

United States Comments on the Review and Update of the World Bank's Safeguards Policies

July 30, 2014

The World Bank's safeguard policies lie at the center of its efforts to promote the welfare of people and the environment. As such, they are crucial to attainment of the World Bank's goals of ending extreme poverty and promoting shared prosperity in a sustainable manner.

The current safeguard policies have served the Bank well over two decades. But new and varied challenges to sustainable development have arisen in this time and the capacities and levels of awareness of the Bank's diverse partners have altered dramatically. Now is the appropriate time to look afresh at the safeguards to ensure they provide the highest levels of protection to the environment and people affected by Bank projects, while recognizing the needs of borrowers and the Bank's requirements for increased effectiveness and operational efficiency.

In this context the United States (US) welcomes the draft Environmental and Social Framework. We appreciate management's efforts to consult widely and balance the differing opinions of stakeholders. We support releasing the document for the next phase of public consultations, while noting that this does not constitute our endorsement of the Framework.

In doing so the US reinforces that there are several areas critical to the operation of the Framework in which substantial further detail will be required in order to inform the consultation process. In this respect, we offer the following comments and questions to management:

- Central to the framework is a risk-based approach to safeguard implementation, monitoring and supervision. We agree with this principle: if effectively used, it will allow resources to be focused on those projects that pose the highest levels of risk to the environment or affected populations, thereby maximizing efficiency while ensuring that significant risks receive appropriate attention. However, details on the Bank's process for arriving at its risk classification are scant. Likewise, there is a lack of detail on how the rating might be reviewed over time and how external stakeholders might feed their views into the rating process. We urge a clear and transparent explanation of the methodology and decision making process used to determine and review the project risk classification. This should be made available with sufficient time to inform the consultation process.
- The proposed Environmental and Social Assessment (ESA) and Environment and Social Commitment Plan (ESCP) are critical. Properly used, the ESA will identify the environmental and social risks involved in each project and the ESCP will allow the staged implementation of mitigation measures, giving the Bank Board assurance that standards will be met in a timely fashion. Yet the structure and issues to be addressed in both the ESA and ESCP, and the timeframes through which these documents will be completed and disclosed, are only vaguely addressed. We urge management to share the proposed structure of the ESA and ESCP with sufficient time to inform the consultation process. This should include details of the Bank's processes for approving and disclosing the ESA and ESCP, the methodology for determining

implementation timelines, and the redress mechanisms should compliance with commitments not be met.

- The Framework places significant new responsibilities on borrowers for the implementation of a complex set of policies and procedures. The awareness raising and capacity building efforts required to support borrowers in this process, in particular for small and capacity constrained states, will be substantial and vital to the success of the new Framework. However, the Framework does not deal with this important issue in detail.
- The Framework supports the use of the borrower's existing environmental and social framework, on the basis of a Bank review of the borrower's systems as they pertain to the implementation of the project. Further elaboration is required, as early as possible during the consultations, on the process through which the Bank will conduct this assessment, and the criteria by which the Bank will judge a borrower's ES Framework as capable of addressing the risks of the project.
- The Framework will provide a necessary foundation for achieving the goal of sustainable and inclusive development, but broader engagement with client countries is also required. More information is needed on how the Framework will be complemented by the Bank's broader approach to encouraging sustainable and inclusive development, including through enhanced analytical work, project design and investments that seek to maximize benefits for all. This information will provide greater clarity on whether particular issues are best addressed through the safeguards Framework, or by making improvements to other Bank processes. We also need a better understanding on the use of performance indicators and targets in an outcome tracking system, as a systemic approach to monitoring the outcomes and environmental and social results of bank-financed projects.
- Finally and most importantly, the new Framework hinges on a dynamic and adaptive approach to safeguards implementation, where the Bank works with borrowers to ensure compliance over the course of the project cycle. While we welcome the focus on implementation and outcomes, its successful application depends fundamentally on client implementation capacity and the Bank's ability to closely monitor implementation, support and build the capacity of clients, and identify and respond swiftly to emerging issues. This will require a substantial culture change in the Bank – indeed a marked break from its past practice. It will likely require a significant reallocation of resources to the implementation of the safeguard policies. But at this point the Framework provides no details on the resourcing requirements of implementation, and how the Bank will structure itself to ensure effective delivery. As consultations develop, and well before the final Framework is presented for approval, we wish to see a detailed resourcing and implementation plan that shows how the Bank will ensure delivery on this vital reform.

This supporting information is critical to the Framework and therefore to the credibility and substantive nature of the second phase of public consultations. The US would welcome a detailed timeline from management on when relevant details (including necessary guidance materials, annexes and further explanatory documentation) will be ready for release, so the timeframe of the second phase of consultations can be determined accordingly. Given that the Board has not endorsed the draft policy, we look forward to a third round of consultations following the incorporation of the Board's input.

On the details of the proposed safeguards, there are positive aspects worthy of commendation. However the US also has a number of issues that it will continue to pursue with management. We look forward to the public consultation process, which will help to inform our final position.

Lastly, the US supports the Bank's commitment to moving forward with the planned Development Policy Retrospective and the IEG evaluation of the environmental and social impacts in policy lending. We look forward to discussing the findings of these reports with management, including, if necessary, the revision of OP 8.60.

We thank Bank Management and staff for their ongoing efforts through this process and reiterate our shared commitment to ensuring that the overall safeguard system is both modern and effective.