

**U.S. Comments on the Review and Update of the World Bank's Safeguards Policies –
Committee on Development Effectiveness Discussion of the Proposed Second Draft of the
Environmental and Social Framework
July 1, 2015**

The United States (U.S.) appreciates Management and staff's continued efforts in preparing the second draft Environmental and Social Framework (ESF). The U.S. recognizes the difficult task of developing a modern, effective safeguards regime that enjoys the broad support of World Bank shareholders on the many complex issues that are addressed under the ESF.

As the ESF is intended to govern World Bank investment lending for years to come, it is critical that the World Bank's new framework addresses emerging issues, does not reduce the protection provided by the current safeguards, and functions effectively and efficiently in practice. In this regard, the U.S. is pleased by a number of the revisions to the draft ESF, including with respect to climate resilience, land tenure, labor, and, indigenous people. The U.S. notes the mention of human rights in the Vision Statement, including the reference to the Universal Declaration of Human Rights. The U.S. urges the Bank to ensure that social impact assessments fully and effectively incorporate human rights issues in order to address any potential adverse impacts on human rights in Bank-financed projects.

While there has been considerable progress on addressing new and emerging issues, there is less clarity on how the more risk-based approach proposed by the World Bank will function in practice, even with the release of the mandatory procedures for the ESF. The U.S. takes seriously the concern voiced by borrowing countries that the draft ESF could place greater implementation burdens and costs on them. The U.S. underscores the importance of both the World Bank's support to borrowers throughout the project cycle, and greater clarity on the World Bank's role.

The U.S. appreciates that Management has provided additional details on its plans for improving the implementation of safeguards. However, the implementation plan is incomplete. The U.S. requests that Management provide as soon as possible a comprehensive and costed implementation and monitoring plan detailing: (1) internal World Bank accountability structures, staffing, training, and incentives; and (2) borrower support and capacity building. While the U.S. recognizes the potential benefit of a Multi-Donor Trust Fund (MDTF) for capacity building, the U.S. underscores that the World Bank remains responsible for delivering on needed capacity building.

The ESF will entail important changes at the World Bank, including both nuts-and-bolts "system" changes and softer "cultural" changes, the challenges of which should not be underestimated. For this reason, the U.S. welcomes Management's proposal to review implementation of the ESF six months after its adoption and annually thereafter, and to undertake a comprehensive review of the ESF after five years of implementation. The U.S. suggests the development of specific metrics to gauge the success of the implementation of the ESF and to inform these reviews.

The U.S. has continued concerns about a number of specific issues. In addition, the U.S.' review of the second draft ESF is ongoing and the U.S. plans to provide further comments to the World Bank. At this time, the U.S. would like to highlight four crosscutting issues that, in the U.S.' view, are critical to the overall success of the ESF:

- **Timing of preparation and disclosure of key environmental and social impact assessment documents.** As noted in previous U.S. written submissions, the timely identification and assessment of risk, and the disclosure of those risks to the public as a basis for consultation, are at the heart of an effective safeguards framework. The second draft ESF and its underlying procedures do not lay out clear requirements on these issues.
- **Use of borrower frameworks.** The U.S. agrees that the use of borrower frameworks should not be the default. The U.S. continues to believe that they should be deployed for use in high and substantial risk projects only after the Bank has reviewed the experience with the use of borrower frameworks in the first five years of ESF implementation. Moreover, without greater detail on the methodology that will be used to assess a borrower framework, it is unclear how the proposed approach to using borrower frameworks will work in practice.
- **Financing alongside other development partners.** The U.S. recognizes – and welcomes – the changing development assistance architecture in which the Bank operates, with a variety of new actors and modalities for lending. It is critical that the Bank maintains its strong safeguard standards in all its programming, including when it is engaged in lending operations that involve other development partners.
- **Monitoring of ESS Compliance.** The U.S. appreciates that projects will have an Environmental and Social Commitment Plan (ESCP) integrated in the loan covenants. The U.S. believes that greater specificity regarding requirements and disclosure of borrower-prepared monitoring reports for World Bank projects and of resulting changes to project implementation will provide greater clarity for project and Bank supervision teams, and will be beneficial for all parties involved.

In a similar vein of trying to ensure effective and efficient application of safeguard standards, the U.S. believes that the World Bank should adopt coherent, consistent, and appropriately tailored safeguards approaches across its three main lending instruments and, as needed, other World Bank activities with significant environmental and social risks such as technical assistance. The forthcoming Development Policy Financing Retrospective and Independent Evaluation Group complex learning product on environmental and social issues in development policy lending represent a good opportunity to begin this discussion. The same holds true for the IEG review of the Program-For-Results instrument scheduled next year.

The U.S. agrees with Management's proposal to proceed with a third phase of consultations, but notes that it would have been preferable to release the second draft ESF with clearer language in the Vision Statement on human rights. The U.S. strongly encourages Management to consult with borrowing and developed countries, thematic experts, and civil society. In the consultation process, the U.S. also urges Management to provide real-life case studies to illuminate discussions on

implementation of the proposed ESF. The consultation plan itself should specify the documentation that will be provided, to include implementation arrangements, the procedures, and the matrix of responses to input.