

BP 4.04 - Natural Habitats

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.

BP 4.04
June, 2001

This Bank Procedures statement was revised in August 2004 to reflect the term "development policy lending" (formerly adjustment lending), in accordance with [OP/BP 8.60](#), issued in August 2004.

Note: [OP](#) and BP 4.04 replace the earlier versions dated September 1995. Questions should be addressed to the Director, Environment Department.

Project Processing

Project Preparation

1. Early in the preparation of a project proposed for Bank¹ financing, the task team leader (TL) consults with the Regional environmental sector unit (RESU) and, as necessary, with the Environment Department (ENV) and the Legal Vice Presidency (LEG) to identify natural habitat issues likely to arise in the project.
2. If, as part of the environmental assessment process, environmental screening indicates the potential for significant conversion or degradation of critical or other natural habitats, the project is classified as Category A; projects otherwise involving natural habitats are classified as Category A or B, depending on the degree of their ecological impacts.²
3. Other forms of mitigation measures referred to in the last sentence of [OP 4.04](#), para. 5 are accepted only after consultation with the RESU, ENV and LEG, and approval by the Regional vice president (RVP).
4. Natural habitat components of a project are linked as appropriate to the schedule of implementation for the project. The costs of conservation of any compensatory natural habitats are included in the project's financing. Mechanisms to ensure adequate recurrent cost financing are incorporated into project design.

Documentation

5. The TL identifies any natural habitat issues (including any significant conversion or degradation that would take place under the project, as well as any other forms of mitigation measures proposed under the last sentence of [OP 4.04](#), para. 5) in the initial Project Information Document (PID) and in the early versions of the Environmental Data Sheet.³ Updated PIDs reflect changes in the natural habitat issues. The Project Appraisal Document indicates the types and estimated areas (in hectares) of affected natural habitats; the significance of the potential impacts; the project's consistency with national and regional land use and environmental planning initiatives, conservation strategies, and legislation; and the mitigation measures planned.
6. The Implementation Completion Report⁴ assesses the extent to which the project achieved its environmental objectives, including natural habitat conservation.

Regional and Sectoral EA Reports

7. Bank staff identify relevant natural habitat issues for regional and sectoral environmental assessment (EA) reports. Such reports indicate the present location of natural habitats in the region or sector involved, analyze the ecological functions and relative importance of such natural habitats, and describe the associated management issues. These analyses are used in subsequent project-specific environmental screening and other EA work.

Role of Bank Staff

8. RESUs coordinate the preparation and use of any supplementary critical natural habitat lists and assist with project preparation (including EA) and supervision when requested. ENV guides TLs, country departments, and RESUs in implementing [OP 4.04](#) by disseminating best practices and

providing training, reviews, advice, and operational support (including supervision).

1. "Bank" includes IBRD and IDA, loans includes IDA credits and IDA grants, "borrower" includes, for guarantee operations, a private or public project sponsor receiving from another financial institution a loan guaranteed by the Bank; and "project" includes all operations financed by Bank loans (including projects under adaptable program loans [APLs] and learning and innovation loans [LILs]) or guarantees except programs supported under development policy lending (with respect to which environmental considerations are set out in [OP/BP 8.60](#), *Development Policy Lending*) and debt and debt service operations. The project financed by a Bank loan is described in Schedule 2 to the Loan/Development Credit Agreement for that project. The term project includes all components of the project, regardless of the source of financing. The term project also includes projects and components funded under the [Global Environment Facility](#) (GEF), but does not include GEF projects executed by organizations identified by the GEF Council as eligible to work with the GEF through expanded opportunities for project preparation and implementation (such organizations include, inter alia, regional development banks and UN agencies such as FAO and UNIDO).
2. See [OP/BP 4.01](#), *Environmental Assessment*.
3. See [OP/BP 4.01](#), *Environmental Assessment*.
4. See [OP/BP 13.55](#), *Implementation Completion Reporting*.