In August 2016, the World Bank’s Board of Executive Directors approved the Environmental and Social Framework (ESF), which will go into effect in 2018 and progressively replace the Bank’s Safeguards. The ESF protects people and the environment from potential adverse impacts that could arise from Bank-financed projects, and promotes sustainable development. Within the ESF, ten Environmental and Social Standards set out responsibilities for Borrowers. The Standards are designed to help Borrowers manage project risks and impacts as well as improve environmental and social performance, consistent with good international practice and national and international obligations.

**Overview**

Strong domestic capital and financial markets and access to finance are important for economic development, growth and poverty reduction. The World Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets.

**Objectives**

The Environmental and Social Standard on Financial Intermediaries (ESS9) sets out how Financial Intermediaries (FIs) must assess and manage environmental and social risks and impacts associated with the subprojects it finances.

ESS9 requires an FI to:

- Promote good environmental and social management practices in the subprojects the FI finances
- Promote good environmental and sound human resources management within the FI
Highlights

ESS9 requires FIs to have an Environmental and Social Management System (ESMS), covering policy, procedures, organizational capacity monitoring and reporting and stakeholder engagement.

All FI subprojects must be prepared and implemented in accordance with national law.

Under ESS9, FIs must apply the relevant requirements of the ESSs to any FI subproject that involves resettlement, adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage.

FIs must develop categorization system for subprojects: all the subprojects listed above must be categorized as high or substantial.

FI subprojects must conduct stakeholder engagement in a manner proportionate to the risks and impacts of the FI subprojects; and FIs may need to be involved if the World Bank requires it.

According ESS9, FIs must require sub-borrowers to disclose certain documents.

More information

The full text of the Environmental and Social Framework (ESF) is available at www.worldbank.org/esf
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