

# Understanding MIGA's Environmental and Social Due Diligence Process



## MIGA and client agree to work together

The "client" is the holder of MIGA's guarantee, typically the equity sponsor or lender to the project enterprise. MIGA is formally engaged when the client submits a Definitive Application for a MIGA guarantee. MIGA Underwriter informs clients of MIGA environmental and social (E&S) due diligence and E&S requirements.



## Review and Agree on Next Steps

The client receives copies of:

- MIGA's Performance Standards,
- Relevant World Bank Group Environmental, Health and Safety (EHS) Guidelines, and
- Other supporting documents (if needed).

MIGA:

- Asks the client to provide key information regarding the investment project and management of E&S risks and impacts, and mitigation measures.
- Assesses the investment project against the Performance Standards and EHS Guidelines.
- Meets with the project enterprise, government, and local stakeholders to discuss E&S aspects and visit of the investment project.
- Produces an E&S Review Summary (ESRS) and, if needed, an E&S Action Plan (ESAP) with commitments to be undertaken by the project enterprise.
- Asks the client to review ESRS and ESAP and approve in consultation with the investment project for disclosure.



## Public disclosure and consultation with local community

MIGA discloses its ESRS and ESAP, with relevant E&S documentation on its website prior to Board consideration. The disclosure period for "Category A" projects is 60 days, for "Category B" projects, 30 days. There is no separate E&S disclosure for other categories per MIGA's Access to Information Policy. The ESRS and ESAP remain disclosed on MIGA's website throughout the guarantee period.

Investment projects will engage and consult with affected communities (defined in MIGA Performance Standards) to ensure their awareness of the investment project, and provide for an ongoing constructive relationship. Investment project impacts and proposed mitigation measures need to be disclosed to local communities.

For investment projects with potential significant adverse impacts on Affected Communities and projects involving Indigenous Peoples (defined in MIGA Performance Standards), MIGA will make a determination of the level of community support for the project.



## Finalize the contract of guarantee

After approval by MIGA Board of Directors:

- Contract of guarantee is finalized.
- Contract of guarantee reflects the terms of the ESAP, plus any other E&S commitments.



## Monitoring

MIGA Monitoring occurs on two levels:

- Site visits by MIGA E&S staff.
- Submission of the project's regular monitoring report or any other document required to inform MIGA on progress in meeting the E&S terms of the contract of guarantee.

During monitoring, MIGA and the client/project enterprise may identify opportunity for enhancement/revision of mitigation measures of the investment project.

The Compliance Advisor/Ombudsman (CAO) is an independent office that impartially responds to E&S concerns of affected communities, and aims to enhance MIGA's accountability and outcomes. The CAO may also provide additional oversight.



**MIGA**

**Multilateral Investment  
Guarantee Agency**  
WORLD BANK GROUP

**MIGA PERFORMANCE STANDARDS ON ENVIRONMENTAL AND SOCIAL (E&S) SUSTAINABILITY**

**Performance Standard 1:**

**ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS**

Underscores the importance of identifying E&S risks and impacts, and managing E&S performance throughout the life of a project.

**Performance Standard 5:**

**LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT**

Applies to physical or economic displacement resulting from land transactions such as expropriation or negotiated settlements.

**Performance Standard 2:**

**LABOR AND WORKING CONDITIONS**

Recognizes that the pursuit of economic growth through employment creation and income generation should be balanced with protection of basic rights for workers.

**Performance Standard 6:**

**BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES**

Promotes the protection of biodiversity and the sustainable management and use of natural resources.

**Performance Standard 3:**

**RESOURCE EFFICIENCY AND POLLUTION PREVENTION**

Recognizes that increased industrial activity and urbanization often generate higher levels of air, water, and land pollution and that there are efficiency opportunities.

**Performance Standard 7:**

**INDIGENOUS PEOPLES**

Aims to ensure that the development process fosters full respect for Indigenous Peoples.

**Performance Standard 4:**

**COMMUNITY HEALTH, SAFETY AND SECURITY**

Recognizes that projects can bring benefits to communities, but can also increase potential exposure to risks and impacts from incidents, structural failures, and hazardous materials.

**Performance Standard 8:**

**CULTURAL HERITAGE**

Aims to protect cultural heritage from adverse impacts of project activities and support its preservation.

**WHAT ARE THE BENEFITS OF THE PERFORMANCE STANDARDS (PSs)**

**CREATE VALUE FOR BUSINESS**

Sustainability has become an important factor in business strategies. Many companies recognize that by addressing E&S issues they can save on costs, improve their brand and reputation, and strengthen stakeholder relations.

**REALIZE OPPORTUNITIES AND GUARD AGAINST UNFORESEEN RISKS**

Implementing the PSs helps companies identify and guard against interruptions in project execution, brand protection, and/or accessing international markets.

**IMPROVE FINANCIAL AND OPERATIONAL PERFORMANCE**

Implementation of the PSs can help optimize inputs such as water and energy, and minimize emissions, effluents, and waste, leading to a more efficient and cost-effective operation.

**SOCIAL LICENSE TO OPERATE**

The PSs help clients maximize local development benefits and encourage the practice of good corporate citizenship. Enhanced brand value and reputation may also be attractive to new investors or financiers.

**GAIN AN INTERNATIONAL STAMP OF APPROVAL**

The "Equator Principles," which have been adopted by over 75 of the world's leading financial institutions in developed and developing countries are based on the PSs. These principles are estimated to cover over 70% of project finance debt in emerging markets.