

Millennium Challenge Corporation

# **Environmental and Social Assessment Due Diligence Guidance**



**MILLENNIUM**  
CHALLENGE CORPORATION  

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UNITED STATES OF AMERICA

# Due Diligence

## Environmental and Social Assessment

### *Introduction*

The Environmental and Social Assessment due diligence process helps MCC assess the capacity of our partner countries to manage the environmental and social implications of proposed compact projects consistent with partner country and MCC requirements. The questions below are used as a guide to evaluate the country's environmental regulatory and institutional framework, particularly the process by which environmental and social impact assessments (ESIA) are prepared and approved. It is also used to help identify key environmental and social issues that will need to be assessed as part of the ESIA and incorporated into environmental and social management plans during compact implementation.

### *Standard Questions for Environmental and Social Assessments<sup>1</sup>*

#### **A. Environmental Legal and Regulatory Structure (for the whole Compact)**

1. How well do the country's environmental laws and regulations, as well as capacity for implementation and oversight, satisfy MCC Environmental Guidelines?
2. Do requirements exist in the country for ESIA's, environmental analysis, and environmental management plans, and if so, what are the determining factors?
3. What is the process and timeline of the ESIA review?
4. Do existing environmental requirements include social impact assessment?

#### **B. Environmental Screening (project by project)**

1. Is the Project likely to cause a significant environmental, health, or safety hazard as defined in the MCC Environmental Guidelines?
2. Is the Project in a sensitive sector? (Suggestive list is included in the MCC Environmental Guidelines)

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<sup>1</sup> Date: January 5, 2006

3. Will any of the Project activities be located in or near any environmentally, socially, or culturally sensitive areas? (Suggestive list included in the MCC Environmental Guidelines.)
4. What is the environmental screening category determination, in accordance with MCC Environment Guidelines (provide screening category justification)?

### **C. Environmental and Social Impact Assessment (project by project)**

1. What kind of environmental review will be required for the activities based upon country requirements?
2. What kind of environmental review will be required for the activities based upon MCC requirements?
3. What environmental analysis has been conducted on the Project(s) to date, including any existing or related Environmental and Social Impact Assessments (ESIAs)?
4. If there has been environmental and social impact analysis undertaken, what is the quality?
5. If there hasn't, what is the process to accomplish the environmental analysis that will be required by the country and by MCC?
6. For existing ESIAs, what public consultation has occurred in the ESIA process and where and when will the ESIAs and component parts, to include Resettlement Action Plans, where relevant, be publicly disclosed?

### **D. Health and safety (project by project)**

1. What Project-related safety issues exist to include potential impacts on occupational and public health and safety, including disease transmission and worker safety?
2. Is the Project located in an area subject to natural disaster risk?
3. Has the project incorporated design features for handicap access?

### **E. Resettlement (project by project)**

1. Does this project require any physical or economic resettlement, including temporary relocation or loss of access due to construction activities, for example?

If yes,

2. What are the country's related regulations and safeguard process(es), and how do they compare to the World Bank's involuntary resettlement policy or other similar internationally-accepted norm?
3. What is the scale of resettlement: Number of people or households affected, and how many require actual physical relocation versus compensation for partial loss of land?

4. How has the consultation on relocation been managed?
5. How are processes for resettlement and/or compensation for public taking of land for public good conducted?
6. How is valuation for compensation determined? Will it be paid in cash? How will it be delivered? Has a gender-disaggregated approach been considered in the disbursement of funds? If compensation is equivalent property, what is the status and process for obtaining land for the new property and formally recording rights to it?
7. What is the policy towards people who are illegally on the land (i.e. do not have the title or other valid right of occupancy or use)?
8. Are there Resettlement Action Plans or equivalent?
9. Who in the government has overall responsibility for management of resettlement / relocation issues and managing the relocation and resettlement process?

## **F. Gender and Underrepresented Groups**

1. What are the expected impacts on women and other underrepresented groups and what mitigation measures are considered?
2. Is there in place or is there a need for a specific participation plan to include women and other underrepresented groups (ethnic minorities, indigenous peoples, youth, etc) in project implementation?
3. How has the Project design factored in the concerns of women and other underrepresented groups (ethnic minorities, indigenous peoples, youth, etc.)?