



Environmental Assessment

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Executive Summary

This report on environmental assessment (EA) is the third in a series to be published by the World Bank's Inspection Panel drawing on the main lessons that have emerged from its caseload over 23 years. With these reports, the Panel aims to contribute to institutional learning at the World Bank and in the larger development community by highlighting areas where improvements can enhance the social, environmental, and overall sustainability of Bank-funded operations, further development effectiveness, and enhance transparency.

The Inspection Panel was created in 1993 by the World Bank's Board of Executive Directors to receive and investigate complaints submitted by people actually or potentially suffering harm allegedly caused by Bank projects. Since then, the Panel has received 118 Requests for Inspection. Of those, 87 have been registered and 34 investigated.

Of the 34 cases investigated, 29 have involved issues related to environmental assessment, defined as the process of identifying, predicting, evaluating, and mitigating the natural, social, and other relevant impacts (both positive and negative) of development proposals prior to making major decisions and commitments. Two of the Panel's eligibility reports were also considered for this publication to illustrate additional important lessons. These 31 cases covered 27 countries in six regions. Most of the issues represented in these cases involved adequate screening and scoping, and the consideration of both social and natural impacts. While all relevant Panel cases were studied as part of this report, a special emphasis was put on drawing lessons from cases within the past decade.

This report draws the following main conclusions from the cases:

- Panel cases show the importance of a continuous environmental assessment process throughout the project cycle. This includes conducting quality impact assessments during project preparation as well as adequate follow-up on issues arising during implementation. Thorough assessments that integrate natural and social impacts are both required and essential to anticipate issues, plan proper mitigation measures, deal with problems that arise in an effective and timely manner, and ensure project sustainability in the long term.
- Strong supervision is crucial. This includes on-site verification when problems are identified, multidisciplinary expertise that goes beyond engineering to environmental and social issues, and continuous dialogue to close potential gaps between the reality on the ground and perspectives of the project team.
- Many of the issues found in Panel cases relate to the importance of considering the social dimensions of a project, and the Panel's experience suggests that lapses in analyzing social risks and impacts can create or exacerbate already complex situations.
- Not only high-risk (Environmental Category A) projects have the potential to cause significant harm. The Panel has received Requests related to

projects in all environmental categories and has investigated projects with Category A (18) and B (9) designations. Panel cases show that it is critical to identify, mitigate, and monitor all project risks, regardless of the project's environmental categorization.

- Panel cases have positively influenced World Bank practices related to environmental assessment. In response to Panel investigations, the Bank has provided clarifications related to the application of the Bank's Policy on Environmental Assessment and issued guidelines to staff on how to address relevant policy issues. Some recent examples include the issuance of a guidance note on managing labor influx risks in World Bank projects, as well as the creation of a Gender-Based Violence (GBV) Taskforce to develop recommendations for the institution on how to prevent and respond to GBV in Bank projects.

Finally, and as stated in previous Emerging Lessons Series reports, Panel cases tend to highlight challenging projects where things went wrong. Therefore, these 31 cases are not necessarily reflective of the Bank's entire portfolio. Nevertheless, the lessons are important. This exercise is intended to help build the institutional knowledge base, enhance accountability, foster better project results and, ultimately, contribute to more effective development with shared prosperity for all.

Abbreviations

BP	Bank Procedures
BRT	Bus-Rapid Transit System
DPL	Development Policy Lending
DRC	Democratic Republic of Congo
EA	Environmental Assessment
EESRSP	Emergency Economic and Social Reunification Support Project
EMP	Environmental Management Plan
ELPS	Escravos-Lagos Pipeline System
ESMP	Environmental and Social Management Plan
ESF	Environmental and Social Framework
GBV	Gender-Based Violence
GHG	Greenhouse Gas
ESIA	Environmental and Social Impact Assessment
ESIS	Environmental and Social Impact Statement
LIL	Learning and Innovation Loan
HPP	Hydropower Plant
NEA	Nepal Electricity Authority
NGO(s)	Non-Governmental Organization(s)
NDP	National Drainage Program Project
NSDS	National Surface Drainage System
OP	Operational Policy
PAD	Project Appraisal Document
PAPs	Project-Affected People
PBS	Promoting Basic Services
PforR	Program-for-Results Financing
SDR	Safeguards Diagnostic Review
STIs	Sexually Transmitted Infections
TA	Technical Assistance
TOR	Terms of Reference
TSERO	Transitional Support for Economic Recovery Operation
UNRA	Uganda National Roads Authority
WAGP	West African Gas Pipeline Project

Introduction

The Inspection Panel was created in 1993 by the World Bank's Board of Executive Directors to receive and investigate complaints submitted by people actually or potentially suffering harm allegedly caused by Bank projects. As of March 2017, the Panel had received 118 Requests for Inspection.¹ Of those, 87 had been registered and 34 investigated. Twenty-nine Panel investigations have involved the Bank's Environmental Assessment Policy.²

This report on environmental assessment is the third in a series of Panel publications drawing on the main lessons that have emerged from its caseload over 23 years. The first report, published in April 2016, focused on involuntary resettlement, while the second, published in October 2016, analyzed indigenous peoples' issues. While Panel cases tend to highlight challenging projects where things went wrong and therefore are not necessarily reflective of the Bank's entire portfolio, the lessons nonetheless are important.

Environmental assessment is the process of identifying, predicting, evaluating, and mitigating the natural, social, and other relevant impacts (both positive and negative) of development proposals prior to making major project-funding decisions and commitments. This assessment is both a technical tool for analysis, and a legal and institutional procedure in the decision-making process. Its purpose is to provide information for decision making; promote transparency and participation; identify procedures and methods for follow-up in policy, planning, and project cycles; and contribute to environmentally sound and sustainable development.³

According to the Bank's Operational Policy/Bank Procedure 4.01 on Environmental Assessment (OP/BP 4.01; see Appendix A), the 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); and transboundary and global environmental aspects. EA considers natural and social aspects in an integrated way. In line with the policy, this publication uses the term environmental impacts to encompass both natural and social impacts. Since the EA Policy is considered the umbrella policy for all the other safeguard policies at the Bank, it is also therefore inevitable that there is a degree of overlap between the emerging lessons attributable to environmental assessment and the lessons from other environmental safeguard policies.

On August 4, 2016, the Board of Executive Directors approved a new Environmental and Social Framework (ESF), which includes Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts. The ESF also introduces protections related to labor and working conditions; community health and safety, including road safety; stakeholder engagement throughout the project cycle; and a stronger focus on using the borrowers' framework for environmental and social

assessment. Since the ESF is not expected to take effect until 2018, the projects included in this report are based on lessons from the application of the previous policies.

Methods

Emerging lessons were drawn by analyzing Panel cases involving environmental assessment.

1. A complete review of the Panel's database led to the initial identification of the main issues arising in projects involving environmental assessment. Of the Panel's 34 investigated cases, 29 have involved environmental assessment (see Appendix B). While all of these cases were studied for the purposes of this report, emphasis was placed on the lessons from cases within the past 10 years. In addition to investigated cases, two eligibility reports were included to illustrate additional important lessons within the Panel's casework, putting the total number of cases analyzed at 31.⁴
2. A systematic identification and classification of issues was undertaken, based on common themes and similarities among the cases. (The main cases studied are summarized in Appendix C.) Although each case is unique, an attempt was made to group findings into general clusters following the principal features of the Environmental Assessment Policy.
3. Literature review was conducted and discussions were held with internal and external stakeholders and experts.
4. Two internationally renowned experts on environmental assessment and World Bank safeguard policies provided peer review for this publication.

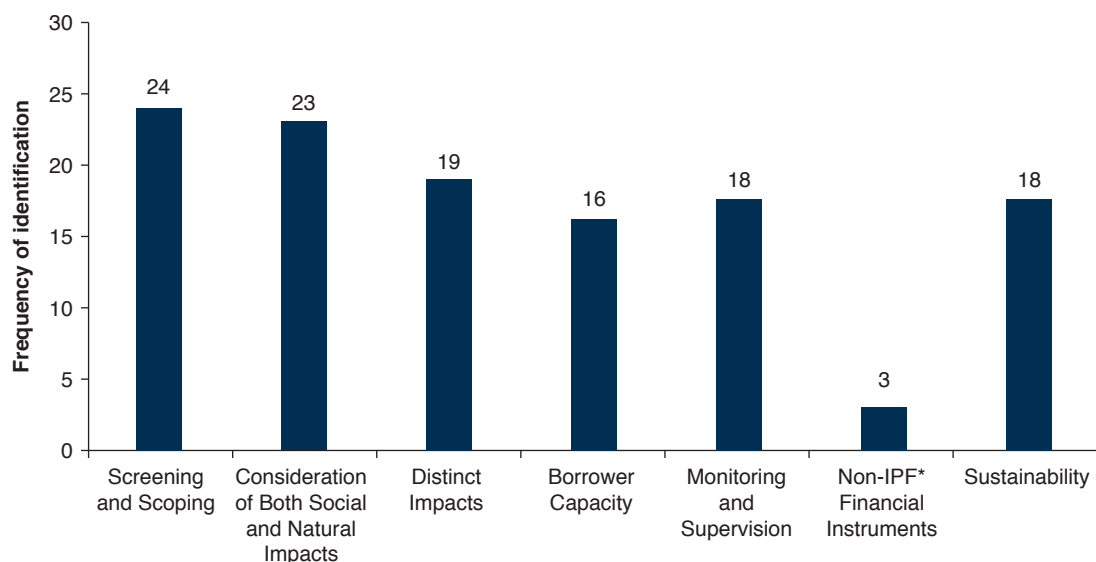
Results

The subset of 31 cases provides a wide sample, spanning more than 23 years and covering 27 countries in six regions. The issue most frequently identified by the Panel is adequate scoping and screening (24 cases), followed by the necessity of considering both social and natural impacts (23 cases).

Figure 1 shows the frequency of the issues identified in the 29 Panel investigations and two additional relevant cases analyzing particular EA issues, and forms the basis of the emerging lessons presented in this report.

The results of the Panel's analysis are presented in the following sections, which include examples from Panel cases. They are presented in a sequence that follows the project cycle and the main steps required to plan and implement projects.

FIGURE 1 Frequency of Issues Identified in Environmental Assessment Cases



Note: 29 investigations and 2 eligibility reports.

*Non-Investment Project Financing.



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Project Preparation

LESSON 1: Adequate Screening and Scoping Provide the Foundation for a Robust Environmental Assessment Process

Screening and scoping are key steps that are completed in the early stages of the EA process. Screening determines the categorization of the project which, in turn, defines if the proposed project should be subjected to the preparation of an EA report, as well as the extent and the type of environmental work required. Scoping, on the other hand, is the process of identifying the most critical issues and impacts to be analyzed under the EA. The findings of this process inform the preparation of the terms of reference (TOR) for the EA. Panel cases have highlighted the importance of properly identifying critical potential impacts early in the process, notably during the screening and scoping stages.

Environmental Categorization Reflecting Social Risks

While Panel cases illustrate that generally projects are assigned the correct environmental category, there are still weaknesses in adequately considering a project's social risks and impacts during project screening and categorization. Social risks refer to the social context in which the project operates and includes issues related to social safeguards on involuntary resettlement and indigenous peoples,

and also issues related to gender and disadvantaged groups, ethnic tensions, and cultural heritage. According to Bank procedures, during the environmental screening process the project is assigned a categorization (Category A, Category B, Category C or Category FI), which determines the breadth, depth, and type of EA work required.⁵ Panel cases showed that project categorization often fell short of due consideration of important social impacts and their associated risks.

Examples. The Panel's investigation of the Emergency Economic and Social Reunification Support Project (EESRSP) in the Democratic Republic of Congo (DRC) serves as an example of the importance of assessing social risks in the proper determination of environmental categorization. One project component involved the review of logging concessions, an activity that carries significant environmental and social implications. The existing logging concessions covered vast stretches of forest, including many areas that are home to Pygmies, a vulnerable indigenous group whose associated risks were not adequately considered during project categorization.⁶ During its investigation, the Panel found that an environmental assessment corresponding to the project's Category B rating was prepared, but it only covered road elements financed under another component of the project and did not extend to the respective component involving logging. The Panel found that the potential impacts of land-use planning in DRC, including the risks to the Pygmy people and their livelihood, should have been analyzed as part of a Category A environmental assessment. As a direct consequence of this misclassification, the project lacked an environmental and social assessment to address these issues. Similar shortcomings were found in the Panel's investigation of the Cambodia Forest Concession Management and Control Pilot Project. Following these investigations, the Bank reviewed and updated the Guidelines for Environmental Screening and Classification. These guidelines provided guidance to Bank staff on both classification and methods to undertake environmental and social safeguard-related actions in Technical Assistance projects, and the proposed wider use of strategic environmental assessments to support the preparation and implementation of natural resource management projects.

Analysis of Alternatives for Project Selection, Location, and Design

The analysis of alternatives is a key step in project preparation. The Bank's Policy on Environmental Assessment requires the examination of realistic project alternatives, including the "without project" scenario, and a systematic comparison of their respective positive and negative impacts. The alternatives analysis should include a broad range of factors, and consider the resource requirements and benefits for each alternative. The quality of the analysis of alternatives will directly affect the environmental and social indicators for tracking project impacts; it is a holistic process that considers more than minimizing adverse impacts of a potential project.

Panel cases have shown a need for a comprehensive and rigorous analysis of alternatives to inform the selection of a technically feasible, economically sound, and socially appropriate project. The analysis should include

consideration of not only alternative locations, but also alternative designs. The Panel's findings have shown the need for ensuring identification of alternatives prior to site selection—in particular for industrial, infrastructure and energy projects—in order to minimize issues during the design process. The Panel's experience based on its caseload shows that the depth of the analysis is as important as its breadth, and that the benefits of undertaking an alternatives analysis are questionable if completed only to validate a preselected technology, siting, or project design. Consideration of a sectoral or regional EA prior to the preparation of a project-level EA can effectively filter out unsuitable alternatives in the early project stages.

Example. The Panel found that in the case of the Uganda Private Power Generation Project, which consisted of the construction of the Bujagali hydropower plant to provide an increase of power-generation capacity to the national grid, the Bank had not ensured that cultural and spiritual matters of high significance at Bujagali Falls were adequately considered in project preparation, and when comparing the Bujagali and Karuma alternatives. Alternative project configurations were unduly narrowed on the basis of *a-priori* judgments rather than exploring all technically feasible options. The Panel noted that the Bank's Policy on Environmental Assessment required alternatives to be laid out in a systematic way, along with their economic, social, and environmental benefits and costs, so that judgments on optimal alternatives could be made with a full understanding of the trade-offs involved.

Delineating the Project's Area of Influence and Considering Associated Facilities

The policy requires the EA to evaluate the project's potential environmental impacts in its area of influence. It defines area of influence as the area to be likely affected by the project, including its ancillary aspects, as well as unplanned development induced by the project. Panel cases have shown that there are challenges in accurately delineating the area of influence. The area of influence may be defined too narrowly, and, as a result, important impacts are not properly analyzed and mitigated, indirect and induced impacts are not properly assessed, and important project-affected people (PAPs) are left out of the consultations and project benefits.

The Panel has encountered cases where the delineation of the area of influence was inadequate. In some cases, the area of influence was based solely on the project's geographical footprint and as a consequence important impacts situated away from the construction site were not assessed and mitigated. The delineation of the area of influence should be context-specific and take into account indirect and induced-development impacts resulting from the project.

Examples. In the case of the Lima Urban Transport Project that supported the establishment of a mass transit system, limited attention was paid to assessing the impacts that would take place beyond construction and operation of the bus corridor. There was no assessment of the impacts associated with changes in traffic patterns, rerouting, and impacts on the socio-cultural dynamics of the historical Barranco neighborhood. As a consequence of this

narrow approach, some residents of Barranco were not included in the consultations and the project generated tension and conflict. The Panel investigation report, however, noted that subsequently the project created a dialogue roundtable to discuss the complainants' concerns, and that the project had made important contributions to address the high traffic volume in the city.

The Panel has also investigated many cases in which the determination of the area of influence did not take into account the impacts associated with important facilities and activities linked to the projects. These were consequently not adequately assessed or included in the scope of the project's appraisal. Panel cases have also shown that Bank policies lack a clear definition of what constitutes associated activities and facilities. The project and its associated facilities and supply areas need to be viewed as an inter-connected system for the purposes of environmental assessments.

In the case of the India Vishnugad Pipalkoti Hydro Electric Project that financed a run-of-the river hydro generation project on the Alaknanda River, the activities associated with constructing multiple dams along the river were not properly evaluated during the environmental assessment. Further, neither the impacts from the proposed 30-kilometer (km) line that would evacuate power from the project, nor those of the proposed wider transmission network, were analyzed as associated activities despite being integral to the success of the project. Specifically, the EA lacked an assessment of the impacts related to the potential loss of farm land and forest resources due to transmission-line construction.

During its investigation into the West African Gas Pipeline Project (WAGP), which consisted of the construction of a new pipeline system to transport natural gas from Nigeria to Ghana, Togo, and Benin, the Panel found that its "upstream" project influences needed to be evaluated. The Panel noted that the project and associated facilities and supply areas, although several hundred kilometers away from the project itself, should have been viewed as an inter-connected system for purposes of environmental assessment, and should have considered both potential benefits and adverse impacts.

Determining the Scope of Cumulative Impacts

Panel cases have uncovered weaknesses in the preparation of cumulative impact assessments. In some cases, the Panel found that cumulative assessments were not done, and in other cases they did not properly take into account the long-term impacts associated with future potential projects in the project's area of influence. To be effective, a cumulative impact assessment needs to evaluate the additive effects of existing, planned, and probable future projects in the area of influence.

Examples. The Panel's investigation into the Chad-Cameroon Petroleum Development and Pipeline Project found that the project should have conducted a cumulative impact assessment during the early scoping of the project's environmental effects to analyze the impacts associated with future upstream oil developments in northern Cameroon, new oil/gas fields off the Cameroon coast, and large-scale regional oil and gas developments planned

for Equatorial Guinea, Gabon, and Nigeria. Despite the wide extent of the pipeline spanning 1,100 km and multiple regions in two countries, project documentation included no discussion of how the boundary of the study area was determined, nor any mention of the potential area that could be affected by the project. Additional projects in the vicinity of the pipeline project, such as the Lom Pangar Dam and the European Union-funded highway linking southern Chad to northern Cameroon, should also have been incorporated into a cumulative impact assessment as part of the EA.

In the South Africa Eskom Investment Support Project, which financed the 4,800-megawatt (MW) Medupi coal-fired power plant and associated infrastructure, the Panel found inadequate analysis of the cumulative effects on air quality from the Grootegeluk coal mine and the Medupi and Matimba power stations. It found that although air quality in the local air shed had been assessed as part of the EA—consistent with OP/BP 4.01—due consideration should have been given to probable future projects in the area (e.g. additional coal mines and coal-fired power stations) to determine the appropriate level of mitigation measures for the project.

Early Involvement of Internationally Recognized Expertise

The role of internationally recognized expertise is very important for Bank projects, as it complements Bank advice to the borrower on the terms of reference for the EA, methods for its preparation, implementation of its recommendations, and the development of environmental management capacity. The Bank's EA Policy specifically requires that the borrower retain independent experts to carry out the EA for Category A projects. Early involvement of internationally recognized expertise in the context of high-risk or large infrastructure projects enhances capacity and improves the quality of preparation. Internationally recognized expertise in the context of high-risk or large infrastructure projects is often used to fill gaps in the borrower's capacity. It plays the important role of transfer of expertise for design and implementation of projects, especially when early identification of issues is necessary.

Examples. The Panel noted that in the case of the Pakistan National Drainage Program Project (NDP), an environmental advisory panel composed of internationally recognized expertise should have been in place from the start of the project. This would have ensured the timely integration of social and environmental issues in a key drainage assessment. The Panel found the extended delay in establishing an advisory panel contributed to the failure to identify the shortcomings in project design, which consequently affected large parts of Sindh province and the population living at the tail end of the drainage system.

Similarly, the Panel noted that in the case of WAGP, the failure to establish an independent advisory panel during the planning and design stages of the project and the delay in its establishment during project implementation led to inadequate attention to several aspects of safeguard policies. Specifically, there was a lack of ability to interpret and adequately follow up on the warning signs relating to social aspects that the monitoring reports had raised and discussed.

LESSON 2: Consideration of Both Social and Natural Impacts Should Inform Project Design

The EA Policy explicitly states that environmental assessment needs to consider social and natural impacts in an integrated manner. Panel cases indicate that in practice, the EA process often focuses on impacts to the natural environment, and key social impacts are in many cases overlooked. Important social impacts often not considered during the EA process include those associated with changes in land use, control over resources and livelihood systems, influx of workers and population growth, public health impacts, impacts on vulnerable and disadvantaged groups, gender, labor, and induced-development issues. The Panel often finds weak understanding of the broader social context in which the project operates: e.g. ethnic tensions, political economy, labor influx, socio-cultural and historical factors, and post-conflict environments.

Assessing Social Impacts and Designing Related Mitigation Measures

It is important to treat natural and social issues in an integrated manner, and to consider social impacts beyond those covered in the application of Bank's safeguard policies on involuntary resettlement and indigenous peoples. Panel cases have shown that many environmental assessments contain either no or weak analyses of potential social impacts. These cases illustrate the need to ensure that environmental assessment documents properly analyze key social impacts and their associated risks, and propose commensurate mitigation measures to not only avoid harm to all project-affected people, but also to identify opportunities to maximize benefits for affected communities.

The new Environmental and Social Framework demonstrates the evolution of the Bank's approach to this topic since the prior policy update. The ESF broadens the scope of the assessment by adding more explicit requirements covering social impacts and taking into account other social risks, including those related to vulnerable and disadvantaged groups.

Examples. The Uzbekistan Second Rural Enterprise Support Project supported the rehabilitation of irrigation and drainage infrastructure and provided financial and capacity-building support to farmers and agribusinesses. While the project's social assessment mentioned child labor in cotton farms supported by the project as a risk, the analysis and mitigation measures were not sufficiently robust. In addition, the social assessment lacked an analysis of issues related to forced labor in the sector, despite the fact that these practices were widespread in the country. In response to the Panel case, the Bank signed a memorandum of understanding with the International Labour Organization to carry out third-party monitoring of child and forced labor in cotton fields in Bank-financed projects. All relevant project documents were amended to require compliance with the applicable national and international laws and regulations against forced and child labor. Farming training modules under the project were also expanded to include prohibition of

forced and child labor. Finally, new efforts were introduced to support diversification and mechanization of the cotton sector to reduce reliance on manual labor.

In the case of the Cambodia Forest Concession Management and Control Pilot Project, the Panel found the lack of a social assessment specific to this project had consequences on the ability of the Bank to comply with its operational policies, from the design through the implementation phases. For example, the project failed to consider or investigate complaints about illegal logging of resin trees on the part of concessionaries covered by the project, and the associated harm to the local people. Also, as a result of the lack of a social assessment, there was no early consultation with project-affected people and the project design was not informed by critical concerns relating to indigenous peoples, resin tapping, community ownership of trees, community forestry initiatives, and other matters of central importance to the affected communities. These failures caused the illegal logging of resin trees to have negative consequences on the Requesters and the local communities.

Meaningful Consultations Improve the Quality of Impact Assessment

Meaningful and timely consultations with the relevant stakeholders are key to identification and mitigation of potential impacts and their associated risks. The Panel's experience from its caseload shows the importance of recognizing and valuing local stakeholders' perspectives and their often deep understanding of the local environmental and social context. The long-range experience of local populations and their specific expertise can complement shorter-term assessments. The timing of such consultation is also critical, as it opens up, or conversely closes, opportunities to integrate the feedback from the consulted parties into project design or implementation activities. Modalities are equally critical, since language or conceptualization barriers can jeopardize the required two-way communication. When relevant stakeholders are not adequately consulted about potential impacts, risks, and mitigation measures, the project can face unexpected obstacles, thus limiting its effectiveness.

Example. In the case of the Argentina Santa Fe Road Infrastructure Project and Provincial Road Infrastructure Project, which provided for upgrading 136 km of road between the cities of Santo Tomé and San Francisco, the Panel found that project-affected people were given the opportunity to meet project officials to express concerns and make suggestions for design changes, and many concerns were addressed. However, concerns about negative impacts of the project on the hydrology of the area were dismissed; PAPs were viewed as non-experts with insufficient competence to discuss complex hydrological issues. The Requesters were not initially provided with all relevant information to support the assertion that the project would not worsen flood risks. This created tensions between the Requesters and the project that were not addressed until after the Panel became involved.

Mitigation through the Environmental Management Plan

Bank policy identifies an Environmental Management Plan (EMP) as an essential feature of Category A projects and the Panel's experience from its caseload has shown that preparing an EMP is critical for the successful avoidance, mitigation, or compensation of potential environmental and social impacts throughout the project cycle. The EMP is a key step in project planning to operationalize mitigation measures specified within an EA report. While there is no standard format for an EMP, Panel cases have shown the importance of preparing an EMP prior to project implementation, with detailed timelines, budgets, a division of responsibilities that reflects the available institutional capacity, and a monitoring program. When used appropriately, the EMP provides a link between the assessment reports and operational activities, and its content can be adequately translated into the loan agreement and bidding documents to guide borrower and contractor responsibilities during implementation and monitoring. The EMP should be a "living document" that is adapted to new and changing circumstances.

Examples. During the investigation into the Uganda Transport Sector Development Project, which had the objectives of financing the upgrading and rehabilitation of 66 km of road and supporting technical assistance to strengthen the internal audit functions of the Uganda National Roads Authority (UNRA), the Panel found that the contractor submitted a draft Environmental and Social Management Plan (ESMP) to the supervising engineer nearly one year after construction had started, and the Bank only received it after two years. The Panel found that even when impacts were predicted in the Environmental and Social Impact Assessment (ESIA), there were no corresponding mitigation measures in the ESMP to address these impacts. For example, the ESIA had identified some potential adverse social impacts from the expected influx of labor into the project area during implementation and required a strict no-fraternization rule be applied between the workers' camp and the surrounding community. Despite these observations in the ESIA, the ESMP did not state whether the camp should accommodate only foreign workers or also house Ugandan workers. In addition, the ESMP lacked adequate mitigation measures to address the risks related to the spread of sexually transmitted infections (STIs) identified in the ESIA or to minimize the negative gender impacts of the project. Unfortunately, serious instances of sexual abuse by workers materialized.

The Panel's investigation into the Chad-Cameroon Pipeline Project found that a comprehensive EMP had been prepared to address the challenges associated with environmental management of a complex project in a demanding physical and political environment. The Panel also noted that when compared to similar oil and gas programs, this project's EMP reflected a practical, "hands-on" approach to environmental management. Despite these positive aspects, the Panel found issues with how the thoroughness of the EMP was translated into action. For example, although a regional development plan was a requirement of the project EMP documentation, the lack of borrower capacity to prepare this document was evident. The project did not ensure that the borrower had adequate capacity to implement the important measures prescribed

by the EMP, and that resulted in concerns about the local monitoring capabilities to effectively safeguard the long-term sustainability of the project.

LESSON 3: Distinct Adverse Impacts Require Special Attention

Impacts on Forests and Water Sources

Forests and water are examples of important natural resources that can be affected during the lifecycle of a project. These resources often provide crucial natural habitats for flora and fauna, as well as benefits to local human populations, when managed sustainably. The Panel's caseload has shown the importance for projects to be mindful of the relationship between PAPs, forests, and water systems, particularly in relation to livelihoods. It is essential to identify and analyze early in the project cycle "no go" and "caution" areas that could be affected by project-related activities. It is also important to emphasize that special attention needs to be paid when there are likely impacts on the forest and water resources of projects in all sectors, and not only those in the forest and water sectors.

Examples. The Panel's investigation into the South Africa Eskom Investment Support Project found that its direct, indirect, and cumulative impacts on availability and quality of surface and groundwater resources to communities were not adequately considered. The focus on water resources in project documents appeared to be on ensuring that the Medupi power plant would have a reliable source of water supply, rather than on the potential impacts this new water usage would have on existing users, especially given the scarcity of water resources in the region. The Panel also noted that associated activities, such as the expansion of a nearby mine to supply coal to Medupi and the additional river-bed sand excavation, would result in further demand on river systems and water quality. The Panel found that these instances of non-compliance likely weakened the ability of the project to take effective steps to minimize or avoid these impacts.

In the case of the Argentina Santa Fe Road Infrastructure Project and the Provincial Road Infrastructure Project, the Requesters claimed that the project would increase the risk of flooding in the area surrounding the Road 19, which was being converted into a four-lane highway with a new elevated carriageway. According to the Requesters, the new road was incompatible with the area's hydrological situation, given the flat land and insufficient rain absorption that could create a "dam effect" in case of heavy rain and cause harm to nearby fields and crops. The Panel found that the project design was considerably more concerned with the impact of environmental conditions on the road rather than the impact of the road on the environment. Although the ESMP contained an assessment of the social and bio-physical aspects of the project, it lacked a proper description and analysis of the project's potential impacts on flooding risks upstream and downstream of Road 19.

Steps were taken in the Uganda Private Power Generation Project to offset the loss of natural habitats on islands that would be inundated by damming of the

Nile, but these steps were found to be insufficient. Although the project sought to preserve the Kalagala Falls and its associated unique forest islands in perpetuity as an environmental offset, the Panel found that even with these measures, the standards set in the Bank Policy on Natural Habitats were not met.

Transboundary and Global Environmental Externalities

The World Bank EA Policy requires the environmental assessment to take into account the transboundary and global environmental impacts of a project, including climate change, the use of ozone-depleting substances, pollution of international waters, and adverse effects on biodiversity. Panel cases have shown the challenges of identifying and addressing potential transboundary and global impacts.

Examples. In the South Africa Eskom Power Project, the Requesters claimed that the Medupi power plant financed by the project would make it more difficult for South Africa to meet its greenhouse gas (GHG) reduction commitments, and that the climate-change impacts of the project had not been adequately considered and addressed as required by Bank policy. The Panel examined whether the project's environmental assessment adequately considered and adopted technology and policy measures to control and mitigate GHG emissions in line with Bank policy. The Panel found that steps had been taken to adhere to this policy framework but that the magnitude of emissions from Medupi far outweighed emissions avoided through project mitigation measures. In addition, the Panel found the description of the net results of the project's mitigation efforts failed to adequately demonstrate that the project was directly addressing its own externalities.

In the case of the Tajikistan Energy Loss Reduction Project, which was financing assessment studies of the proposed Rogun Hydropower Plant (HPP), the Requesters represented non-governmental organizations (NGOs) in Uzbekistan as downstream-affected people of a transboundary project. They claimed that the feasibility studies of the Rogun HPP financed under the project were "one-sided" and did not take into account the concerns of all parties affected by the project. They also feared that a potential failure of the dam would destroy six hydroelectric power stations downstream and more than 700 settlements in Tajikistan, Afghanistan, Uzbekistan, and Turkmenistan. In its eligibility report, the Panel noted that carrying out assessment studies on a transboundary project through an agreement with an upstream country could indeed raise fears among downstream stakeholders about their ability to participate on an equitable basis and ensure that their concerns were appropriately considered and addressed. At the same time, the Panel noted that the project had conducted extensive consultations with the governments of riparian countries, including Uzbekistan, and had included their concerns in the terms of reference of the studies. In addition, the Bank had agreed to separately finance and manage additional components to address the concerns of downstream riparians, including the establishment of two panels of experts, a study of alternatives, and a structured program of riparian consultations. As a result of the Bank's efforts to address these concerns, the Panel did not recommend an investigation into the project.

Impacts on Cultural Resources

The World Bank defines physical cultural resources as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. They can be located in urban or rural settings, above or below ground, or under water. Since a physical cultural resource may not be visible or known to a project team from the outset, a project's potential impacts on physical cultural resources need to be considered early in the project cycle. Through its Policy on Physical Cultural Resources (OP/BP 4.11), the Bank assists countries in avoiding or mitigating adverse cultural impacts as an integral part of the environmental assessment process. Impacts on physical cultural resources should be taken into account during project screening, included in the TOR for EA, and identified and evaluated in the feasibility studies and EA of the proposed project. The Panel has experienced several cases where this early identification of the impacts on physical cultural resources at the environmental assessment stage was insufficient.

Examples. The Cambodia Forest Concession Management and Control Pilot Project did not conduct a careful assessment or inventory to record and quantify resin trees, and other timber and non-timber forest products traditionally used by indigenous peoples and others. The Panel found that such a study should have been part of a proper environmental assessment, and should have been the subject of a participatory survey and inventory at an early stage of the project. It also found documented cases of “spirit forests” (critical natural habitats) being logged and destroyed without any consideration of their spiritual or cultural values. The project also made no allowance for chance finds of archeological sites within the vast areas of forest concessions being considered for logging. In addition, the Panel also found that the identification of “spirit forests” and surveys for archeological sites were in the hands of the concessionaires, instead of being carried out as part of the project preparation.

In the Private Power Generation Project, the Panel found the Bujagali Falls were an integral part of the Busoga people's cultural heritage and that the project had not properly considered cultural and spiritual matters when alternative sites for the hydropower plant were analyzed. The Panel also found the project had failed to adequately consult with the Busoga spiritual clan leaders about the significant cultural patrimony of the Bujagali Falls.

Health and Safety Issues

Since 2013, the World Bank Environmental Assessment Policy explicitly requires the Bank to assess human health and safety issues under the EA process. According to the policy, the Bank has to follow the Environmental Health and Safety Guidelines. This is a technical reference document that provides examples of good international industry practice and measures generally considered achievable by existing technology at reasonable cost. The guidelines cover impacts such as noise, hazardous materials, air emissions, and wastewater quality, as well as occupational and community health and

safety during construction and decommissioning of a project. However, Panel cases have shown that these impacts have been analyzed to a limited extent and that there is a corresponding lack of mitigation measures.

Examples. In the case of the Uganda Transport Sector Development Project, the Panel found that poor safety measures had led to more than 25 occupational or road accidents, resulting in at least seven fatalities and many permanent injuries. The Panel also determined that the EA lacked an analysis of the risks to women and children caused by labor influx, in particular the impacts related to sex with minors, teenage pregnancy, sexual harassment, child labor, and school dropouts. The Panel found that the project did not properly assess the risks and had inadequately appraised human health and safety and social impacts, specifically gender-based violence and exploitation of children. In addition, the mitigation measures proposed in the EA mainly focused on HIV/AIDS prevention and were inadequate to respond to the multidimensional problems of gender-based violence and the need for child protection. These shortcomings in the project's mitigation measures resulted in serious and long-lasting harm to the community. As a result of the Panel's investigation, the Bank issued a guidance note to staff on how to manage labor influx risks in World Bank projects and created a Gender-Based Violence Taskforce with experts in this field to develop recommendations on how to prevent and respond to GBV in Bank projects.

LESSON 4: Impacts Can Materialize Under Different Financial Instruments

Over the years, the Panel has considered the assessment of environmental and social impacts and resulting mitigation measures in the context of different financial instruments, including block grants in a basic services project in Ethiopia, a Development Policy Lending (DPL) project in DRC's forest sector, a Learning and Innovation Loan (LIL) in Cambodia's forest sector, as well as Technical Assistance operations. It should be noted that the safeguard policies do not apply to DPLs and Program-for-Results (PforR) financing and that these instruments have their own policies with requirements for assessing and mitigating environmental and social impacts (OP/BP 8.60 for DPLs and OP/BP 9.00 for PforRs). The Panel in these cases emphasized the importance of the Bank's assessment of potential serious impacts and corresponding mitigation measures, independent of the financing instrument used.

Examples. In the Panel's investigation of the Ethiopia Promoting Basic Services (PBS) Phase III project, the Panel observed that the Project Appraisal Document (PAD) noted that safeguards were not triggered as project financing was limited to recurrent expenditures for basic services. The Panel found that when one or more safeguard policies are relevant to the proposed investment lending operation, the project should apply them. The Panel's investigation also found major shortcomings in the risk assessments during project

appraisal and implementation, and found that the mitigation measures were not adequate to manage the concurrent rollout of the government's villagization program in PBS project regions. The Panel did not question the use of this "quasi-Program-for-Results" modality in this project, but noted that the system of delivery needs to be robust and meet accepted environmental and social safeguard principles.

In its investigation of the DRC Emergency Economic and Social Reunification Support Project and the Transitional Support for Economic Recovery Operation (TSERO), the Panel responded to a complaint alleging that the Bank's use of certain lending instruments led to the circumvention of its safeguard policies. The Panel noted that the TSERO was not subject to safeguard policies because it was a DPL project. The Panel found that the project's determination that there were no significant environmental and social effects of the forest component of the TSERO was not consistent with the objectives of Bank policies, especially as TSERO carries forward the earlier EESRSP, which was subject to Bank safeguard policies and should have been qualified as a Category A project for its component financing the Logging-Concession Review Process.

The Panel, in its investigation of the Cambodia Forest Concession Management and Control Pilot Project, assessed the use of a LIL, which was established in part to pilot concession management operations in untested areas before scaling up such operations. The Panel observed that the main aim of the loan was to support a legal and regulatory program to establish the basis on which long-term concessions were to be granted, an exercise that cannot be regarded as "learning and hypothesis-testing." The Panel found that the LIL was not designed for the kind of forestry project for which it was used in Cambodia. The use of the LIL, while enabling the funds to be disbursed quickly, facilitated project classification as Category B, leading to less attention to Bank safeguard policies and procedures, which in the long run proved costly.

LESSON 5: Ensuring Borrower Capacity is Crucial for Effective Project Implementation

Successful implementation of the mitigation measures outlined in the EA depends on the capacity of the institutions involved in environmental management. Assessing borrower capacity is important for understanding the risk profile of the project, the identification of mitigation measures, and the enhancement of capacity to ensure successful project implementation. Such capacity, as well as the capacity of the Bank to monitor implementation, will determine whether the project is implemented as designed and will adequately prevent adverse social and environmental impacts. As the new ESF will rely heavily on the borrower's environmental and social framework, adequately addressing borrower capacity will only gain in importance for ensuring effective project implementation.

Addressing Capacity Gaps Among Relevant Stakeholders

While a careful assessment of the borrower's capacity to implement the project and the agreed mitigation measures is crucial for successful implementation of a project, Panel cases have illustrated instances in which environmental assessments lack an evaluation of institutional capacity or do not analyze capacity gaps in depth. In these cases, EAs do not review the implementing agency's environmental management system and decision-making processes, and do not examine available human resources and the agency's past track record. As a result, projects can lack the appropriate measures, resources, and capacity to ensure that key EA-related functions are carried out, as mandated by the policy.

Environmental management is also invariably inter-sectoral, with responsibility spread across a number of specialized and non-specialized agencies. A good quality assessment should analyze not only the capacity of the implementing agency to carry out the measures outlined under the environmental assessment, but also the capacity of all relevant government agencies and other stakeholders to manage their responsibilities. Therefore, it is critical that not only local communities but also other relevant government agencies and local administration are consulted in a systematic manner to ensure consistency among the project's EA, EMP, and local/sectoral development plans, and to obtain information on system-wide gaps. Consideration must be given to the responsibilities and coordination mechanisms needed to ensure good collection and transfer of information, appropriate and timely checking of documents and reports, issuance of licenses and permits, and project monitoring.

Examples. In the case of the Nepal Power Development Project, the Panel found that the EA did not include an institutional analysis and did not assess the capacity of the implementation agency, the Nepal Electricity Authority (NEA), to oversee the environmental and social assessments or to implement remedial and mitigation measures. Although the Bank was aware that the borrower's public-sector capacity had weakened over the years, it did not ensure that this was reflected in either the environmental assessment or other project documents. Despite some attempts at rectifying these weakness, very little was done to provide more comprehensive support for capacity building at NEA, thus contributing to the problems the project faced during implementation.

Poor project governance was a critical aspect contributing to harm in the Uganda Transport Sector Development Project. The Panel found that the main actors (the Uganda National Roads Authority, the contractor, and the supervising engineer) did not proceed with a common purpose to address problems. In addition, during the project's implementation all three entities experienced management turnover and suffered from a lack of capacity, especially the needed social expertise. They were thus unable to respond adequately to environmental and social issues occurring in the project. These three factors (lack of collaboration, high turnover, and weak capacity) led to frequent dereliction of responsibilities. In parallel, the Bank's response was insufficient, and although supervision missions took place, they neither built the required capacity nor resulted in effective problem solving.

Assessing a Borrower's Legal Framework and International Obligations

Understanding the borrower's legal framework in which the project will be implemented is important, especially when a project is operating under the use of country systems. It is essential to analyze existing national laws as well as their application. In accordance with the Bank's OP 4.01, a project's EA should also take into account the country's obligations pertaining to project activities under relevant international environmental treaties and agreements.

Examples. The Panel's investigation of the South Africa Eskom Investment Support Project was its first investigation into a project implemented under the Bank's Policy on Piloting the Use of Borrower/Country Systems. The Bank conducted a Safeguards Diagnostic Review (SDR) to determine whether the applicable legal and institutional framework was designed to achieve the objectives and adhere to the applicable operational principles of Bank policy. The Panel noted that the Bank generally did good quality work in developing the SDR, especially given the challenging and complex nature of this task, and that the analysis contained a detailed review of the implementing agency's framework and practices. Nevertheless, the Panel found that the SDR did not adequately address certain gaps in the legal framework pertaining to the analysis of cumulative impacts, the capacity of key local government institutions responsible for environmental regulatory oversight, and environmental management planning. The SDR also failed to adequately address the lack of provisions in South African law to use an independent advisory panel for an environmental impact assessment for a project of this scale. The Panel noted that the existence of adequate capacity to identify and address and regulate the impacts from a project of this size and scale was a crucial factor to ensure the project's overall health, environmental and development outcomes, and compliance with Bank policies.

During the investigation of the Pakistan National Drainage Program Project, the Panel found little attention given to address or mitigate impacts on the *dhands*, a series of wetlands and interconnected lakes that were a source of livelihood for 40 villages. Some of these areas are included in the Ramsar Convention List of Wetlands of International Importance, which provides an internationally agreed upon framework for the conservation and wise use of wetlands and their flora and fauna. By not meeting its international environmental obligations, the Panel noted that project contributed to the degradation of these internationally recognized sites.

In conjunction with the Panel's investigation into the Albania Power Sector Generation and Restructuring Project, which included the construction of a combined-cycle thermal power station and connection to the power transmission network, the Requesters submitted a complaint to the Aarhus Convention Compliance Committee regarding Albania's compliance with its laws on the environment, public participation and cultural heritage. The committee found that the government of Albania had failed to comply with the public participation legal requirements during the siting process, and thus did

not fulfill its obligations under the Aarhus Convention. Subsequently, the Panel found that the project preparation activities did not comply with the consultation and participation requirements of the Aarhus Convention, as an international environmental agreement to which Albania is a party.



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Project Implementation

LESSON 6: Effective Monitoring, Supervision, and Continuous Environmental Assessment Require Appropriate Expertise and Resources

Although proper supervision is critical to all Bank projects, Panel cases have shown the importance of initiating strong supervision practices early in the project lifecycle. A thorough supervision plan and mobilization of appropriate expertise early in the lifecycle can improve a project's environmental management and help to identify and mitigate issues effectively.

Engaging Bank Multidisciplinary Expertise

Depending on the project and the extent of risks and impacts, effective supervision requires the proper allocation of multidisciplinary expertise. The Panel's experience from its cases has shown that in infrastructure projects more emphasis is usually given to engineering aspects of supervision than to environmental and social issues. It is important to note that the inclusion of other expertise in supervisory missions can provide valuable insights.

Examples. In the case of the Uganda Transport Sector Development Project, while the Bank undertook numerous supervision missions, the composition of the supervision teams lacked the requisite expertise to address the impacts

related to gender-based violence and child protection. As a consequence, the Bank missed important warning signs identified in an HIV/AIDS baseline report and was unable to detect cases of GBV even after the complaint was brought to the Panel. Attempts to raise sensitive issues related to child sexual abuse in large public meetings hampered identification and discussion of the problem. As a result of this inappropriate expertise, many cases of gender-based violence continued for more than a year after the first complaint was received by the Panel.

In the Peru Lima Urban Transport Project case, the Panel noted that for long periods during project implementation, the team did not benefit from the consistent presence of a social expert. When problems started to emerge in Barranco as the construction of the Metropolitano progressed, project officials did not initially recognize flaws in the consultation process, which did not include the residents of Barranco. Subsequently, a social specialist joined the project team and became more active in trying to address the issues raised. Such supervision efforts led to the creation of a dialogue roundtable with the participation of Barranco residents and the opening of a grievance office.

Identifying Warning Signs and Proposing Solutions through Continuous and Proactive Supervision

Effective supervision requires continuous dialogue to identify warning signs and propose solutions to problems that develop during project implementation. Panel cases have shown that it is essential to have systems in place to address problems as they arise. Such systems require coordination between project management and supervision efforts to “close the loop” when problems are identified. The lack of field verification when problems are reported has repeatedly led to weak supervision that has failed to address instances of harm.

Examples. In the case of the WAGP, the Panel found that an important reason for the shortcomings in supervision was an apparent lack of available resources to monitor and oversee the project’s social and environmental impacts. The Panel noted during its investigation that senior Bank safeguard specialists exercised project oversight; however, they were all based in Washington, D.C. The Panel noted the challenges of overseeing safeguard policies and ensuring the borrower’s adherence to environmental and social requirements “from a distance,” without adequate support from field staff.

The Panel on several occasions has noted the need for Bank staff to exercise greater long-term field, or on-site, supervision of projects and to rely less on quick supervision missions. In its report following the investigation in the Yacretá Power Distribution Project, the Panel recorded that a larger-than-average number of supervision missions took place, including three high-level supervision meetings. However, the missions were not an adequate response to alleviate the perceptions and suspicions of PAPs due to the fact that project staff did not meet directly with affected people in appropriate settings and did not focus on social safeguard issues. Inadequate on-site reconnaissance and supervision were one of the biggest problems of this project.

Effective Monitoring and Follow-up

The Panel's caseload has shown that a well-designed monitoring system to measure project impacts is a fundamental requirement for economic, social, and environmental sustainability of Bank projects. This system can track immediate project outcomes and longer-term impacts that may require mitigation measures. Specifically, environmental-performance-monitoring programs must be designed and implemented by the borrower, with oversight from the Bank, to ensure mitigation measures are effective in the long term. The design of such systems should be based on a thorough understanding of baseline conditions, both environmental and social. Panel cases have shown that it is crucial that monitoring is mainstreamed into the projects and the information from the monitoring reports is used to inform project implementation. In addition, the Panel's caseload has shown that it is important to address capacity issues during the implementation of monitoring systems to effectively track project impacts. Maintaining strong communication strategies between the Bank and the borrower in a transparent manner is an important component of environmental-monitoring activities to not only address issues of capacity, but also to ensure the mitigation measures are implemented at appropriate times throughout the project lifecycle.

Examples. Although the EA for the Pakistan National Drainage Program Project had expressed concern over the lack of a complete baseline study and of a continuing systematic, scientific, and well-coordinated monitoring program, the Panel found that these remained critical issues that had not been addressed as recommended. While the Panel commended the Bank for supporting the subsequent creation of the monitoring program, it also found that its data interpretation and analysis practices had not been successfully implemented. The consequence of the shortcomings in the EA (lack of baseline data and of a monitoring program), led to decision making on environmentally crucial elements under the project becoming less systematic, less informed and more ad hoc.

The Panel noted in the Uganda Private Power Generation Project case that the need to strengthen the borrower's capacity to perform environmental-monitoring activities and manage mitigation measures had been recognized and that the Bank had included a project component to address these issues. However, the Panel found that these capacity-building measures had not been properly implemented, resulting in complaints that the Kalagala environmental offset area was not being managed appropriately. Additionally, the Environmental Mitigation and Monitoring Plan lacked a strategy for monitoring the enhancements and offset plantings required as a part of the project's mitigation measures.

In the case of the Uganda Transport Sector Development Project, although Bank missions noted shortcomings related to health and safety measures, the project's attempts to improve performance did not rely on a combination of ongoing monitoring and effective accountability. The Panel found that no serious assessment had been made of the capacity of the

implementing agency, UNRA, to undertake the required environmental and social monitoring or evaluation of the effectiveness of the mitigation measures outlined in the ESIA. In addition, attempts to improve project monitoring and implementation of mitigation measures were hampered by a lack of collaboration between the entities responsible for project implementation, namely UNRA, the supervising engineer, and the contractor. As a result, poor safety measures led to many accidents, resulting in both permanent injuries and fatalities.



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Long-Term Impacts

LESSON 7: Ensuring Strong Protection for People and their Environment is Key for Sustainable Project Development Outcomes

Implementation of the Bank's Policy on Environmental Assessment, which aims to ensure identification and management of natural and social impacts, is essential for sustainable development outcomes of projects. In several of its cases, the Panel observed that a lack of attention to the natural and social dimensions during design and implementation limited the project's long-term sustainability. Moreover, the Panel's cases have shown that a community's proper understanding of a project and buy-in are necessary for ensuring sustainability.

Examples. In the Yacyretá Power Distribution Project, initial supervisory emphasis was on monitoring dam construction and the physical and biological problems associated with reservoir filling. However, as water levels rose, resettlement issues became progressively more urgent and difficult to address. The Panel noted that supervision did not adapt effectively to this change by using social expertise to address the problems the project was experiencing. Further, the Panel observed that the supervision missions appear to have been locked into formats established early in the project's life and did not adapt to changing project needs. Project supervision initially focused on biodiversity issues, and supervision continued to concentrate on them even though the

project's central problems changed from biophysical concerns to problems of a social nature. Bank staff relied heavily on documents rather than field visits to resolve problems. The Panel observed that developing a mechanism to allow for continuity in supervision and adaptation to changing situations would help the project to comply with Bank policies on EA and supervision.

In its investigation of the Nepal Power Development Project, the Panel found that the project did not pay sufficient attention to its social dimensions, as it did not ensure adequate, timely and meaningful consultations with affected parties both during preparation and implementation. While the Panel acknowledged the precarious security situation in the project area during preparation and implementation, which placed travel restrictions on the Bank staff, the Panel noted that the lack of sustained communication and consultation with the affected community members led to the spread of misinformation about the transmission line, especially with regard to its perceived health impacts. In the Panel's view, this contributed to the community's growing opposition to the project, causing serious delays, jeopardizing the completion of the project and thereby impacting its long-term sustainability and effectiveness.



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Conclusions

The Inspection Panel's cases over the past 23 years cover a broad range of environmental assessment issues from which important lessons emerge that can be useful for World Bank staff and development practitioners more broadly. Among Panel cases, the EA Policy has been raised most frequently to date, demonstrating the importance of improving the understanding of the policy and its application. Given the Panel's mandate to respond to complaints from communities adversely affected by World Bank-financed projects, the sample of cases analyzed for this report may not be representative of the Bank's overall performance in the area of environmental and social assessment. Nevertheless, these lessons are important.

The Panel's emerging lessons from environmental assessment cases are summarized in Table 1 on the following page. These emerging lessons provide the foundation for this report's main conclusions.

First, Panel cases show the importance of a continuous environmental assessment process throughout the project cycle. This includes conducting quality impact assessments during project preparation as well as adequate follow-up to issues arising during implementation. Comprehensive assessments that integrate natural and social impacts are essential to anticipate issues, plan proper mitigation measures, deal with problems that arise in an effective and timely manner, and ensure project sustainability in the long term.

TABLE 1 Summary of Emerging Lessons from Environmental Assessment Cases

Stage in the Project Cycle	Emerging Lessons	Specific Issues
<i>Project Preparation</i>	Lesson 1: Adequate screening and scoping provide the foundation for a robust environmental assessment process	Environmental categorization reflecting social risks
		Analysis of alternatives for project selection, location, and design
		Delineating the project's area of influence and considering associated facilities
		Determining the scope of cumulative impact
		Early involvement of internationally recognized expertise
	Lesson 2: Consideration of both social and natural impacts should inform project design	Assessing social impacts and designing related mitigation measures
		Meaningful consultations improve the quality of impact assessment
		Mitigation through the environmental management plan
	Lesson 3: Distinct adverse impacts require special attention	Impacts on forests and water sources
		Transboundary and global environmental externalities
		Impacts on cultural resources
		Health and safety issues
<i>Project Implementation</i>	Lesson 4: Impacts can materialize under different financial instruments	
	Lesson 5: Ensuring borrower capacity is crucial for effective project implementation	Addressing capacity gaps among relevant stakeholders
		Assessing a borrower's legal framework and its international obligations
	Lesson 6: Effective monitoring, supervision, and continuous environmental assessment require appropriate expertise and resources	Engaging bank multidisciplinary expertise
		Identifying warning signs and proposing solutions through continuous and proactive supervision
		Effective monitoring and follow-up
<i>Long-Term Impacts</i>	Lesson 7: Ensuring strong protection for people and their environment is key for sustainable project development outcomes	

Second, the Panel's experience from its cases shows the need for strong supervision. This includes on-site verification when problems are identified, multidisciplinary expertise that goes beyond engineering to environmental and social issues, and continuous dialogue to close potential gaps between the reality on the ground and the perspectives of project teams.

Third, many of the issues found in Panel cases relate to the importance of considering the social dimensions of projects, and the Panel's experience suggests that lapses in understanding social risks and impacts in the environmental assessment can create or exacerbate complex social situations.

Fourth, the Panel's case portfolio shows that it is not only high-risk (Category A) projects that can cause significant harm. The Panel has received Requests regarding projects with all environmental categories and has conducted

investigations of projects with Category A (18) and B (9) designations. This shows that it is critical to identify, mitigate, and monitor all project risks, regardless of the project's environmental categorization.

Finally, Panel cases have positively influenced World Bank practices related to environmental assessment. In response to Panel investigations, the Bank has provided clarifications related to the application of Bank's Policy on Environmental Assessment and issued guidelines to staff on how to address relevant policy issues. Some examples include the issuance of a guidance note on managing labor influx risks in World Bank projects, as well as the creation of a Gender-Based Violence Taskforce to develop recommendations for the institution on how to prevent and respond to GBV in Bank projects.

The Panel notes that the Bank's ESF, which was adopted by the World Bank's Board of Executive Directors in August 2016, requires environmental and social assessments to be conducted in a comprehensive and integrated manner. The ESF is in accordance with the emerging lessons from Panel investigations: Environmental and social assessment of projects proposed for Bank financing needs to be conducted in an integrated manner to ensure they are environmentally and socially sound and sustainable.

Appendix A

Summary of the World Bank Policy on Environmental Assessment

Background

Environmental concerns first became an explicit part of World Bank activities around 1970. The Bank played an active role in this area by becoming the first multilateral development bank to screen projects for their environmental consequences and to adopt environmental guidelines for the evaluation of future lending operations. By the mid-1980s, the Bank was financing projects containing environmental components, including several freestanding environmental projects, which had specific environmental objectives, such as reforestation, pollution control, and water resource management.

One of the first significant policy statements issued by the Bank in May 1984—Operational Manual Statement 2.36: Environmental Aspects of Bank Work—required that environmental considerations be introduced at the time of project identification and preparation, and recognized that modification could occur at the time of appraisal, negotiations, and implementation of the project.

In 1989, the Bank introduced formal environmental procedures with the adoption of Operational Directive (OD) 4.00. The directive described environmental assessment as a flexible procedure whose depth and breadth depended on the type of project being planned. An updated directive, OD 4.01, issued in 1991, identified three categories of projects, each with different requirements for environmental impact assessment: Category A, requiring full EA; Category B, requiring environmental analysis; and Category C, requiring neither EA nor environmental analysis.

In 1999, OP/BP 4.01 replaced OD 4.00 and OD 4.01 on Environmental Assessment. OP 4.01 is considered to be the umbrella policy for the Bank's other safeguard policies, including Natural Habitats (OP 4.04), Forests (OP 4.36), Pest Management (OP 4.09), Physical Cultural Resources (OP 4.11), and Safety of Dams (OP 4.37).

In 2010, a milestone study of safeguards at the World Bank conducted by the Independent Evaluation Group, which evaluates the Bank's development effectiveness and reports directly to the Board of Executive Directors, analyzed the impact that EA and other safeguard policies had had on Bank operations, in particular by spelling out the expected benefits from an appropriate and proportional application of these safeguards. In February 2011, the policy was updated to clarify the use of framework instruments and to add the

strategic environmental and social assessment to the list of available instruments. OP/BP 4.01 was revised again in April 2013 to reflect the recommendations of the Investment Lending Reform, as a result of which OP/BP 10.00 on Investment Project Financing was adopted.

Policy Objectives

The goal of OP/BP 4.01 is to evaluate potential environmental impacts associated with Bank lending operations and identify ways to prevent, minimize, mitigate or compensate for these impacts. To that end, the policy defines EA as the process of examining the potential environmental risks and benefits of projects under consideration for Bank financing to ensure that they are environmentally sound and sustainable, and that potentially affected people have been properly consulted.

Underlying that definition is the Bank's acknowledgement of the importance of considering environmental and social aspects of investments in an integrated way during the decision-making process. The Bank also recognizes that the earlier an EA is undertaken for a proposed project and findings are integrated into project design, the better the overall project result, including the environmental result. Therefore, EA is to be synchronized with the project cycle, from identification to implementation and evaluation.

The EA Process in Relation to the Project Cycle

Environmental Screening

To decide the nature and extent of the EA to be carried out, the Bank undertakes an environmental screening of each proposed project. Taking into account the type, location, sensitivity, and scale of the proposed project, as well as the nature and magnitude of its potential environmental and social impacts, the Bank assigns one of four categories to the project. Category A projects are those expected to have significant environmental impacts, and a full EA is required. Category B projects are those with impacts that are site-specific and in most cases reversible, and only a partial EA is required. Category C projects have minimal or no anticipated adverse impacts, and no EA or other environmental analysis is required. Projects with multiple components are classified according to the component with the most significant adverse impacts; if there is a Category A component, the full project is classified as A. A proposed project is classified as Category FI if it involves investment of Bank funds through a financial intermediary in sub-projects that may result in adverse environmental impacts. An EA is also required for special project types—including projects involving multiple sub-projects, financial intermediaries and guarantees—and generally for projects in situations of urgent need of assistance and capacity constraints.

Preparing the EA Report

OP 4.01 provides that the borrower is responsible for carrying out the EA and the Bank is responsible for advising the borrower on the Bank's EA requirements. In order to identify more precisely the likely environmental impacts, the borrower i) retains independent EA experts in the case of Category A projects; and ii) consults project-affected groups and local NGOs for Category A and B projects. The main purpose of these consultations is to focus the EA on issues of concern at the local level.

EA Review and Project Appraisal

Once the draft EA report is complete, the borrower submits it to the Bank for review. If found satisfactory, the Bank team is authorized to proceed to appraisal of the project. On the appraisal mission, Bank staff review the EA's procedural and substantive elements with the borrower, resolve any outstanding issues, assess the adequacy of the institutions responsible for environmental management in light of the EA's findings, ensure that the mitigation plan is adequately budgeted, and determine if the EA's recommendations are properly addressed in project design and economic analysis.

Disclosure of Information

For meaningful consultations between the borrower and project-affected groups and local NGOs on all Category A and B projects proposed for Bank 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. In addition, the borrower makes the EA report available at a public place accessible to project-affected groups and local NGOs.

Institutional Capacity

When the borrower has inadequate legal or technical capacity to conduct key EA-related functions (such as review of EA, environmental monitoring, or management of mitigation measures) for a proposed project, the project should include components to strengthen that capacity.

Project Implementation and Supervision

The borrower is responsible for implementing the project according to agreements derived from the EA process. The borrower reports on i) compliance with measures agreed with the Bank on the basis of the findings of the EA as set out in the project documents; ii) the status of mitigation measures; and iii) the findings of monitoring progress. The Bank supervises the implementation of the project's environmental aspects, including measures set out in the legal agreement and the Environmental Management Plan.

Instruments

OP 4.01 identifies a range of instruments that can be used to satisfy the Bank's EA requirement. The definition of such instruments is included in OP 4.01, Annex A. The instruments most used at the Bank are defined below:

Regional EA examines environmental issues and impacts associated with a particular strategy, policy, plan, or program, or with a series of projects for a particular region (e.g., an urban area, a watershed, or a coastal zone).

Sectoral EA examines environmental issues and impacts associated with a particular strategy, policy, plan, or program, or with a series of projects for a particular sector (e.g., power, transport, or agriculture).

Strategic Environment and Social Assessment describes an analytical and participatory approach that aims to integrate environmental and social considerations into policies, plans, and programs and evaluates their linkages with economic considerations.

Environmental Impact Assessment identifies and assesses the potential environmental impacts of a proposed project, evaluates alternatives, and designs appropriate mitigation, management, and monitoring measures. Projects and sub-projects need an EIA to address important issues not covered by any applicable regional or sectoral EA.

Environmental Management Plan details i) the measures to be taken during the implementation and operation of a project to eliminate or offset adverse environmental impacts, or to reduce them to acceptable levels; and ii) the actions needed to implement these measures.

Environmental and Social Management Framework (ESMF) is an instrument that examines the impact of projects consisting in a program and/or series of sub-projects. The ESMF contains measures and plans to reduce, mitigate, and/or offset adverse impacts and enhance positive impacts; provisions for estimating and budgeting the costs of such measures; and information on the agency or agencies responsible for addressing project impacts.

Looking Forward

In August 2016, the Bank approved an Environmental and Social Framework to respond to new and varied development demands and challenges that have arisen over time. The framework's goals are to boost protections for people and the environment, drive sustainable development through capacity- and institution-building and country ownership, and enhance efficiency for both the borrower and the Bank.

The ESF is not applicable yet. Hence, the Panel's lessons are drawn solely based on projects where OP/BP 4.01 and, in older cases, OD 4.01 were applicable.

Appendix B

List of Panel Cases Analyzed

Case No.	Country	Case	Request Year
1	Nepal	Arun III Hydroelectric Project	1994
10	India	NTPC I Power Generation Project	1997
16	China	Western Poverty Reduction Project	1999
19	Kenya	Lake Victoria Environmental Management Project	1999
20	Ecuador	Mining Development and Environmental Control Assist. Project	1999
22	Chad	Petroleum Development and Pipeline Project	2001
23	India	Coal Sector Mitigation and Rehabilitation Projects	2001
24	Uganda	Bujugali Hydropower Project	2001
26	Paraguay	Yacyretá Power Distribution Project	2002
27	Cameroon	Petroleum Development and Pipeline Project	2002
31	Colombia	Cartagena Water Supply Project	2004
32	India*	Mumbai Urban Transport (First Request) Project	2004
34	Pakistan	National Drainage Program Project	2004
36	Cambodia	Forest Concession Management and Control Pilot Project	2005
37	DRC	Transitional Support for Economic Recovery Operation and Emergency Economic and Social Reunification Support Project	2005
38	Honduras	Land Administration Project	2006
40	Nigeria/Ghana	West African Gas Pipeline Project	2006
44	Uganda	Private Power Generation Project	2007
46	Albania	Power Sector Generation and Restructuring Project	2007
49	Ghana	Second Urban Environment Sanitation Project	2007
51	Argentina*	Santa Fe Road Infrastructure Project and Provincial Road Infrastructure Project (Third Request)	2007
61	Peru	Lima Urban Transport Project	2009
62	Papua New Guinea	Smallholder Agriculture Development Project	2009
65	South Africa	Eskom Investment Support Project	2010
70	Tajikistan	Energy Loss Reduction Project	2010
81	India	Vishnugad Pipalkoti Hydro Electric Project	2012
82	Ethiopia	Protection of Basic Services Program Phase III Project	2012
84	Kenya	Natural Resource Management Project	2013
87	Nepal	Power Development Project	2013
89	Uzbekistan	Second Rural Enterprise Project	2013
98	Uganda	Transport Sector Development Project	2014

* Projects with multiple Requests

Appendix C

Summary of the Main Cases Studied

Chad/Cameroon Petroleum and Pipeline Project

At the time of the Panel's investigation, this project was the largest energy infrastructure development on the African continent and involved drilling 300 oil wells in southern Chad and the construction of a 1,100-km export pipeline through Cameroon to an offshore loading facility. The Request for Inspection was submitted by a Chadian member of Parliament, on behalf of himself and more than 100 residents, and cited concerns that their cultural property, the environment, and the people of the oil field region would be harmed because of inadequate environmental assessment and compensation. The Request also alleged that proper consultation with disclosure of information to the local communities had not taken place. When considering the Requesters' claims about flaws in the environmental assessment, the Panel's investigation found evidence of shortcomings in the alternatives analysis and collection of baseline data. The lack of baseline data on community health meant the project had no metrics against which to compare changes in community health, such as HIV and sexually transmitted diseases resulting from the project. The EA also did not clearly identify mitigation measures to address the increase in health problems resulting from or influenced by the project. Furthermore, the Panel's investigation noted the exceptional operational and managerial demands in implementing the expansive EMP in a challenging physical and political climate. However, the Panel found that the Bank did not explicitly consider the spatio-temporal context of the project, including how the boundary of the study area was defined, nor the potential area that could be affected by the project. In its review of the EMP, the Panel could not find evidence that a cumulative impact assessment had been completed despite the fact that one of the project objectives of the ancillary Petroleum Sector Capacity Management Project was to assist the government of Chad with environmentally and socially sound resource development, including the need for cumulative/regional/sectoral environmental assessments.

Paraguay Yacyretá Power Distribution Project

The project is a joint venture between Argentina and Paraguay consisting of two 40-meter-high, five-km-long concrete dams and 65 km of embankment dam. Additional civil works financed by the project included a powerhouse containing turbines, spillways, and a navigation lock. The project extended more than two decades and involved several sources of Bank financing. In the Request for Inspection, the Requesters claimed that the raising of the Yacyretá

power plant's reservoir to 76 meters above sea level had severe environmental impacts, such as constant flooding of urban creeks, a higher water table, and the spreading of disease, which forced them to live in unbearable conditions. They alleged that the wastewater treatment financed by the project would further pollute the environment because of its location and defective environmental assessment. The Requesters brought forward additional concerns regarding the resettlement, compensation and livelihood restoration measures under the project. In its investigation, the Panel found that the environmental screening for the current phase of the project was appropriate, but that the environmental assessments were inadequate, covered few mitigation measures, and did not reflect consultation with affected parties. The Panel also noted that the environmental assessment bypassed consideration of the project's implication on water supply, sewers, urban drainage, and resettlement sites for the overall urban system. Furthermore, the Panel recorded that while a larger-than-average number of supervision missions took place, including three high-level supervision meetings, these were not an adequate response to alleviate the perceptions and suspicions of project-affected people. The Panel noted concerns about the long-term sustainability and that both the natural environment and PAPs would suffer additional harm if the project's environmental management practices deteriorated.

Pakistan National Drainage Program Project

The project originally was aimed at implementing the first phase of the borrower's and four provinces' 25-year NDP Framework Project through a combination of infrastructure investment, institutional reform, research, and sector planning. The project was designed to address the problems of water-logging and salinity in the Indus Basin that were identified as principal threats to the sustainability of irrigated agriculture in Pakistan. The project's planned investment actions were scaled back significantly during implementation, and the infrastructure associated with the originally envisaged National Surface Drainage System (NSDS) was not implemented. Instead, the project supported the development of a new Drainage Master Plan that contained significant new proposals and approaches for drainage and drainage management. The Request was submitted by residents of the Indus River Basin and raised issues related to the disposal of saline effluent and the proposed construction of the NSDS under the original project design. The Requesters alleged that the design of the NDP was faulty and unsustainable because it did not take into account the social and environmental difficulties inherent in the existing disposal route and that alternative routes were not explored. The Request included additional claims regarding harm related to indigenous peoples, natural habitats, loss of livelihood, involuntary resettlement, loss of cultural property, community participation, and information disclosure. The Panel's investigation found multiple shortcomings related to the project's EA process. Bank management's response to the Request acknowledged that it would have been more appropriate to assign the project a Category A rating, as opposed to the Category B

rating it had received during screening. This finding was confirmed during the Panel's investigation. Additional issues were found with the analysis of alternatives, which appeared to be out of touch with the situation on the ground by underestimating the potential negative environmental impacts from the expansion of infrastructure works. Furthermore, the Panel found that the project paid little attention to impacts on, or means to rehabilitate, the *dhands*—a series of wetlands and interconnected lakes that were the source of livelihood for 40 villages. Additional actions to conserve or rehabilitate these areas were also not taken, which was inconsistent with Bank policy. When considering the project's monitoring and supervision systems, the Panel noted that the environmental advisory panel composed of internationally recognized experts was not in place at the beginning the project, resulting in the failure to identify early on the shortcomings in project design. Although the EA had expressed concern over the lack of a complete baseline study and of a continuing systematic, scientific, and well-coordinated monitoring program, the Panel found that these remained critical issues that had not been addressed as recommended. While the Panel praised the Bank for supporting the subsequent creation of a monitoring program, it found that its data interpretation and analysis practices had not been successfully implemented.

Cambodia Forest Concessions Management and Control Pilot Project

The project was a technical assistance operation aimed at demonstrating and improving the effectiveness of a comprehensive set of forest management and operational guidelines and control procedures in forest concession areas. It also aimed to establish an effective forest-crime monitoring and prevention capability. The Requesters, who depend on the forests for their livelihoods, tapping resin and collecting forest products to sell, claimed among other things that the project was supporting the interests of logging concessionaires with track records of illegal logging and human rights abuses. A core concern related to serious depletion caused by intensified logging of resin-producing trees from which indigenous peoples and local communities derive a major source of income. They also claimed that an environmental assessment ahead of the project might have identified forests of high ecological value. The Panel's investigation found that the illegal logging of resin trees had had major negative consequences on the Requesters and the local people, and that the Bank's decision to postpone a consultation procedure until the preparation of the ESIA by concessionaires was not consistent with the early consultations requirements under Bank policy. The Panel's report stated that the Bank chose to give primary emphasis in the project's design to the technical and financial aspects of concession reform, at the expense of environmental and social aspects, which subsequently led to inadequate levels of local involvement, community consultations, and social and environmental assessments. This resulted in a lost opportunity to lead the debate on forest-sector reform, so that forests could be sustainably managed for all Cambodians. The Panel also

found that the Prey Long Forest, a relatively undisturbed forest with significant spiritual and cultural value to indigenous peoples in the area, was not explicitly identified as an area of potential high ecological value. The project also did not adequately recognize the existence of natural habitats, which caused their protection to be omitted from the concession planning and approval process. Given its serious potential impacts, the Panel found that the project should have been assigned a Category A, and prepared a full environmental assessment. The Panel concluded that the studies required for a Category A project could have helped avoid serious errors in the design and implementation of the project.

DRC Transitional Support for Economic Recovery Credit and Emergency Economic and Social Reunification Support Project

These operations contained components designed to address the problem of illegal logging and improve governance in the natural resources sector of the DRC. The Requesters were concerned with the implementation of a new commercial forest concession system and the preparation of a forest zoning plan for the forests of the Equateur and Orientale Provinces, where the Pygmies, a vulnerable indigenous group, have lived for generations. The forest also provides spiritual purpose and a foundation of the cultural identity of the Pygmy people. They claimed that if the projects and these activities were implemented without consulting the indigenous peoples and considering their interests, the projects may cause irreversible harm. In its investigation report, the Panel found that despite EESRSP's involvement in the review of logging concessions, an activity that carries significant environmental and social implications, this project was assigned a Category B. Additionally, no EA was prepared for the respective project component on logging concessions. As a direct consequence of this misclassification, EESRSP lacked an environmental and social assessment to address its impacts on land, forests, and people. Furthermore, the Panel observed that financing of policy and institutional reforms, such as the review of the logging concessions, can lead to significant environmental and social impacts. The Panel also noted that the 2002 moratorium on allocation of new forest concessions had been "bypassed" and areas canceled in 2002 (estimated at 15 million hectares), where vulnerable people including Pygmies live, re-emerged as concession areas under consideration for validation. The Panel found that no timely follow-up efforts at a sufficiently high level were made to ensure necessary action in response to the moratorium violations, and also identified a number of significant concerns relating to the implementation of the "Concession Conversion Process." The Panel noted the importance of developing a balanced approach by emphasizing appropriate models of community forests as well as their actions to support community participation, land tenure, and forest-use rights.

Nigeria/Ghana West African Gas Pipeline Project

The WAGP aimed to improve the competitiveness of the energy sectors in Ghana, Benin, and Togo by promoting use of less expensive, environmentally cleaner gas from Nigeria. Most of the infrastructure works took place in Nigeria. The pipeline's right of way and ancillary facilities involved the acquisition of 144 hectares traversing 23 communities in western Nigeria. The Requesters were composed of both Nigerian and Ghanaian citizens and they alleged that the project would cause irreparable damage to their land and destroy the livelihoods of their communities. The Requesters asserted that the project's EA should have included the impacts to the existing Escravos-Lagos Pipeline System (ELPS) to which the WAGP would be linked. They believed this existing pipeline was unsafe because of its history of poor maintenance and accidents. The fishermen among the Requesters believed the construction of the pipeline polluted the water and damaged their nets, preventing them from catching fish and negatively impacting their livelihoods. Additional concerns regarding disclosure of information, consultation, involuntary resettlement, compensation, gas flaring, and the project's economic evaluation were also included in the complaint. The Requesters claimed that many of these shortcomings stemmed from the Bank's failure to adequately supervise the project.

The Panel's investigation into the project's compliance on environmental issues found flaws in the EA process and the supervision of subsequent mitigation measures. The Panel saw no evidence that an independent advisory panel of internationally recognized environmental experts was constituted during the planning and design phases of the project, despite its Category A rating. Moreover, the establishment of such a panel during implementation was also significantly delayed. Regarding the Requesters' concerns about the integrity of the ELPS, the Panel found that this gas supply upstream of WAGP was within the project's area of influence and that the project, its associated facilities, and supply areas should be viewed as an inter-connected system for the purposes of EA. The expert employed by the Panel during its investigation additionally concluded that linking the WAGP and ELPS had the overall effect of improving the safety of the existing Escravos-Lagos pipeline. When investigating the Request's claims regarding inadequate supervision, the Panel found that despite the early warning signs that appeared during the design phase, the project lacked available resources including funding and safeguard expertise. Safeguard staff mainly concerned themselves with project preparation activities and were far less involved in the construction phase. This lack of involvement was further complicated by long gaps between supervision missions, highlighting the difficulties of supervising from a distance without adequate field staff.

Uganda Private Power Generation Project

The project consisted of the construction of the Bujagali hydropower plant on the Nile River near the Bujagali Falls. It was designed to provide an increase of 250 megawatts of power-generation capacity to the national grid. The project

was going to inundate the Bujagali Falls and other natural habitats, which were sites of cultural and religious significance to a large community of people, and involved displacement and resettlement of people from their lands. The Requesters claimed that the project Social and Environmental Assessment (SEA) did not properly address hydrological changes and their effect on power production, nor the potential impacts of climate change. They also raised concerns about the economic impacts of the plant, including the affordability of energy it produces, as well as issues of disclosure and consultation, use of data, dam safety, and the cultural and spiritual significance of the project area.

In the context of the Bank's Policy on Environmental Assessment, the Panel examined a range of issues, including the impact of hydrologic risk on energy output, the potential impact of the project on the levels of Lake Victoria, and the risks from climate change. The Panel found areas of compliance, including that the project had been appropriately classified as Category A and that the Kalagala Falls had been established as an offset for the natural habitats to be inundated by the project. However, there were several important areas of non-compliance with Bank policies. The project did not appoint an independent panel of environmental experts, as required under Bank policy for this type of complex project, nor did it support needed capacity building for implementation of social and environmental aspects of the project. The project SEA did not adequately make reference to the Strategic/Sectoral Social Environmental Assessment (SSEA) of the separate Nile Basin Initiative, which analyzed issues such as climate change and cumulative effects. As a result, important information required under Bank policy was not disclosed in a timely manner as an integral part of the project's documentation. In addition, neither the SSEA nor the SEA addressed the cumulative effects of the existing and planned projects in a meaningful way. And while the Kalagala Falls had been established as an offset, in light of institutional weaknesses there is no evidence that this offset site will be maintained in accordance with appropriate conservation and mitigation measures in conformity with sound social and environmental standards. The Panel also found that Bank management did not ensure that cultural and spiritual matters of high significance at Bujagali Falls were adequately considered in project preparation, nor when comparing the Bujagali and Karuma alternatives.

Albania Power Sector Generation Project

The project's objective was "to achieve significant improvement in power system performance" through, among other things, the construction of a combined-cycle thermal power station in Vlora. The Panel conducted an investigation of the project in response to a Request for Inspection submitted by the Civic Alliance for the Protection of the Bay of Vlora on behalf of residents living in Vlora. The Request raised a number of environmental, social, cultural, and economic concerns related to the project as designed. It contended that a failure of the Bank to follow its own operational policies and procedures in the design and appraisal of the project would have resulted in serious long-term risks and harm to the people living in the Vlora area and to

the environment. In particular, the Requesters expressed concern that air and water emissions from the thermal power plant as well as the oil terminal located in the Bay's waters and its potential oil spills, would have negative polluting impacts on the tourism industry in the Vlora area, the employment of the local population, and the fishing industry. They also asserted that the EA misrepresented the physical characteristics of the project site and noted the proximity of the project site to the Narta Lagoon, which is a protected area and a sanctuary to important animals and plants that might be significantly harmed by the project. The Requesters complained that the Bank had failed to take into account the future cumulative environmental impact of additional generating units as well as the other industrial investments already approved by the government in the vicinity of the project. In response to the Request, the Panel assessed the issues related to the environmental compliance, including the characterization of the project site, the adequacy of the project's EA, the applicability of the Bank Policy on Natural Habitats to the Narta Lagoon, the project's impact on air and water quality, and the potential cumulative risks and impacts related to the project. The Panel concluded that a large array of social issues and potential economic risks to the population in the area—resulting from design, siting, and impacts—were not considered in the project's preparation and EA. In particular, since there was *prima facie* evidence that more than one energy-related project was being undertaken in Vlora, the Panel noted that the Bank should have insisted on a sectoral EA and the associated cumulative effects analysis in addition to the project-specific EA.

Argentina Santa Fe Road Infrastructure Project and Provincial Road Infrastructure Project

The project aimed at improving transport conditions, including road safety, of a segment of National Route 19 between the province of Santa Fe (PSF) and the province of Cordoba, along a strategic road corridor linking the PSF with regional and international markets. The Panel's investigation occurred during the construction phase. The Requesters claimed that the elevated carriageway to be constructed as a part of the new four-lane highway was incompatible with the area's hydrological situation because the land is flat and has insufficient absorption and retention of rainwater. They believed that water drainage in the project's design was insufficient and would increase the risk of flooding. They also claimed that information disclosure and consultation of project-affected people were inadequate, and alleged discrimination and intimidation during the project's land-acquisition process. The Panel's investigation noted that the road-upgrading project took place within a complex and highly dynamic local rural development context in which agricultural and livestock production issues are closely intertwined with water and environmental management concerns. The Panel found that the project's ESMP had an important shortcoming in that it did not include a proper analysis of the potential hydrological impacts both upstream and downstream of Road 19, particularly changes in area

that would be flooded downstream under very different rainfall scenarios. Although the ESMP concluded that the road would not worsen existing flood conditions, information to back up this conclusion was not provided. Regarding consultation with affected people, the Panel found that the Requesters were given the opportunity to meet project officials to express their concerns and to make suggestions for project design modifications, and that, in general, many of these concerns were responded to and acted on. Nevertheless, the Requesters' concerns about the negative impacts of the road on the hydrology of the area were mostly dismissed as PAPs were seen as non-experts in this field. The consultation issues for the project were also affected by the delay in hiring a communications expert, which was discussed on a number of occasions during project implementation.

Peru Lima Urban Transport Project

The objective of this project was to assist in enhancing economic productivity and the quality of life by improving mobility and accessibility for its population through the establishment of an efficient, reliable, and safer mass transit system. Specifically, the project supported the construction of a bus rapid-transit system (BRT) through the city of Lima, including a bus corridor in the coastal district of Barranco, which was designated a historical district by the National Institute of Culture in 1972. Through much of its route, the bus corridor ran through the middle of a major highway. However, in Barranco the bus corridor ran through Avenida Bolognesi, a former four-lane avenue that connects Barranco with the center of Lima. The implementation of this project made critical contributions to addressing the high traffic volume and long commuting times existing throughout the city. In their complaint, the Requesters alleged that citizen consultations were not carried out, and that the EA was neither rigorously conducted nor approved by the Ministry of Transportation. They also expressed concerns about the direct and indirect impacts of the project on the lifestyle of Barranco residents, the area's socio-cultural dynamics, and its architectural patrimony as longer-term adverse impacts that would remain after the BRT became operational. During its investigation, the Panel found evidence of the Requesters' claims regarding the limited assessment of impacts on the community beyond the immediate impacts of construction and operation of the transit system. Notably, the impacts on traffic patterns and the socio-cultural dynamics of the historical Barranco neighborhood were not adequately considered during the environmental assessment. Furthermore, the project generated tension and conflict by omitting the residents of Barranco from initial project consultations. For multiple years during project implementation, the project team did not benefit from the consistent presence of a social expert, which caused the project-affected people to be inadequately informed and consulted on the project and its potential impacts. The project began to address these issues by creating an active, steady role for the social specialist on the project team. These supervision

efforts led to the creation of a dialogue roundtable and the opening of a grievance office for Barranco residents.

South Africa Eskom Investment Support Project

The project's objective was to support South Africa in enhancing its power supply and energy security in a sustainable and efficient manner for both its economic growth objectives and long-term carbon mitigation strategy. The project included the 4,800-MW Medupi coal-fired power plant at Lephalale and associated infrastructure and investments. It also contained a component for the development of renewable energy generation sources, the Majuba Rail Project, and energy efficiency sector investments and technical assistance. The Request was submitted by two NGOs on behalf of community members located near Lephalale who had concerns about direct impacts of the project and its associated facilities, as well as its broader social impacts. They alleged harm related to increased health problems, decreased water availability, exacerbation of the effects of climate change, and cultural and livelihoods changes.

This was the Panel's first investigation into a project under the Bank's Policy on Piloting the Use of Borrower/Country Systems, which relies on the country's and borrower's legal and institutional frameworks. As a result, the Panel analyzed compliance at two levels—the "system level," which relates to management's assessments of the "equivalence" and "acceptability" under country's applicable Bank policy and the borrower's environmental and social safeguard systems; and the "project level," relating to management's compliance with relevant provisions of applicable Bank operational policies. At the project level, the Panel found that insufficient attention was given in project documents to the potential impacts that the use of water by the Medupi plant might have on other users, particularly considering the area already suffered from water scarcity strains. These shortcomings on water resources included the improper assessment of the cumulative impacts of the water requirements for operation of Grooteegeluk Mine, which supplies Medupi with coal. The Panel noted that Bank management's focus related to water resources appeared to be on ensuring that Medupi had a reliable water supply, and that this was not based on a risk-averse approach, as required by both Bank policy and South Africa's national environmental management principles. The Panel's investigation also considered the project's relationship to climate change more broadly through its contributions to global greenhouse gas emissions. When examining whether the project's environmental assessment adequately addressed measures to control and mitigate GHG emissions in line with Bank policy, the Panel found that steps had been taken to adhere to this policy framework but that the magnitude of emissions from Medupi far outweighed emissions avoided through project-mitigation measures. In addition, the Panel found that the description of the net results of the project's mitigation efforts failed to adequately demonstrate that the project was directly addressing its own externalities.

Tajikistan Energy Loss Reduction Project

The project financed assessment studies and technical assistance to examine the technical, economic, environmental, and social viability of the Rogun Hydropower Plant in Tajikistan. The objectives were to assist in the reduction of commercial losses in the electricity and gas systems, to lay the foundation for the improvement of the financial viability of Tajikistan's electricity and gas utilities in a socially responsible manner, and assist in the viability assessment of the Rogun HPP. The Requesters stated that they were likely to suffer harm because of flaws in the consultation process and the ecological impacts of the proposed project's location. Because Rogun would be constructed on a fault line where seismic activities were possible, they feared that a failure of the dam could create waves that could destroy downstream power systems and over 700 settlements in Tajikistan, Afghanistan, Uzbekistan, and Turkmenistan. In its eligibility report, the Panel noted that projects on international waterways may affect relations between the Bank and its borrowers, and in this context the Bank had made efforts to ensure that potential riparian issues were examined in the context of these studies. The Panel also noted that the Bank had gone beyond the requirements of the Environmental Assessment Policy by financing a panel of experts, which is typically done by the beneficiary or borrowing country. In light of management's actions and the purpose of the study to ensure that a fact-based decision was taken on this complex and sensitive project, the Panel did not recommend an investigation in this case.

India Vishnugad Pipalkoti Hydro Electric Project

The Panel received a complaint concerning this project, which was being constructed on the Alaknanda River, a tributary of the Ganges in Northern India. Through the construction of the run-of-the-river hydropower generation systems, the project aimed to increase the supply of electricity to the national grid and strengthen the institutional capacity of the borrower to prepare and implement such projects. In their complaint to the Panel, the Requesters stated that they did not want the river to be diverted or controlled in any way since they believe that the free flow of the Alaknanda River holds immense spiritual and aesthetic value for them, which, in their view, had not been estimated by the project authorities. Additionally, the complaint expressed concerns about the impacts of the project on local water sources and water quality, loss of biodiversity and other environmental harm, impact on livelihoods and health, economic issues, and gender issues. The Panel found that the project had conducted a solid cumulative impact assessment that incorporated the recommended increased minimum environmental flow (e-flow), which is a measure to describe the quantity, timing, and quality of water flows below a dam necessary to sustain river ecosystems and the human livelihoods that depend on them. By increasing the minimum e-flow for the Alaknanda River, the project was able to mitigate cultural, religious, and biodiversity impacts. Despite the thorough cumulative impact assessment, the Panel's investigation

also found that EA did not include adequate consideration of the project's associated facilities. In addition to the construction of multiple dams, the proposed project included the installation of a 30-km line to evacuate power from the project. Neither this line nor the larger transmission network were considered as associated activities under the project's EA. This exclusion caused potential impacts such as the loss of farm land and forest resources from transmission-line construction to be omitted from the EA. The project also involved significant social risks, including gender issues. The Panel's investigation found evidence that the project lacked attention to the issue of women's security as a result of labor influx into the project area. Consequently, the project caused conflict between the laborers and local villagers that was not appropriately addressed through mitigation measures.

Ethiopia Promoting Basic Services Phase III Project

The objective of the project was to contribute to the higher-level objective of expanding access and improving the quality of basic services by funding block grants that ensure adequate staffing and operations, and by strengthening the capacity, transparency, accountability, and financial management of governments at the regional and local authority levels. The Requesters stated that the Anuak Indigenous Peoples had been harmed, claiming that the Bank project contributed directly to the government's villagization program in the Gambella Region, which, according to the Request, forced the Anuak people to leave their ancestral lands under the pretext of providing better services and improving the livelihoods of communities. In the Panel's investigation of the PBS Phase III project, the Panel observed that the project's PAD noted that safeguards were not triggered as project financing was limited to recurrent expenditures for basic services. Previously, PBS I and II had triggered the Policy on Environmental Assessment because of small infrastructure works through a pilot Local Investment Grant, a specific-purpose grant for capital investments at the district level. Regarding PBS III, the Panel found that the project should have applied safeguard policies to the extent that one or more of them are found to be relevant to the area of the proposed investment lending operation. Additionally, the Panel found during its investigation that the Bank did not fully assess and mitigate the risks arising from the government's implementation of villagization, but also noted the difficult context in which PBS III was prepared and the importance of implementing a robust system of delivery that meets accepted environmental and social safeguard principles.

Nepal Power Development Project

The project objective was to develop Nepal's hydropower potential to help meet electricity demand, improve access to electricity services in rural areas and promote private participation in the power sector. The Request stated that this project was designed without informing or consulting with local

communities and that it would likely result in involuntary displacement and damage to cultural property. The Requesters also alleged that the project works would make them more vulnerable by harming agriculture production and physically dividing communities. The Panel investigation identified several issues in the project contributing to the Requesters' concerns. When assessing alternative routes for a disputed 3.85-km section of the transmission line, the technical committee conducted limited and restrictive assessment of alternatives. More broadly, the Panel found that although the project's policy framework highlighted in adequate detail the studies that were needed to assess environmental and social impacts of the sub-projects, it did not discuss whether the capacity existing at the implementing agency was sufficient to undertake the studies or implement their recommendations. As a result of not considering the borrower's capacity in the EA or other project documents, little was done to strengthen the capacity of the implementing agency, thus contributing to the problems the project faced during implementation. Issues faced by the project team during preparation and implementation were further complicated by a lack of adequate, timely, and meaningful consultations during this period, in part due to the security situation and travel restrictions placed on Bank management. In its response to the Request, management acknowledged that the safeguard policies governing information disclosure had not been fully observed and were being rectified.

Uzbekistan Second Rural Enterprise Support Project

The Panel received a Request for Inspection of the project and its additional financing from three human rights organizations. The project's goals were to increase the productivity, financial, and environmental sustainability of agriculture, and the profitability of agribusinesses in the project area through the provision of financial and capacity-building support to farmers and agribusinesses. The central claim of the Requesters was that due to lack of adequate measures to prevent Bank funding from being used for agricultural lands in which forced and child labor is practiced, the project contributed to "the government's policy of organized forced and child labor." The Requesters further stated that the social assessment carried out for the project failed to adequately identify the problem of forced and child labor, adding that no serious consideration or analysis was undertaken to assess if and how the project would contribute to this problem. The Panel noted that a plausible link existed between the project and the alleged harm. The Panel also noted that the claims in the Request raised significant issues of policy compliance, including, among others, in relation to environmental assessment, which requires the assessment of potential significant social impacts and risks associated with a project and inclusion of actions to avoid or mitigate such risks. The Panel observed that in the early years of the project there may have been insufficient due diligence in addressing the concerns about harm and related issues of Bank policy compliance raised in the Request, including at the time of project approval.

The Panel, however, recognized and appreciated i) management's commitment to include labor issues in the Bank's dialogue with the government of Uzbekistan on agricultural sector reforms; ii) the Bank's increased dialogue with the government and its development partners on the eradication of child and forced labor in the country's cotton sector; and iii) management's commitment to report to the Board of Executive Directors on these matters. On that basis, the Panel did not recommend an investigation.

Uganda Transport Sector Development Project

The project's additional financing supported upgrading and rehabilitation of the 66-km Kamwenge-Fort Portal road and technical assistance for strengthening the internal audit functions of the Uganda National Roads Authority. The Requesters, community members from the surrounding towns, alleged adverse impacts from the road construction, including sex with minors and teenage pregnancy by road workers, the spread of STIs, sexual harassment of female employees, child labor, inadequate compensation, lack of participation, poor labor practices, and lack of adequate road and workplace health and safety measures.

In its investigation, the Panel found that an adequate assessment of UNRA's capacity regarding environmental and social aspects was not conducted and there was a lack of effective institutional strengthening measures for UNRA's weak capacity. The Panel also detected poor project governance, including tension and lack of collaboration among UNRA, the supervising engineer, and the contractor. The Panel also found that poor safety measures had led to more than 25 occupational or road accidents, resulting in at least seven fatalities and many permanent injuries. The Bank had not ensured the design or implementation of appropriate mitigation measures to protect the community and workers against construction impacts, thus seriously jeopardizing human health and safety. The Panel also determined that the EA lacked an analysis of the risks to women and children caused by labor influx, in particular the impacts related to sex with minors, teenage pregnancy, sexual harassment, child labor, and school dropout. In addition, the mitigation measures proposed in the EA mainly focused on HIV/AIDS prevention and were inadequate to respond to the multi-dimensional problems of gender-based violence and the need for child protection. These shortcomings in the project's mitigation measures resulted in serious and long-lasting harm to the community. The Panel found that the contractor submitted a draft ESMP to the supervising engineer nearly one year after construction had started, and the Bank only received it after two years. The Panel also found that even when impacts were predicted in the environmental and social assessment, there were no corresponding mitigation measures in the ESMP to address these impacts. For example, the ESIA had identified some potential adverse social impacts from the expected influx of labor into the project area during implementation and required that a strict no-fraternization rule be applied between the workers' camp and the surrounding community. Despite these observations in the

ESIA, the ESMP did not state whether the camp should accommodate only foreign workers or also house Ugandan workers. As a result of the Panel's investigation, the Bank issued a guidance note to staff on how to manage labor influx risks in World Bank projects and created a Gender-Based Violence Taskforce with experts in this field to develop recommendations on how to prevent and respond to GBV in Bank projects.

Notes

1. The Inspection Panel serves as an independent forum to provide accountability and recourse for people affected by IBRD- and IDA-financed projects. They can bring their concerns to the Panel in the form of a written complaint. A complaint is referred to as a “Request for Inspection” and those who submit a Request are referred to as “Requesters.” When it carries out an investigation, the Panel reports to the Board on whether the harm, as alleged by the Requesters, has totally or partially resulted from failure of the Bank to comply with its policies and procedures, including social and environmental safeguard policies, during design, appraisal, and implementation of Bank-financed projects.
2. While all of these cases were studied for the purposes of this report, emphasis was placed on the lessons from cases occurring within the past 10 years. This report also includes two relevant eligibility reports that include important issues and illustrate the breadth of the Panel’s casework. Screening and scoping, assessment of social and natural impacts, borrower capacity, supervision, and impact monitoring and project sustainability were the key themes in these investigations.
3. This definition of environmental impact assessment is adopted by the International Association of Impact Assessment (IAIA). Available at: http://www.iaia.org/uploads/pdf/What_is_IA_web.pdf
4. Even though the Panel did not conduct a compliance review in these two cases, the dialogue between Bank management and Panel provided important lessons that are noteworthy for this publication.
5. As per OP/BP 4.01, projects with potential significant and irreversible adverse impacts are assigned an Environmental Category A, while projects with less adverse and site-specific impacts are categorized as B, and those with minimal or no impact are categorized as C. A proposed project is classified as Category FI if it involves investment of Bank funds through a financial intermediary in sub-projects that may result in adverse environmental impacts.
6. The name “Pygmy” derives from a Greek word meaning the measure of length from elbow to the fist, and is used to refer to people of short stature, encompassing different indigenous peoples groups such as the Baka, Bakola, Efe, Aka, and others. Because of its pejorative connotation, both anthropologists and the indigenous themselves avoided the term. However, it has recently been used again by indigenous peoples, particularly in the context of establishing their identity.

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