PART III

TRANSBOUNDARY EIA AND FINANCIAL INSTITUTIONS
Chapter 12

The World Bank and Environmental Impact Assessment

Jean-Roger Mercier

1. INTRODUCTION

Environmental Assessment (EA)\(^1\) has been mainstreamed into World Bank (WB) funded investments since 1989. The process covers a project from cradle to grave and the World Bank’s borrower – the government of a developing country in the context of this article – is responsible for the preparation of an Environmental Assessment report\(^2\) and for implementing its recommendations, usually packaged as an Environmental Management Plan (EMP). As of now, about 75% of new World Bank financed investment projects require an EA report. Strategic Environmental Assessment, as a systematic process, is of much more recent introduction in WB financed operations. Sectoral EAs, once conducted on a piecemeal basis for sectoral reforms, are now recommended as good practice under the Development Policy Lending policy (Operational Policy 8.60). Since the latter process started in the fall of 2004, it is still early to distil significant conclusions from the implementation of the policy and its implications for SEA. Trans-boundary EAs have been conducted in the past, on a very limited scale, and anecdotal outcomes are illustrated here for the purpose of this book. The

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\(^1\) The term environmental impact assessment in the title of this chapter has been used for consistency reasons, however, it should be noted that the term environmental assessment is more appropriate for the purpose of this chapter. The size and character of projects subjected to the World Bank environmental assessment policy differ substantially and for certain ‘projects’ sectoral environmental assessments or country environmental assessments are required. Therefore, in this chapter the term environmental assessment will be used.

\(^2\) More specifically – for the largest, riskiest projects – categorized as ‘A’ for purpose of Operational Policy 4.01 on Environmental Assessment, the borrower prepares, approves and submits to the World Bank an EA report. Similarly, an EA must be conducted for the medium-risk projects, categorized as ‘B’, as well as for Financial Intermediary projects, categorized as ‘FI’. For the low-risk projects, categorized as ‘C’, beyond World Bank’s internal screening, no further action is needed.