

Environmental and Social Impact Assessment (ESIA)

I. Context

This document provides guidance for conducting an Environmental and Social Impact Assessment (ESIA) and for preparing an ESIA report. It also serves as guidance for drafting the Terms of Reference for an ESIA. An ESIA is applicable for projects that have been identified by the Environmental and Social Management System (ESMS) screening as high or moderate risk projects, requiring full or a partial ESIA respectively¹. The purpose of the ESIA is to assess and predict potential adverse social and environmental impacts and to develop suitable mitigation measures, which are documented in an Environmental and Social Management Plan (ESMP).

The scope and depth of the ESIA depends on the nature, complexity and significance of the identified issues, as established by the ESMS screening. For a full ESIA the scope is defined by a scoping study which involves relevant stakeholders to confirm the risks identified by the ESMS screening, to set priorities for the ESIA and to determine the types of assessments required for the ESIA. The key elements, methodology and outputs of a scoping study are described in the ESMS Guidance Note on Scoping.²

II. Key elements of an ESIA and an ESIA report

The key elements of an ESIA and its report are described in this section. These elements must be thoroughly covered by a full ESIA for a high-risk project. A partial ESIA does not require as much background and baseline data as a full ESIA; the elements usually not covered in a partial ESIA are marked with an asterisk. The order and manner in which the information is presented in an ESIA report should be based on this outline.

1. *Non-technical summary*

Summarise significant impacts in a way that can be easily understood by a non-technical audience, in particular local stakeholders. The summary includes how the identified impacts should be managed and points out any outstanding issues that require further action.

2. *Project description*

Concisely describe the main parameters of the proposed project, including:

- The executing entities of the project (e.g. main project lead as well as project partners) and their respective roles in the project
- The project's geographic location, preferably illustrated with appropriate maps³
- Summary of the project (project objective(s), expected results/outcomes, outputs and main activities)
- Implementation arrangements.

3. *Analysis of policy, legal and administrative framework**

Describe the policy, legal and administrative framework within which the project takes place and identify any laws and regulations that pertain to environmental and social matters relevant to the

¹ A partial ESIA typically focusses on the few delineated environmental or social impacts issues identified by the ESMS screening.

² Available at www.iucn.org/esms.

³ When including maps in the ESIA report, make sure that the sites mentioned in the report are clearly identified on the maps.

project. This includes regulations about environmental and/or social impact assessments to which the project must adhere as well as laws implementing host country obligations under international law. Explain the requirements of any co-financing partners, if applicable. Where pertinent, take into account legal frameworks for promoting gender equality. Flag any areas where the project might fall short on compliance.

4. Stakeholder identification and analysis

The purpose of the stakeholder identification and analysis is to understand potential impacts on stakeholders and to clarify who should be involved in the ESIA process and how. This is done by listing all relevant stakeholders – based on any existing stakeholder analysis developed during the project design process and on general knowledge about the project context and its main stakeholders – and elaborating the following:

- stakeholders' interests in and expectations from the project;
- how they might influence the project (positively or negatively);
- a first appraisal or estimation of how their livelihoods could be impacted by the project (positively or negatively); and
- how they should be involved in the ESIA based on the information in the three items above.

Stakeholders should be disaggregated between men and women where relevant and feasible. It is useful to present the key findings of the stakeholder analysis in a matrix. The stakeholder analysis is considered a work in progress that should be adjusted as more information becomes available during the ESIA process and beyond.

5. Environmental and social baseline*

Describe and analyse the environmental and social context in which the project operates. While some broad contextual information is necessary, the analysis should focus on the immediate context of the project site and aspects that relate to the identified impacts in order to be relevant to decisions about project design, operation, or mitigation measures. For general context data, consult – to the extent possible - secondary data and existing analyses, including the situation analysis carried out as a previous project design step. To understand the context at the project site, it is usually necessary to collect primary data at the site.

The main purpose of this section of the ESIA report is to provide an understanding of current environmental and social conditions that form the baseline against which project impacts can be predicted and measured during project implementation. For moderate-risk projects that require only a partial ESIA and no scoping study, this section also provides an opportunity to substantiate the results of the ESMS screening by confirming potential impacts and/or identifying other potential impacts.

The scope of the baseline analysis depends on the nature of the project and the issues identified by the screening. The analysis might cover a range of physical, biological, socio-economic and cultural features potentially affected by the project. The ESMS Guidance Note on Social Impact Assessment (SIA)⁴ provides complimentary guidance including a non-exhaustive list of topics relevant for understanding social impacts.

6. Assessment of environmental and social impacts

This step is the heart of the ESIA; it itemizes and describes the identified impacts, makes predictions in terms of their probability and assesses their significance. In accordance with the ESMS Policy Framework, the assessment should give particular attention to impacts related to the ESMS standards such as adverse impacts on people's livelihood through access restrictions or resettlement, on

⁴ See ESMS Guidance Note on Social Impact Assessment, available at www.iucn.org/esms.

indigenous peoples, on cultural heritage or on biodiversity. However, thematic coverage of the ESMS also involves other potential social impacts including impacts on women or vulnerable groups or risks triggered by the project failing to take climate change effects into consideration. While the ESIA's terms of reference already establishes the main impacts to be covered by the assessment – based on the screening (or scoping for high-risk projects) – it is important to understand that an ESIA is an iterative process during which new and more detailed information may be obtained and additional significant issues might come up (e.g., as part of the baseline analysis).

When analysing the risks not only direct impacts should be taken into consideration but also indirect impacts such as inadvertent knock-on effects or cumulative effects that materialise through interaction with other developments, impacts occurring at the project site or within the project's wider area of influence⁵ and impacts triggered over time⁶.

Project impacts can be analysed using a range of methods from simple qualitative analysis to detailed quantitative surveys or modelling. The data collection methods and analytical tools used and the depth of analysis should be commensurate with the type and significance of the impacts, it should allow rigorous assessment of the significant impacts using qualitative and, to the extent possible, also quantitative methods. The report should describe the methods chosen for data collection and analysis and the rationale for the choice of method; it should further describe the quality of available data and, where applicable, explain key data gaps and uncertainties associated with predictions.

Participatory research and assessment tools should be employed wherever sensible to increase stakeholder's understanding of the project, provide opportunity for raising issues and enable participation of affected groups in the identification of mitigation measures, as discussed in section 9.

Understanding the significance of risks is important for prioritising the need for mitigation measures. For evaluating significance it is important to consider the likelihood that a given risk event is expected to occur and the magnitude of the expected impacts (consequence). The latter refers to the extent to which a risk event might negatively affect environmental or social receptors. This includes considerations of the following criteria:

- sensitivity of the receptor,
- severity of impacts,
- expected duration and scale and
- whether or not the impact is reversible.

Assessing significance of risks also takes into consideration whether there are known, acceptable and readily available good practices to address those impacts and whether the executing entities and/or main stakeholders have experience applying such measures.

Annex A describes the methodology that IUCN uses for assessing the significance of environmental and social impacts/risks.

7. Analysis of alternatives*

The purpose of the analysis of alternatives is to identify other options, including not implementing the project, to achieve the project objectives and compare their impacts with the original proposal. This step is required only for high-risk projects where the identified impacts are very significant.

The analysis systematically compares feasible, less adverse, alternative technologies, designs, operations and sites – including the "no project" option – to the proposed project in terms of:

⁵ For a definition of the project's wider area of influence, see the glossary in the *ESMS Manual* at www.iucn.org/esms.

⁶ Although the future cannot be foreseen, the assessment should consider scenarios that are technically or scientifically robust enough to make predictions.

- their effectiveness of achieving the project objectives as well as potential trade-offs;
- their potential environmental and social impacts;
- the feasibility of mitigating these impacts;
- operational requirements and their suitability under local conditions;
- their institutional, training, and monitoring requirements;
- their estimated cost-effectiveness; and
- their conformity to existing policies, plans, laws and regulations.

The analysis should recommend the preferred alternative and state why it was chosen.

8. Environmental and social management plan (ESMP)

A main output of the ESIA process is a strategy for managing risks and mitigating impacts. The identification of mitigation measures is done in consultation with affected groups and is guided by the mitigation hierarchy. The mitigation hierarchy implies that all reasonable attempts must first be made to avoid negative social or environmental impacts. If avoidance is not possible without challenging the conservation objective of the project, measures should be taken to minimise the impacts to acceptable levels and address remaining residual impacts with adequate and fair compensation measures.

The risk management strategy is documented in an Environmental and Social Management Plan (ESMP) that describes: the mitigation measures developed during the ESIA, an implementation schedule and required resources and responsibilities. The technical and operational feasibility, cultural adequacy and sustainability of proposed measures must be demonstrated as well as requirements for capacity building and institutional strengthening, where relevant. The ESMP should also indicate how the measures designed to avoid impacts will be monitored for effectiveness. The guidance note for developing the ESMP provides further instructions and includes templates for the ESMP and for monitoring the plan.⁷

9. Results of stakeholder consultations

Stakeholder engagement is a key principle of the ESMS and an important procedural tool for a successful ESIA. It improves understanding of local conditions and stakeholders' concerns and is essential for identifying effective strategies for mitigating negative impacts. Involving affected groups in decision making gives them more confidence and security, improves the legitimacy of the project and helps build constructive relationships among stakeholders.

The ESMS Manual defines requirements for stakeholder engagement by establishing minimum provisions for disclosure and consultation during the steps of the project cycle.⁸ These provisions are particularly relevant for the ESIA process; the provisions for consultation and disclosure are more stringent for high-risk projects (full ESIA) than for moderate-risk projects (partial ESIA). Tables 5 and 6 in the ESMS Manual synthesise these requirements.⁹

During the ESIA, consultations should concentrate on potentially affected groups, indigenous peoples and civil society organizations; the stakeholder analysis supports the decision of whom to consult. The consultation process must be culturally appropriate, non-discriminatory and gender sensitive. It should assure that all people whose lives might be affected by the project are properly consulted to verify and assess the significance of impacts and that all affected groups are provided the opportunity to participate in the development of mitigation measures.

The intensity or depth of stakeholder engagement should be appropriate to the complexity of the project and the significance of the identified risks and tailored to individual groups. The general logic of stakeholder engagement that should be followed is described in Figure 3 in the ESMS Manual. It is

⁷ See ESMS Guidance Note on Developing and Monitoring an ESMP, available at www.iucn.org/esms.

⁸ See sections 4.2.7 and 4.6 of the ESMS Manual, available at www.iucn.org/esms.

⁹ See ESMS Manual, section 4.6, available at www.iucn.org/esms.

important to be mindful of the resources and time required of stakeholders. The consultation process is best scheduled in iterative steps, first seeking initial inputs, then feed-back on first assessment results and suggestions for mitigation actions, and concluding with a final stakeholder meeting to gather feed-back on the draft of the ESIA report, the ESMP and other action plans, as relevant.

If the Standard on Involuntary Resettlement and Access Restrictions or the Standard on Indigenous Peoples are triggered, consultations should fully adhere to the Free, Prior and Informed Consent Principle. Guidance is provided in the ESMS Manual and in a separate guidance note.¹⁰

The final ESIA report should document the results of the consultations carried out with stakeholders and project-affected groups and provide a summary of the concerns raised and an explanation of how these results have been addressed in the ESIA and the ESMP. The description should specify how women were included in the consultation, taking into consideration their gender-specific knowledge, roles, responsibilities and potential impacts.

III. Other items to be specified in the terms of reference for an ESIA

The actual terms of reference for an ESIA must be tailored to each project as the scope and depth of the assessment depend on the nature, complexity and importance of the issues emerging from the ESMS screening. For high-risk projects, the scope of the ESIA will be determined in detail by the scoping study preceding the ESIA.

The terms of reference for an ESIA usually include the items listed below. The terms of reference for moderate-risk projects are less comprehensive than those for high-risk projects; hence elements marked with an asterisk are usually not required for a partial ESIA.

- A summary of the main project features
- A list of applicable national and local ESIA requirements, where available and relevant*
- A list of the key issues that emerged from the ESMS screening and scoping to be analysed in the ESIA
- A description of the required elements of the ESIA (see section II, 3-9) and specification of the content of any additional specialist studies (if applicable) to be undertaken as part of the ESIA
- Provision of methodological guidance (if applicable) for the overall ESIA and specialist studies (e.g., gender responsive analysis)
- Specification of the type of environmental and social expertise required by the ESIA expert/team
- A preliminary list of feasible project alternatives including a “no project” option and requirements for their assessment*
- Specification of types of required consultations with affected people, communities and other parties including final stakeholder meeting(s) for gathering views on the draft ESIA and ESMP
- The requirement for preparing an ESIA report and other documents or action plans (as needed) and for rigorously indicating accuracy, reliability and sources of the data used
- A budget and schedule for the ESIA providing sufficient time and funds for effective stakeholder consultation.

Carrying out an ESIA requires a technical team with appropriate qualifications and experience in qualitative and quantitative research techniques and familiarity with the thematic and regional or local context; the team should have experience with participatory design and assessment methodologies, with gender analysis and gender-responsive project design and, where relevant, with indigenous peoples' issues.

¹⁰ ESMS Guidance on Free, Prior and Informed Consent will be available at www.iucn.org/esms.

Annex A: Guidance for rating environmental and social risks

The rating of risks is based on the assumptions that the management measures and plans specified in the respective column are implemented and effective in mitigating the risk. It is good practice that the plans are available before ESMS Clearance. Risk rating is based on the two elements: likelihood and the expected impacts (consequence).

Likelihood represents the possibility that a given risk event is expected to occur. The likelihood should be established using the following five ratings: *Very unlikely to occur (1)*, *Not expected to occur (2)*, *Likely – could occur (3)*, *Known to occur - almost certain (4)* and *Common occurrence (5)*

Impact (or consequence) refers to the extent to which a risk event might negatively affect environmental or social receptors – see criteria distinguishing five levels of impacts in table 1:

Table 1: Rating impact of a risk event

<i>Severe (5)</i>	Adverse impacts on people and/or environment of very high magnitude , including very large scale and/or spatial extent (large geographic area, large number of people, transboundary impacts), cumulative, long-term (permanent and irreversible) ; receptors are considered highly sensitive ; examples are severe adverse impacts on areas with high biodiversity value ¹¹ ; severe adverse impacts to lands, resources and territories of indigenous peoples; significant levels of displacement or resettlement with long-term consequences on peoples' livelihood; impacts give rise to severe and cumulative social conflicts with long-term consequences.
<i>Major (4)</i>	Adverse impacts on people and/or environment of high magnitude , including large scale and/or spatial extent (large geographic area, large number of people, transboundary impacts), of certain duration but still reversible if sufficient effort is provided for mitigation; receptors are considered sensitive; examples are adverse impacts on areas with high biodiversity value; adverse impacts to lands, resources and territories of indigenous peoples; significant levels of displacement or resettlement with temporary consequences on peoples' livelihood; impacts give rise to social conflicts which are expected to be of limited duration.
<i>Medium (3)</i>	Adverse impacts of medium magnitude, limited in scale (small area and low number of people affected), limited in duration (temporary), impacts are relatively predictable and can be avoided, managed and/or mitigated with known solutions and straight forward measures.
<i>Minor (2)</i>	Adverse impacts of minor magnitude, very small scale (e.g. very small affected area, very low number of people affected) and only short duration, may be easily avoided, managed, mitigated.
<i>Negligible (1)</i>	Negligible or no adverse impacts on communities, individuals, and/or on the environment.

Significance of risks is established by combining likelihood and expected impact (consequence) of a risk event as demonstrated in table 2. The significance rating signals how much attention the risk event will require during project development and implementation and the extent of control actions to be put in place. See the Guidance Note on Assessment and Management of Environmental and Social Risks for further details on the rating (including factors influencing the likelihood and impact).

Table 2: Rating significance of a risk event

		Likelihood of occurrence				
		<i>Very unlikely to occur (1)</i>	<i>Not expected to occur (2)</i>	<i>Likely – could occur (3)</i>	<i>Known to occur - almost certain (4)</i>	<i>Common occurrence (5)</i>
Impact	<i>Severe (5)</i>	Moderate	Substantial	High	High	High
	<i>Major (4)</i>	Low	Moderate	Substantial	Substantial	High
	<i>Medium (3)</i>	Low	Moderate	Moderate	Moderate	Substantial
	<i>Minor (2)</i>	Low	Low	Moderate	Moderate	Moderate
	<i>Negligible (1)</i>	Low	Low	Low	Low	Low

¹¹ For the definition see IUCN ESMS Standard on Biodiversity Conservation and Sustainable Use of Natural Resources.