

**Proposed Adoption and Application of the World Bank Performance Standards for Private Sector Project Supported by IBRD/IDA**

June 2012

The U.S. welcomes discussion of the Bank Group's support for private sector operations and can agree to support the adoption and application of the proposed World Bank Performance Standards, given Management's commitment to issue an operational procedure for staff about how to process projects that apply the Bank Performance Standards. Effective World Bank Group engagement with the private sector to mobilize financing for infrastructure is an important challenge for the World Bank and its ability to support clients. The proposed Performance Standards, which have the potential to reduce transaction costs and processing times, are a concrete way in which the Bank Group can strengthen this engagement.

Bank management advises that this approach would provide the same degree of protection as currently applied under the World Bank safeguard policies. This assurance has been an important factor in the U.S. consideration of this proposal, especially with respect to protections for biodiversity and critical habitat. The U.S. welcomes Management's commitment to report back to the Board on implementation of the proposed approach in the context of the Safeguard Policies review. The U.S. asks that Management assess the actual equivalence achieved, and provide a review of the challenges and successes of this approach.

The U.S. also believes that successful implementation of these Performance Standards will depend on ensuring that IBRD staff have sufficient training and resources to provide adequate supervision and monitoring of these projects and to achieve as good or better protection as currently applied under World Bank safeguards. The U.S. welcomes Management's plans to provide a dedicated training program for relevant staff, including on supervision of projects, but would invite Management's comment on the need for additional supervision resources to manage these projects. The U.S. understands that the IFC increased the amount of resources and staff devoted to environmental and social risks as part of the process of revising the Performance Standards. *Is Management considering similarly increasing resources and staff?*

The U.S. welcomes Management's agreement that Project Appraisal Documents for private sector projects supported by IBRD/IDA will include the rationale for the Bank's decision to employ the Performance Standards (or Bank Safeguard Policies in those cases where the Bank elects to employ the Safeguard Policies) as well as a clear division of responsibilities between the different entities of the World Bank Group. The U.S. also understands that decisions on the use of country systems will be subject to the requirements in OP4.00.

The U.S. believes that the Inspection Panel should have jurisdiction over projects processed under the World Bank Performance Standards, with the Inspection Panel and IFC CAO carrying out their responsibilities as they do currently in joint projects. The U.S. also believes that the new operational procedure should be considered within the Bank's operational policies and procedures for purposes of the Panel resolution.

The U.S. welcomes the growing emphasis on supporting private sector development and modernizing World Bank Group approaches to better meet client needs and achieve development impact.