¹⁸ If the Bank is not satisfied that adequate capacity exists for carrying out EA, all Category A subprojects and, as appropriate, Category B subprojects--including EA reports--are subject to prior review and approval by the Bank.¹⁹

Emergency Operations under OP 8.00

12. The policy set out in OP 4.01 normally applies to emergency operations processed under [OP/BP8.00, Rapid Response to Crises and Emergencies](#). However, when compliance with any requirement of this policy would prevent the effective and timely achievement of the objectives of an emergency operation, the Bank may exempt the project from such a requirement. The justification for any such exemption is recorded in the loan documents. In all cases, however, the Bank requires at a minimum that (a) the extent to which the emergency was precipitated or exacerbated by inappropriate environmental practices be determined as part of the preparation of such projects, and (b) any necessary corrective measures be built into either the emergency operation or a future lending operation.

Institutional Capacity

13. When the borrower has inadequate legal or technical capacity to carry out key EA-related functions (such as review of EA, environmental monitoring, inspections, or management of mitigatory measures) for a proposed project, the project includes components to strengthen that capacity.

Public Consultation

14. For all Category A and B projects proposed for IBRD or IDA financing, during the EA process, the borrower consults project-affected groups and local nongovernmental organizations (NGOs) about the project's environmental aspects and takes their views into account.²⁰ The borrower initiates such consultations as early as possible. For Category A projects, the borrower consults these groups at least twice: (a) shortly after environmental screening and before the terms of reference for the EA are finalized; and (b) once a draft EA report is prepared. In addition, the borrower consults with such groups throughout project implementation as necessary to address EA-related issues that affect them.²¹

Disclosure

15. For meaningful consultations between the borrower and project-affected groups and local NGOs on all Category A and B projects proposed for IBRD or IDA financing, the borrower provides 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.

16. For a Category A project, the borrower provides for the initial consultation a summary of the proposed project's objectives, description, and potential impacts; for consultation after the draft EA report is prepared, the borrower provides a summary of the EA's conclusions. In addition, for a Category A project, the borrower makes the draft EA report available at a public place accessible to project-affected groups and local NGOs. For SILs and FI operations, the borrower/FI ensures that EA reports for Category A subprojects are made available in a public place accessible to affected groups and local NGOs.

17. Any separate Category B report for a project proposed for IDA financing is made available to project-affected groups and local NGOs. Public availability in the borrowing country and official receipt by the Bank of Category A reports for projects proposed for IBRD or IDA financing, and of any Category B EA report for projects proposed for IDA funding, are prerequisites to Bank appraisal of these projects.

18. Once the borrower officially transmits the Category A EA report to the Bank, the Bank distributes the summary (in English) to the executive directors (EDs) and makes the report available through its

InfoShop. Once the borrower officially transmits any separate Category B EA report to the Bank, the Bank makes it available through its InfoShop.²² If the borrower objects to the Bank's releasing an EA report through the World Bank InfoShop, Bank staff (a) do not continue processing an IDA project, or (b) for an IBRD project, submit the issue of further processing to the EDs.

Implementation

19. During project implementation, the borrower reports on (a) compliance with measures agreed with the Bank on the basis of the findings and results of the EA, including implementation of any EMP, as set out in the project documents; (b) the status of mitigatory measures; and (c) the findings of monitoring programs. The Bank bases supervision of the project's environmental aspects on the findings and recommendations of the EA, including measures set out in the legal agreements, any EMP, and other project documents.²³

1. World Bank Group Environment, Health and Safety Guidelines (EHSGs) have replaced the 1998 Pollution Prevention and Abatement Handbook (PPAH). Guidelines as to what constitutes acceptable pollution prevention and abatement measures and emission levels in a Bank financed project can be found in the EHSGs. For complete reference, consult the [World Bank Group Environmental Health and Safety Guidelines](#). Please check the website [<http://www.ifc.org/ifcext/enviro.nsf/Content/EnvironmentalGuidelines>] for the most recent version.
2. "Bank" includes IBRD and IDA; "EA" refers to the entire process set out in [OP/BP 4.01](#); "loans" includes IDA credits and IDA grants; "borrower" includes, for guarantee operations, a private or public project sponsor receiving from another financial institution a loan guaranteed by the Bank; and "project" covers all operations financed by Bank loans or guarantees except development policy lending (for which the environmental provisions are set out in [OP/BP 8.60](#), *Development Policy Lending*, and also includes projects under adaptable lending-adaptable program loans (APLs) and learning and innovation loans (LILs)- and projects and components funded under the Global Environment Facility. The project is described in Schedule 2 to the Loan/Credit Agreement. This policy applies to all components of the project, regardless of the source of financing
3. For definitions, see [Annex A](#). The area of influence for any project is determined with the advice of environmental specialists and set out in the EA terms of reference.
4. See [OP/BP 4.12](#), *Involuntary Resettlement*; [OP/BP 4.10](#), *Indigenous Peoples*; and [OP/BP 4.11](#), *Physical Cultural Resources*.
5. Global environmental issues include climate change, ozone-depleting substances, pollution of international waters, and adverse impacts on biodiversity.
6. For screening, see para. 8.
7. EA is closely integrated with the project's economic, financial, institutional, social, and technical analyses to ensure that (a) environmental considerations are given adequate weight in project selection, siting, and design decisions; and (b) EA does not delay project processing. However, the borrower ensures that when individuals or entities are engaged to carry out EA activities, any conflict of interest is avoided. For example, when an independent EA is required, it is not carried out by the consultants hired to prepare the engineering design.
8. The panel (which is different from the dam safety panel required under [OP/BP 4.37](#), *Safety of Dams*) advises the borrower specifically on the following aspects: (a) the terms of reference for the EA, (b) key issues and methods for preparing the EA, (c) recommendations and findings of the EA, (d) implementation of the EA's recommendations, and (e) development of environmental management capacity.
9. See footnote 1.
10. These terms are defined in [Annex A](#).
11. Annexes Guidance on the use of sectoral and regional EA is available in [EA Sourcebook Updates 4 and 15](#).
12. A potential impact is considered "sensitive" if it may be irreversible (e.g., lead to loss of a major natural habitat) or raise issues covered by [OP 4.04](#), *Natural Habitats*; [OP/BP 4.10](#), *Indigenous Peoples*; [OP/BP 4.11](#), *Physical Cultural Resources* or [OP 4.12](#), *Involuntary Resettlement*.
13. When the screening process determines, or national legislation requires, that any of the environmental issues identified warrant special attention, the findings and results of Category B EA may be set out in a separate report. Depending on the type of project and the nature and magnitude of the impacts, this report may include, for example, a limited environmental impact assessment, an environmental mitigation or management plan, an environmental audit, or a hazard assessment. For Category B projects that are not in environmentally sensitive areas and that present well-defined and well-understood issues of narrow scope, the Bank may accept alternative approaches for meeting EA requirements: for example, environmentally sound design criteria, siting criteria, or pollution standards for small-scale industrial plants or rural works; environmentally sound siting criteria, construction standards, or inspection procedures for housing projects; or environmentally sound operating procedures for road rehabilitation projects.
14. SILs normally involve the preparation and implementation of annual investment plans or subprojects as time slice activities

over the course of the project.

15. In addition, if there are sectorwide issues that cannot be addressed through individual subproject EAs (and particularly if the SIL is likely to include Category A subprojects), the borrower may be required to carry out sectoral EA before the Bank appraises the SIL.
16. Where, pursuant to regulatory requirements or contractual arrangements acceptable to the Bank, any of these review functions are carried out by an entity other than the coordinating entity or implementing institution, the Bank appraises such alternative arrangements; however, the borrower/coordinating entity/implementing institution remains ultimately responsible for ensuring that subprojects meet Bank requirements.
17. The requirements for FI operations are derived from the EA process and are consistent with the provisions of para. 6 of this OP. The EA process takes into account the type of finance being considered, the nature and scale of anticipated subprojects, and the environmental requirements of the jurisdiction in which subprojects will be located.
18. Any FI included in the project after appraisal complies with the same requirement as a condition of its participation.
19. The criteria for prior review of Category B subprojects, which are based on such factors as type or size of the subproject and the EA capacity of the financial intermediary, are set out in the legal agreements for the project.
20. For the Bank's approach to NGOs, see GP 14.70, *Involving Nongovernmental Organizations in Bank-Supported Activities*.
21. For projects with major social components, consultations are also required by other Bank policies--for example, [OP/BP 4.10, *Indigenous Peoples*](#), and [OP/BP 4.12, *Involuntary Resettlement*](#).
22. For a further discussion of the Bank's disclosure procedures, see [The World Bank Policy on Access to Information](#) which as of July 1, 2010, replaced *The World Bank Policy on Disclosure of Information*. Specific requirements for disclosure of resettlement plans and indigenous peoples development plans are set out in [OP/BP 4.10, *Indigenous Peoples*](#), and [OP/BP 4.12, *Involuntary Resettlement*](#).
23. See [OP/BP 13.05, *Project Supervision*](#).