

Annex B: Definition of Environmental and Social Risk Categorization

Projects are categorized as Category A, B or C based on the degree/magnitude of potential environmental and social issues and risks:

- **Category A Projects:** operation that is likely to cause significant negative environmental or social risks and/or impacts that are diverse, irreversible or unprecedented will be classified as Category A. These include impacts that extend beyond the project site and are difficult to mitigate, or have profound implications affecting natural resources.
- **Category B Projects:** operation that is likely to cause mostly local, site-specific, and short-term environmental and social impacts that are few in number and largely reversible and for which effective mitigation measures are readily available will be classified as Category B.
- **Category C Projects:** operation that is likely to cause minimal or no negative environmental and associated social impacts will be classified as Category C.

Further guidance is provided in IFC's Interpretive Note on Environmental and Social Categorization: <http://www.ifc.org/wps/wcm/connect/18993fe1-0c0f-4b83-9959-8e021f313e6f/Interpretation+Note+on+E+and+S+Categorization.pdf?MOD=AJPERES>.

Below are illustrative examples of Category A, B, and C projects, including those that could be propose for the ESF II, Subcomponent I (in bold).

Illustrative Examples of Environmental and Social Risk Categorization

Category	Illustrative Project Example ¹
A	<p>Large dams and other impoundments</p> <p>Large infrastructure projects, including development of ports and harbors, airports, road, rail, and mass transit systems</p> <p>Large-scale tourism and retail development</p> <p>Large thermal and hydropower developments</p> <p>Extractive developments</p> <p>Construction of high-voltage overhead electrical power lines</p> <p>Large-scale primary agriculture of forestation involving intensification or conversion of natural habitats</p> <p>Projects which are planned to be carried out in sensitive locations, such as</p>

¹ This list of project examples and category is illustrative only and was compiled from a variety of sources. Factor such as scale, location, sensitivity and magnitude of impacts of a project need to be considered on a case-by-case basis to determine the actual categorization.

	<p>national parks and other protected areas identified by national or international law, and other sensitive locations of international, national or regional importance, such as wetlands, forests with high biodiversity value, areas of archaeological or cultural significance, and areas of importance of Indigenous Peoples or other vulnerable groups</p> <p>Projects which may result in significant adverse social impacts to local communities or other project affected parties</p> <p>Projects which may involve significant involuntary resettlement or economic displacement.</p>
B	<p>General manufacturing</p> <p>Medium size agribusiness operations</p> <p>Expansion of an existing infrastructure project</p> <p>Expansion of an existing industrial facility</p> <p>Expansion of agricultural operations on non-sensitive lands or process improvement</p> <p>Small scale extractives in non-sensitive areas</p> <p>Energy, energy efficiency, renewable energy</p> <p>Energy efficiency of buildings or industrial process</p> <p>Low emission transport</p> <p>Small and medium and large scale low emission power generation</p>
C	<p>Software development</p> <p>Consumer Service industries</p> <p>Retail trade</p> <p>Restaurants</p> <p>R&D companies</p> <p>Upgrade of existing renewable energy or energy efficiency equipment, with insignificant or no environmental and social impacts</p> <p>Low capital intensive production companies</p>