

Environmental Assessment

Prior to the IBRD or IDA's project appraisal, the borrower has to carry out an Environmental Assessment (EA) to ensure the project's sustainability. General guidelines for the EA are laid down in Operational Policy 4.01 and Bank Procedures 4.01. The World Bank Safeguard Policies are also relevant to the EA of projects.

The comprehensiveness of the assessment process depends on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts. Within the EA, the review team evaluates potential risks and impacts of the project, examines project alternatives, identifies ways of improving project selection, and designs measures to mitigate, compensate, and/or prevent impacts of the project. The EA considers the impact on the natural environment, human health and safety, the social environment and the transboundary and global environment. Environmental Assessments are carried out according to the Bank's requirements; however, the Bank is committed to take into account the environmental legislation and local conditions in the borrowing country.

The process of assessment is described in the following.

Screening

The task team assigned to the proposed project examines the project on its nature, scale and potential environmental impact and classifies it into one of the categories A, B, C and FI. The task team also determines what type of Environmental Assessment is required for the project concerned and records this requirement in the Project Concept Document, the Project Information Document, and in the Environmental Data Sheet. The project's category is recorded in the Monthly Operational Summary of Bank and IDA

Proposed Projects. No project can be classified into two or more categories, but if new information is revealed during project preparation, the project has to be reclassified.

Category A: The project "is likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented" (OP 4.01 para. 8.a). All Category A projects require a full Environmental Impact Assessment or a comprehensive regional or sectoral assessment.

Category B: Environmental impacts of the project are expected to be less adverse than those of Category A projects (impacts are more site-specific, few if any of them are irreversible and satisfactory mitigatory measures can be designed). There is no general guideline of what type of EA should be prepared for a Category B project. It is for the task team to decide.

Category C: The project is likely to have minimal or no adverse environmental impacts, thus no EA is required beyond screening.

Category FI: The project is financed through a financial intermediary and its sub-projects may have adverse impacts on the environment. An EA has to be carried out by the financial intermediaries for each sub-project. If the Bank is not convinced of the capacity of the FIs to perform EA work, all Category A and certain Category B projects will be subject to review prior to approval by the Bank.

Special project types

In the case of Sector Investment Lending, the entity coordinating the project or the institution implementing the project is responsible for carrying out an EA after the Bank has approved the capability of the coordinating entity to perform this task. Environmental Assessment for Sector Adjustment Loans

"assesses the potential environmental impacts of planned policy, institutional and regulatory actions under the loan." (OP 4.01 para. 10)

EAs for loan guarantees may be submitted during appraisal; however, appraisal is not complete without an EA. Emergency Recovery Projects may get an exemption from the Bank for an EA requirement if "compliance with any requirement ... would prevent the effective and timely achievement of the objectives of an emergency recovery project" (OP 4.01 para.13).

In the case of Category A and B projects, the borrower has to initiate consultations with project-affected groups and local NGOs as soon as possible. The first consultation should take place shortly after screening. For this, the borrower should provide a summary of the project's objectives, description and potential impacts.

Preparation

The Project Concept Review performed by the task team determines whether Category B projects need an Environmental Management Plan. Category A projects must include a field visit by an environmental specialist. The borrower is then assisted by the task team in drafting the Terms of Reference (TOR) for the EA report, which ensures that proper public consultation takes place. After the Regional Environmental Sector Unit has reviewed and accepted the TOR, the borrower prepares the EA report.

The borrower receives the following documents as support for the preparation of the EA:

- The Pollution Prevention and Abatement Handbook
- Content of an Environmental Assessment Report for a Category A Project and
- Environmental Management Plan.

Guidance is given by the Bank on how the EA should specifically be applied to dam and reservoir projects and projects involving pest management. The borrower may receive financial support for the preparation of the EA under the Project Preparation Facility and trust

funds, while legal or technical support may be provided to him within the framework of the project.

In the case of Category A projects, the borrower engages independent EA experts to carry out the EA. "Category A projects that are highly risky or contentious or that involve serious and multidimensional environmental concerns" also require the borrower to seek advice from an advisory panel of independent, internationally recognized environmental specialists. (OP 4.01 para. 4) The second public consultation between the borrower and project-affected groups and local NGOs has to be held after a draft EA report is prepared. For this consultation, the borrower provides a summary of the EA's conclusions. The EA report is submitted to the Bank in English, French or Spanish, extended by an executive summary in English.

Review and Disclosure

The task team and the Regional Environmental Sector Unit check the EA report on compliance with the terms of reference agreed to with the borrower previously. Should the report not be satisfactory, the task team may recommend that appraisal be postponed, appraisal mission be considered a pre-appraisal mission or certain issues be reexamined.

The Bank distributes summaries of the final EA report to the Executive Directors. Category A and B reports must be made available in the local language in some public place in the respective country prior to the Board date and will be sent to the Bank's Info Shop as well. For Category A projects, this means reports must be available about 120 days prior Board date. Category A EA reports for loan guarantee operations must be made available through the InfoShop 60 days prior to Board presentation; Category B reports 30 days prior.

Project Appraisal

Appraisal is for reviewing the procedural and substantive elements of the EA, ensuring that

there is proper institutional and financial background for environmental management and determining whether the EA's recommendations are taken into account in project design and economic analysis.

For Category A projects it is a requirement that the appraisal mission team include at least one environmental specialist. After appraisal, the Project Implementation Plan is prepared by the borrower and reviewed by the task team, which then compiles the Project Appraisal Document. This document includes a summary of the findings of the EA. For Category A projects, the summary of the EA report is attached to the document as an annex.

After the project has been implemented, an Implementation Completion Report is prepared evaluating the environmental impacts of the project, noting whether those impacts were anticipated in the EA report and assessing the effectiveness of mitigatory measures taken.

Implementation and Supervision

During implementation, the borrower reports on:

- the compliance with measures agreed, including implementation of the Environmental Management Plan;
- the status of mitigatory measures taken; and
- the findings of monitoring programs.

It is for the task team to supervise the environmental aspects of the project, ensure that the supervision mission contains adequate environmental expertise and that environmental covenants are included in the monitoring system. If the implementation in some way does not comply with those covenants, the task team, in cooperation with the RESU spell out and the Legal Department of the Bank, decides on actions to be taken to correct noncompliance.

This briefing was prepared by Teodóra Dönsz for the CEE Bankwatch Network.

The CEE Bankwatch Network is an international non-governmental organization (NGO) with member organizations from countries of Central and Eastern Europe and the Commonwealth of Independent States. The basic aims of the network are to monitor activities of the International Financial Institutions in the region, and to promote constructive alternatives to their policies and projects. The CEE Bankwatch Network was formally set up in 1995, and become one of the strongest network of environmental NGOs in Central and Eastern Europe.

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