



# Operational Policies

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

## Definitions

1. The following definitions apply in OP and BP 4.04:

(a) *Natural habitats*<sup>1</sup> are land and water areas where (i) the ecosystems' bio-logical communities are formed largely by native plant and animal species, and (ii) human activity has not essentially modified the area's primary ecological functions.

All natural habitats have important biological, social, economic, and existence value. Important natural habitats may occur in tropical humid, dry, and cloud forests; temperate and boreal forests; mediterranean-type shrub lands; natural arid and semi-arid lands; mangrove swamps, coastal marshes, and other wetlands; estuaries; sea grass beds; coral reefs; freshwater lakes and rivers; alpine and sub alpine environments, including herb fields, grasslands, and paramos; and tropical and temperate grasslands.

(b) *Critical natural habitats* are:

(i) existing protected areas and areas officially proposed by governments as protected areas (e.g., reserves that meet the criteria of the World Conservation Union [IUCN] classifications<sup>2</sup>), areas initially recognized as protected by traditional local communities (e.g., sacred groves), and sites that maintain conditions vital for the viability of these protected areas (as determined by the environmental assessment process<sup>3</sup>); or

(ii) sites identified on supplementary lists prepared by the Bank or an authoritative source determined by the Regional environment sector unit (RESU). Such sites may include areas recognized by traditional local communities (e.g., sacred groves); areas with known high suitability for bio-diversity conservation; and sites that are critical for rare, vulnerable, migratory, or endangered species.<sup>4</sup> Listings are based on systematic evaluations of such factors as species richness; the degree of endemism, rarity, and vulnerability of component species; representativeness; and integrity of ecosystem processes.

(c) *Significant conversion* is the elimination or severe diminution of the integrity of a critical or other natural habitat caused by a major, long-term change in land or water use. Significant conversion may include, for example, land clearing; replacement of natural vegetation (e.g., by crops or tree plantations); permanent flooding (e.g., by a reservoir); drainage, dredging, filling, or channelization of wetlands; or surface mining. In both terrestrial and aquatic ecosystems, conversion of natural habitats can occur as the result of severe pollution. Conversion can result directly from the action of a project or through an indirect mechanism (e.g., through induced settlement along a road).

(d) *Degradation* is modification of a critical or other natural habitat that substantially reduces the habitat's ability to maintain viable populations of its native species.

(e) *Appropriate conservation and mitigation measures* remove or reduce adverse impacts on natural habitats or their functions, keeping such impacts within socially defined limits of acceptable environmental change. Specific measures depend on the ecological characteristics of the given site. They

may include full site protection through project redesign; strategic habitat retention; restricted conversion or modification; reintroduction of species; mitigation measures to minimize the ecological damage; post development restoration works; restoration of degraded habitats; and establishment and maintenance of an ecologically similar protected area of suitable size and contiguity. Such measures should always include provision for monitoring and evaluation to provide feedback on conservation outcomes and to provide guidance for developing or refining appropriate corrective actions.

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1. Biodiversity outside of natural habitats (such as within agricultural landscapes) is not covered under this policy. It is good practice to take such biodiversity into consideration in project design and implementation.
2. IUCN categories are as follows: I—Strict Nature Reserve/Wilderness Area: protected area managed for science or wilderness protection; II—National Park: protected area managed mainly for ecosystem protection and recreation; III—Natural Monument: protected area managed mainly for conservation of specific natural features; IV—Habitat/Species Management Area: protected area managed mainly for conservation through management intervention; V—Protected Landscape/Seascape: protected area managed mainly for landscape/seascape conservation and recreation; and VI—Managed Resource Protected Area: protected area managed mainly for the sustainable use of natural ecosystems.
3. See [OP](#) / [BP](#) 4.01, *Environmental Assessment*.
4. Rare, vulnerable, endangered, or similarly threatened, as indicated in the IUCN Red List of Threatened Animals, BirdLife World List of Threatened Birds, IUCN Red List of Threatened Plants, or other credible international or national lists accepted by the RESUs.