Technical Note on Addressing Racial Discrimination through the Environmental and Social Framework (ESF)

March 19, 2021

Introduction

Across World Bank operations there are multiple opportunities under existing policies, procedures and guidance to address the risks and impacts of racial discrimination. This note for Bank staff details how the Environmental and Social Framework (ESF) can be used to promote inclusion and address racial discrimination in Investment Project Financing (IPF).

The Bank may not be able to address all deep-rooted sources of racial discrimination. However, it may assess structural, institutional or economic factors that enable such discrimination to persist, and measures to address any resulting adverse risks and impacts within the context of its mandate as set out in its Articles of Agreement. Where such risks and impacts are evident at project level, assessment and mitigation under the ESF will be relevant. This note summarizes the main points of entry through the ESF to address these risks and impacts and measures to avoid such impacts and to enhance development opportunities for groups and individuals that may be at risk of racial discrimination.

This note should be read in conjunction with the Environmental and Social Policy (ESP), the Environmental and Social Standards (ESS1-10), and their accompanying Guidance Notes, and with the Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups.

Terminology

In Bank policies, procedures and guidance the term ethnic or ethnicity is to be used to incorporate issues of race, though it is acknowledged that ‘ethnicity’ and ‘race’ are not necessarily synonymous concepts and may require separate consideration and analysis in context. The term ‘race’ does not appear in the Environmental and Social Standards (ESSs) but is now included alongside ‘ethnicity’ in the Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups (see section on this Directive below). While ‘race’ was not explicitly included as a term in the ESSs, the breadth and clarity of ESF provisions on addressing social risks and impacts, promoting inclusion and addressing the risks of discrimination may be applied to address project-level manifestations of racial discrimination. Coupled with the updated Directive on Disadvantaged or Vulnerable Individuals or Groups, it is clear that the ESF provides the basis to address the risks and adverse impacts of racial discrimination in IPF.

Race, racism and racial discrimination and associated concepts such as color and ethnicity vary in how they are used in legal and development contexts, as well as in Bank usage. This note is not intended to provide a Bank operational definition of race or racial discrimination, rather to provide practical...
guidance on how the ESF can be used to address such discrimination in its many forms across different regions and contexts. Box 1 summarizes the 1965 UN Convention (ICERD) which likely provides the most widely accepted definition of racial discrimination in use. However, the variety of usage around the related concepts of ‘race’ and ‘ethnicity’ raise issues that merit further contextual consideration by the Bank and Borrowers.

In the context of this note the term ‘racial discrimination’ takes into account discrimination based on the widest range of factors, for example race, ethnicity, color, indigeneity, caste or other forms of identification according to region or context. Any use of the term ‘race’ or ‘racial group’ in this note implies the same inclusivity.

**Box 1: UN International Convention on the Elimination of All Forms of Racial Discrimination (1965) and other relevant treaties**

The **UN International Convention on the Elimination of All Forms of Racial Discrimination** (ICERD) was adopted in 1965 and has been ratified by 182 States. The Convention defines racial discrimination and sets forth a series of principles and guidelines by which states can work to eradicate racial discrimination. While some countries have included reservations to the Convention and have interpreted the provisions slightly differently in domestic law, or not complied with their obligations under the treaty, ICERD is a source of international obligations for clients. Regional conventions can also be a valuable resource for more localized terminology and standards (see Annex).

Article 1 defines racial discrimination: “In this Convention, the term "racial discrimination" shall mean any distinction, exclusion, restriction or preference based on race, colour, descent, or national or ethnic origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life.”

CERD’s interpretation and application of Article 1 concerning information about the ways in which individuals are identified as being members of a particular racial or ethnic group or groups states that, “ [...] such identification shall, if no justification exists to the contrary, be based upon self-identification by the individual concerned” (ICERD committee’s General recommendation (VIII))

In some countries, there is concern that identification by ‘race’ has been misused as a basis for historical injustice or worse. The ICERD Committee’s interpretation recommends self-identification as one way to manage this risk, although in some cases ‘race’ may be defined by legislation.

**How is racial discrimination addressed in Investment Project Financing (IPF)?**

Through the ESF Vision Statement, the Environment and Social Policy (ESP) and the Environmental and Social Standards (ESSs), the Bank has strengthened its commitment to working against prejudice and discrimination toward project-affected individuals, groups, and workers, and to enhancing development

**Box 2: ESF Vision Statement:** “Ensure that there is no prejudice or discrimination toward project-affected individuals or communities and give particular consideration to Indigenous Peoples, minority groups, and those disadvantaged or vulnerable, especially where adverse impacts may arise or development benefits are to be shared”
opportunities, specifically for disadvantaged or vulnerable individuals or groups. In this context, racial discrimination, or associated structural issues can be dealt with as part of an inclusive approach to disadvantaged or vulnerable groups.

At project level, the risks and adverse impacts of racial discrimination can arise from many forms of exclusion whether intentional or unintended, and direct or indirect (as recognized in ICERD definitions), singular or cumulative. Moreover, discrimination may exist within a broader group of disadvantaged or vulnerable people (persons with disabilities, elderly or indigenous peoples, for example), and the adverse impacts compounded by ‘intersectionality’ – belonging to more than one of those groups.

It is important to recognize that anti-discriminatory measures through the ESF are only part of the Bank’s broader approach to addressing racial discrimination and its consequences in operations. Box 3 summarizes such measures in Bank project lending other than IPF.

Box 3: Addressing Racial Discrimination through other Bank instruments

While this note focuses on IPFs applying the ESF, revised guidance to staff has been issued to explicitly include considerations of race and race-based discrimination or exclusion in the context of our work on Development Policy Financing (DPFs) and Program-for-Results (PforRs) operations. This guidance is included in updated PSIA Guidance (for DPFs) and the Directive and Guidance (for PforRs).

What is the division of roles and responsibilities between the Bank and Borrower?

The Bank’s obligations around screening, risk classification and due diligence are laid out in the Environmental and Social Policy (especially sections A and C), the Environmental and Social Directive for Investment Project Financing, and the Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups, while the Environmental and Social Standards (ESSs) contain the requirements for the Borrower. The Bank assists the Borrower in their application of the ESSs, in accordance with the provisions of the ESF. A Technical Note, Screening and Risk Classification under the ESF, provides a detailed treatment of the Bank and Borrower’s respective roles at the outset of project design and preparation.

The effectiveness of ESF implementation is highly contingent on the Borrowers’ commitment and capacity to address the risks and impacts in the ESSs, including any form of discrimination. To this end, the Bank, as part of its due diligence, assesses and supports the Borrower’s capacity, as well as relevant policy and legal aspects, to address racial discrimination throughout the project life cycle. Such support may include technical training and assistance for Project Implementation Unit (PIU) staff on ESF requirements on non-discrimination and monitoring of the performance of the project throughout preparation and implementation.

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1 As reflected in Article 1 (1) of ICERD and elaborated on in paragraphs 1 and 2 of General Recommendation No. 14 (1993).
What is the “Bank Directive on Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups”?

This Directive establishes directions for Bank staff in respect of project-affected disadvantaged or vulnerable individuals or groups. It includes a non-exhaustive, representative list of those individuals or groups who may be disadvantaged or vulnerable (Part II, para 1). An update to the Directive in March 2021 added ‘race’ to this list, making clear the Bank’s role in addressing racial discrimination and promoting social inclusion in IPF.

The Directive establishes directions for Bank staff regarding their due diligence obligations on any form of discrimination in relation to disadvantaged or vulnerable groups. It requires Bank staff to: (i) review TORs to identify at risk groups; (ii) review ESAs; (iii) promote participation of vulnerable groups in consultations; and (iv) seek advice of the Operational Environmental and Social Risk Committee (OESRC) in the event that the application of the Directive may pose risks to individuals or communities or to cause harm. The Directive is relevant to Bank’s support for the Borrower in fulfilling ESF requirements throughout the project cycle including scoping, assessment, implementation and stakeholder engagement.

The Directive also makes clear that there may be circumstances in which its’ application in a particular project context (including the identification of disadvantaged or vulnerable individuals or groups or differentiated mitigation measures) could expose such individuals or groups to the risk of harm. In such circumstances the task team seeks the advice of the OESRC, which also considers any implications that such circumstance may have for the task team itself.

What are the entry points for addressing racial discrimination in the ESSs?

Under the ESSs, different stages of the project cycle – project identification and design through to appraisal, implementation and monitoring – enable the Borrower to address racial discrimination at the project level.

(i) **Scoping** - Initial scoping of project risks and impacts, which will determine the subsequent conduct and content of the environmental and social assessment (ESA) process under ESS1. NGOs and human rights organizations are a useful and independent source of contextual information. Two government sources of particular use are:

- **Offices responsible for zoning and planning.** Spatial segregation may stem from the zoning laws. Offices of zoning and planning may also have property and Planning Atlas, which displays current zoning across the potential project area.

- **Offices responsible for national statistics.** Socio-demographic characteristics could provide historic trends: unemployment rates between different ethnic minority groups; disability; race and ethnicity; deprivation; access to services, etc.

(ii) **Assessment** - ESS1 requirements for an “adequate, accurate and objective” assessment should ensure the identification of risks and impacts (direct, indirect and cumulative), and the design of mitigation measures in a manner that addresses discrimination and its consequences. The key provisions in ESS1 are:

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2 Version issued March 2021
• Assess project risks and impacts that fall disproportionately on the disadvantaged or vulnerable and any prejudice or discrimination toward such groups in providing access to development resources and project benefits (ESS1 para 28 (b) (ii) and (iii)).

• Implement differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and they are not disadvantaged in sharing any development benefits and opportunities resulting from the project (ESS1 para 29).

Where identified as a risk, specific provisions to cover racial discrimination should be included in any TORs for the ESA process and associated documentation (as defined in ESS1, Annex 1).

(iii) Consultation. Engaging stakeholders in accordance with ESS10, ensuring proper information disclosure, meaningful consultation and responsive grievance redress throughout the project lifecycle. The approach will be set out in the Stakeholder Engagement Plan (SEP) which identifies stakeholders with specific needs and risks and can include those relating to race through stakeholder identification and analysis. The SEP explains how the information disclosed and engagement will be designed to be meaningful. Specific measures may be applied to address risks of racial discrimination, for example: (i) awareness raising for affected communities and workers; (ii) information on grievance mechanisms (GMs) and how to report cases of racial discrimination.

(iv) Mitigation. The ESF applies a mitigation hierarchy (ESS1, para 27) to the management of assessed risks and impacts. Although presented as steps, in the case of racial discrimination many of these measures may be applied throughout the project life cycle with an emphasis on avoidance. The continuance of stakeholder engagement and contractual oversight are critical elements of mitigation through project implementation (See Annex 3 of this note).

(v) ESCP. Agreeing on key commitments to addressing racial discrimination through the Environmental and Social Commitment Plan (ESCP), (ESS1).

(vi) Implementation. Adaptive risk management, continued stakeholder engagement and monitoring and evaluation of project impacts and outcomes during implementation maintains the mitigation of risks relating to racial discrimination (ESSs 1, 10). The Directive reinforces the Bank's implementation support in this regard.

(vii) Capacity Building. Additional training and technical assistance may be necessary for E&S specialist in the PIU and FIs (ESP).

What are the key questions to be asked throughout the ESA in scoping, assessment, and mitigation?

Discrimination of any kind may be hard to identify and even harder to mitigate, especially as it will often be context-specific. This note presents some key questions that may help to identify discriminatory processes and outcomes. At a project level, these questions begin with:

• Are there risks of racial discrimination including any distinction, exclusion, or restriction which has the purpose or effect of impairing or excluding a person based on their race, ethnicity, color, indigeneity, caste, etc. from being treated on an equal basis with others?
Does this inequality potentially increase any negative impacts of the project, or limit project benefits, or restrict the ability to voice comments or concerns during stakeholder engagement? Moreover, does this discrimination overlap - ‘intersectionally’- with that based on other characteristics, such as a person’s age, disability, gender, real or perceived sexual orientation or gender identity (SOGI)?

At the outset, as made clear in the Guidance Note to ESS1 para 29 on ‘differentiated measures’ for the disadvantaged or vulnerable, the risks and impacts of racial discrimination are best addressed as a matter of project design. This ‘Feature Story’ piece highlights several good examples from World Bank projects around the world - *Everyone Equal: Making Inclusive Growth a Priority for Ethnic Minorities* (July 13, 2020).

Throughout the ESA process key questions will help identify risks and impacts related to racial discrimination that can be addressed through the mitigation hierarchy. These include:

(i) **Identifying race, racial discrimination and related risks**
- How is ‘race’ defined or expressed by different stakeholders in the country and project specific context, and can it be defined in the project context in a way that is protective of the disadvantaged or vulnerable groups and the ESF obligation to address non-discrimination and social inclusion (the response to this question may indicate how and whether to explicitly address ‘race’ in the project design and in the ensuing questions)?
- Could the project exacerbate existing racial tensions and inequalities or have a negative impact on traditional livelihoods, stability and human security?
- Whether social assessment or project design based on ‘race’ could expose any group to potential harm or reprisals; how can this risk be avoided?

(ii) **Stakeholder Engagement**
- What stakeholder analysis and consultation methods (such as participatory design) avoid excluding stakeholders as a consequence of their race? What social impacts of the project might disproportionately affect persons based on their race?

(iii) **Labor**
- How does the project impact labor and working conditions for groups who are disadvantaged or vulnerable on account of race?
- How does the project address equal opportunity and fair treatment in the employment of project workers, so that there will be no discrimination with respect to any aspects of the employment relationship?

(iv) **Use of land and natural resources**
- Are there legacy (pre-existing) issues in relation to race and land ownership, livelihoods, conflict, and use of natural resources?

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3 [ESS1 Guidance Note for Borrowers, June 2018](#)
(v) **Pollution and environmental degradation**

- Are racial groups disproportionately impacted by pollution and waste, or natural resources extraction (water, energy and raw material)? If so, the Borrower should undertake a health and safety risk assessment of pollution which may affect communities, workers and the environment.

(vi) **Natural habitats**

- Are particular racial groups more dependent on natural habitats, which may be negatively impacted by the project? Consider the sustainability and differentiated impacts of primary production and harvesting of natural resources (ex. commercial agriculture, forestry, fishing and animal husbandry) for racial groups. Are primary suppliers sourcing raw materials (including commodities such as food, timber, fishery, minerals, etc.) endangering natural or critical habitats upon which the livelihoods of specific racial groups depend?

(vii) **Cultural heritage**

- Whether the project may impact tangible or intangible cultural heritage of specific racial groups. Identify and assess, through desk review and consultations, tangible and intangible forms of cultural heritage that are critical to the identity of racial groups.

(viii) **Implementation and monitoring**

- How can project outcomes be measured to assess their impacts on project beneficiaries who are disadvantaged or vulnerable on account of their race? Will such groups have equal access to project benefits?
- What continuing measures (including ‘differentiated measures’ under ESS1, para 29) would be needed so that those identified as disadvantaged on account of their race have equal access to project benefits?

**How do procurement practices support ESF requirements on Racial Discrimination?**

The link between environmental and social (E&S) and procurement policy is important; procurement is a key ESF delivery mechanism as many E&S issues need to be addressed by contractors, subcontractors and primary suppliers. To make this easier, the Bank’s Standard Procurement Documents for works\(^4\) have been updated to incorporate relevant ESF provisions. The Standard Procurement Documents include the following provision on non-discrimination and equal opportunities:

> The Contractor shall not make decisions relating to the employment or treatment of Contractor’s Personnel on the basis of personal characteristics unrelated to inherent job requirements. The Contractor shall base the employment of Contractor’s Personnel on the principle of equal opportunity and fair treatment, and shall not discriminate with respect to any aspects of the employment relationship, including recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, and disciplinary practices.

Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job shall not be deemed discrimination. The Contractor shall provide protection and assistance as necessary to ensure non-discrimination and equal opportunity, including for specific groups such as women, people with disabilities, migrant workers and children (of working age).

The World Bank’s SPDs for works require that all contractor’s personnel are provided with (and acknowledge receipt of) a Code of Conduct (CoC). The Bank’s SPDs provide a template for CoC on the minimum content of issues to be addressed in the CoC. This includes a provision that the contractor’s personnel “treat other people with respect, and not discriminate against specific groups such as women, people with disabilities, migrant workers or children.”

In summary, these and other requirements in the bidding documents, coupled with the project specific “Works Requirements/Specification” tell the bidder/contractor what is legally required. This suite of documents then forms the basis of the final enforceable legal contract.

**How to Monitor and Evaluate project processes and outcomes**

Diligent stakeholder engagement throughout the life of a project, including an accessible, inclusive and culturally sensitive grievance mechanism (GM), is an effective way to monitor all discrimination risks, including racial discrimination. Third-party monitoring, trained and well-versed in discriminatory practices, can also assist this process, if the discrimination is particularly entrenched and difficult to prevent.

On the Bank side, monitoring and implementation support is detailed in the Environmental and Social Policy (ESP), sections H and I.
ANNEXES

1. Additional Resources

The following is a selection of country and thematic resources on race, racial discrimination and related topics. These vary in terms of completeness and neutrality, but many contain useful information, including statistics.

For World Bank staff, specific questions on this note and related issues may be addressed to the ESF Helpdesk (esfhelpdesk@worldbank.org).

- **Committee on the Elimination of Racial Discrimination (CERD) country profiles/reports** – All States parties are obliged to submit regular reports to the Committee on how the rights are being implemented. The Committee examines each report and addresses its concerns and recommendations to the State party in the form of concluding observation. Some of these reports may contain useful information, including statistics, on issues related to racial discrimination in country.

- **UN Working Group of Experts on People of African Descent** – undertakes country visits, responds to information and allegations received concerning its mandate under the Communications procedure, reports to UN Human Rights Council and the General Assembly on activities relating to the mandate

- **Inter-American Commission on Human Rights Country Reports** – country reports on the human rights situation in various countries

- **European Commission against Racism and Intolerance (ECRI) country monitoring reports** - ECRI examines the situation concerning manifestations of racism and intolerance in each of the Council of Europe member states

- **UN Special Rapporteur on contemporary forms of racism, racial discrimination, xenophobia and related intolerance** – includes series of thematic reports, country reports can also be accessed here

- **UN International Decade for People of African Descent (2015-24)** – List of measures taken to improve the human rights situation of people of African descent in a number of countries worldwide

- **Global Compact for Safe, Orderly, and Regular Migration (2018)** – The Compact includes actions related to empowering migrants aimed at preventing all forms of discrimination, including racism and racial discrimination.

2. Treaties and other International Instruments

- **International Convention on the Elimination of All Forms of Racial Discrimination (ICERD)**
  - **Committee on the Elimination of Racial Discrimination** - expert body which monitors compliance with ICERD

- **United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)**

- **The World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance – The Durban Declaration and Programme of Action (2001)**

Regional conventions, frameworks, and charters can also be a valuable resource for more localized terminology and standards:
- **African Charter on Human and Peoples’ Rights**

### 3. Applying the Mitigation Hierarchy to Risks and Impacts of Racial Discrimination

<table>
<thead>
<tr>
<th>Mitigation Hierarchy Step - Anticipate &amp; Avoid Risks and Impacts</th>
<th>Key Actions</th>
<th>Examples</th>
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<tbody>
<tr>
<td></td>
<td>Identify stakeholders disadvantaged or vulnerable on account of race, ethnicity, color, caste, etc. with other relevant aspects (such as age, gender, disability, displacement status, etc.) and design information disclosure and engagement processes to include them in a meaningful way, including identification of project risks and impacts that can be anticipated and avoided</td>
<td>Collect disaggregated data to track differentiated impacts by race, ethnicity, color, caste, etc. and other relevant characteristics. If official data do not exist or are not reliable or data collection is considered as too sensitive or potentially harmful, engage with CSOs and community representatives, while ensuring safety and confidentiality of stakeholders. Ensure data privacy</td>
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<td></td>
<td>Identify and avoid potential hazards or design dimensions that may put specific groups at risk or subject to adverse impacts</td>
<td>Prohibit discriminatory recruitment criteria for project workers and in the collection of data, including on hiring, lay-off, and conditions of payment, and right to form unions</td>
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<td>Identify people who need additional support to participate in the consultation process, such as interpretation, safe spaces and a circle of trust</td>
<td>Offer transportation and childcare arrangements during consultations and selecting venues and times which are safe and convenient for racial or ethnic groups and minorities</td>
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<td>Consult with organizations which represent different social, racial, ethnic or other relevant groups</td>
<td>Use facilitators that are aware of communication barriers and discrimination that racial, ethnic or other groups and minorities may face in certain settings and skilled in facilitating meetings with such groups and minorities</td>
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<td>Ensure contractors and subcontractors comply with anti-discrimination measures including use of Code of Conduct (see below)</td>
<td>Consider in high risk settings the possibility to set up separate GM(s), if the racial discrimination is contextually sensitive, or at least be sure the GM has capacity to address the issue.</td>
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### Mitigation Hierarchy Step - Minimize or Reduce

- Identify options to reduce or minimize adverse project impacts for specific social, racial, ethnic or other groups and minorities
- Raise awareness about project risks relating to community health and safety issues associated with the project sites and facilities, paying particular attention to the needs of racial, ethnic or other groups or minorities
- Consult with organizations which represent different social, racial, ethnic or other relevant groups about how to minimize impacts
- Put in place and implement standards and policies on the management and quality of accommodation to protect and promote the health, safety, and well-being of the project workers, and to provide access to or provision of services that accommodate their physical, social and cultural needs
- Promote employment of disadvantaged or vulnerable workforce, with accompanying measures for inclusion
- Develop networks of relevant racial, ethnic or other groups and minorities to create trust
- Work with local NGOs/specialists who promote inclusion in development

### Mitigation Hierarchy Step - Mitigate

- Introduce safety measures/accessibility options for residual impact issues that cannot be avoided or minimized further
- Provide information about the project in different ways that are readily accessible
- Provide specific measures to mitigate impacts to households
- Provide and communicate easy-to-follow, culturally appropriate grievance procedures for minority workers and community members who may be vulnerable or exposed to project induced risks
- Allow anonymous complaints and protect confidentiality of complainants
- Inclusion of a balanced representation of racial, ethnic or other groups and minorities on OHS committees to help mitigate the risks to project workers
- Provision of project information in print, on the radio in local languages, simply written materials or graphics to mitigate the exclusion of illiterate stakeholders
- Inclusion of racial and ethnic groups in grievance redress committees to help all stakeholders raise and address grievances
- As noted above, where identified as a project risk, consider separate channels for confidential treatment of complaints relating to racial discrimination, including in high risk circumstances the possibility of a separate GM

### Mitigation Hierarchy Step - Offset or Compensate

- In ESS5 resettlement actions, provide different and/or additional measures to address the differential economic challenges experienced by/pertaining to disadvantaged or vulnerable groups
- Offset or compensatory measures may apply under ESSs 6 and 7, for example
- Additional assistance for vulnerable groups during physical relocation
- Resettling IPs off their land for example can cause significant adverse harm. It’s important to understand the social-cultural-spiritual relationship to land, livelihoods, etc. The project can also exacerbate discrimination by proposing non-culturally appropriate livelihoods/alternative livelihoods. Conduct
inclusive assessments to understand these types of relationships especially with traditional communities.