



Review and Update of the World Bank's Safeguard Policies:

A Status Report Following Phase One Consultations

**Technical Briefing to the Board
July 23, 2013**

OPCS, SDN, LEG

About This Technical Briefing

An update to the Board covering:

- What we heard during Phase One consultations on the Approach Paper
- Evolving ideas concerning development of a proposed integrated framework
- The Next Step: Return to CODE in early 2014 with a full proposal for consideration, followed by the start of Phase Two consultations

The Need to Modernize

- Management recognizes the need to modernize the safeguard policies for investment project finance to reflect the evolution of the Bank's operations
- Safeguards need to fit the way investment operations have evolved, in particular for projects that have a limited or no geographic or physical footprint
- Modernization of the policies provides an opportunity for the Bank to maintain its relevance for the broad range of borrowers

Corporate Vision and Strategy

- Sustainability as an overarching theme that frames the goals of ending extreme poverty and promoting shared prosperity ([Development Committee Paper](#))
 - A sustainable path of development and poverty reduction would be one that:
 - Manages the resources of our planet for future generations;
 - Ensures social inclusion, and
 - Adopts fiscally responsible policies that limit future debt burden
 - Opportunity for safeguard review and update process to align with and support this corporate vision and the forthcoming strategy

Overview of the Process

- Objective of the review and update: Build on core principles of current safeguards and strengthen their effectiveness
- The proposal is to develop an integrated framework to:
 - Increase clarity of policies and roles of Bank and Borrower
 - Better ensure a comprehensive treatment of environmental and social impacts and risks
 - Identify opportunities and incentives for strengthening borrower institutions and practices
 - Consider emerging areas
 - Incorporate lessons learned by various parties



Phase One Consultations: Process at a Glance

To seek input from a variety of stakeholders on what works, challenges and recommendations

In-country meetings with a variety of stakeholders	Online platform for stakeholders to share views	Expert Focus Groups on emerging areas	Parallel process with Indigenous Peoples	Input from Project Affected Communities
--	---	---------------------------------------	--	---

Process Completed May 2013

- Ongoing
 - Preparation of an Action Plan for Indigenous Peoples Participation
 - Reports will be on the website
- In progress
 - To be completed by late fall 2013
 - Final report will be on the website

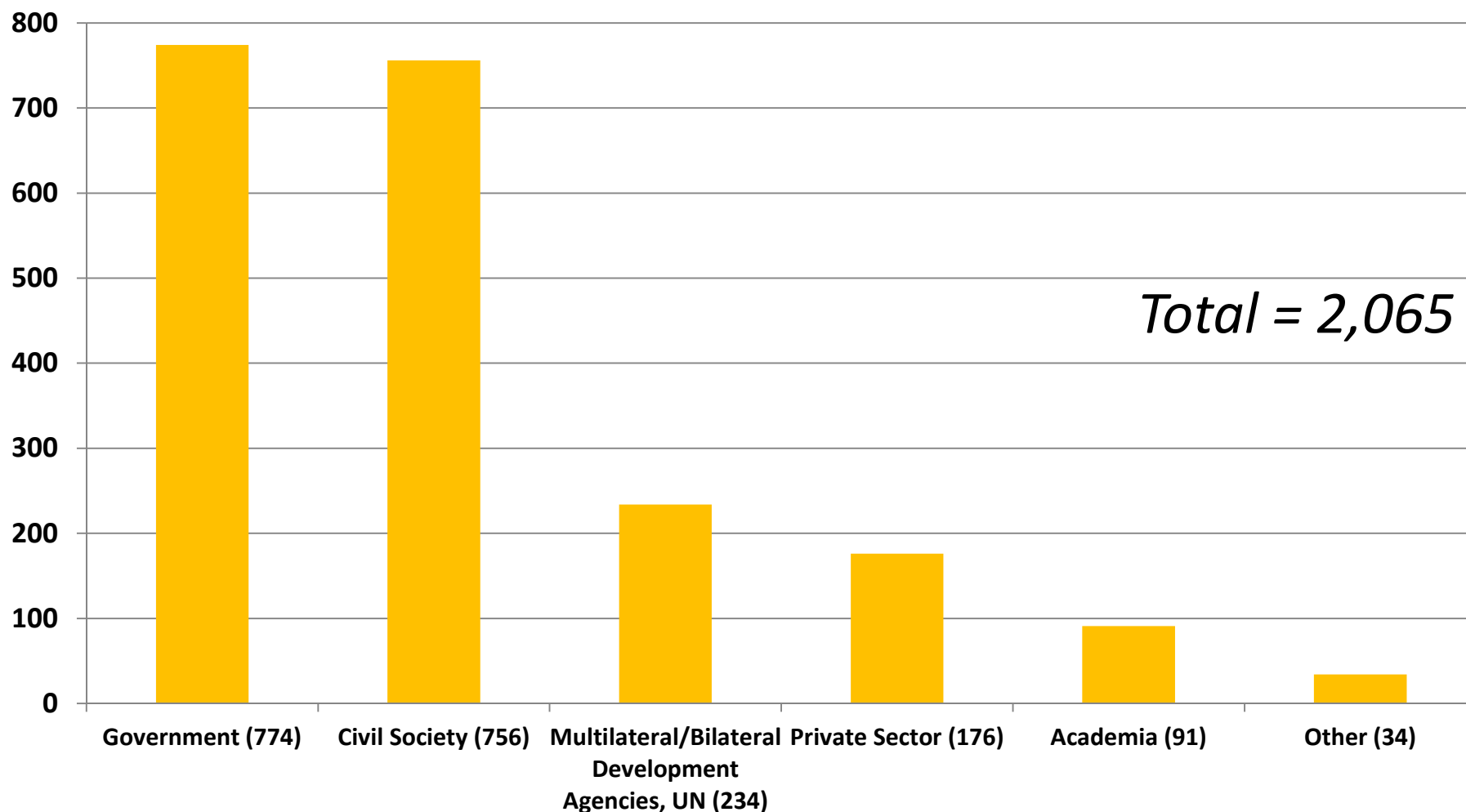
All information available in seven languages on the review and consultation [website](#)

Phase One Consultations: At a Glance

- Global process – 83 meetings with stakeholders from over 40 countries, across all Regions
- 2,065 stakeholders shared their views in country meetings and online between October 2012 and May 2013
- 81 position papers received from 1,257 signatory organizations
- 9 planning meetings with Indigenous Peoples leaders in 5 regions
- A summary of feedback received will be made available online
- A matrix summarizing comments received and responses will be provided to CODE as part of the first draft of the proposed integrated framework

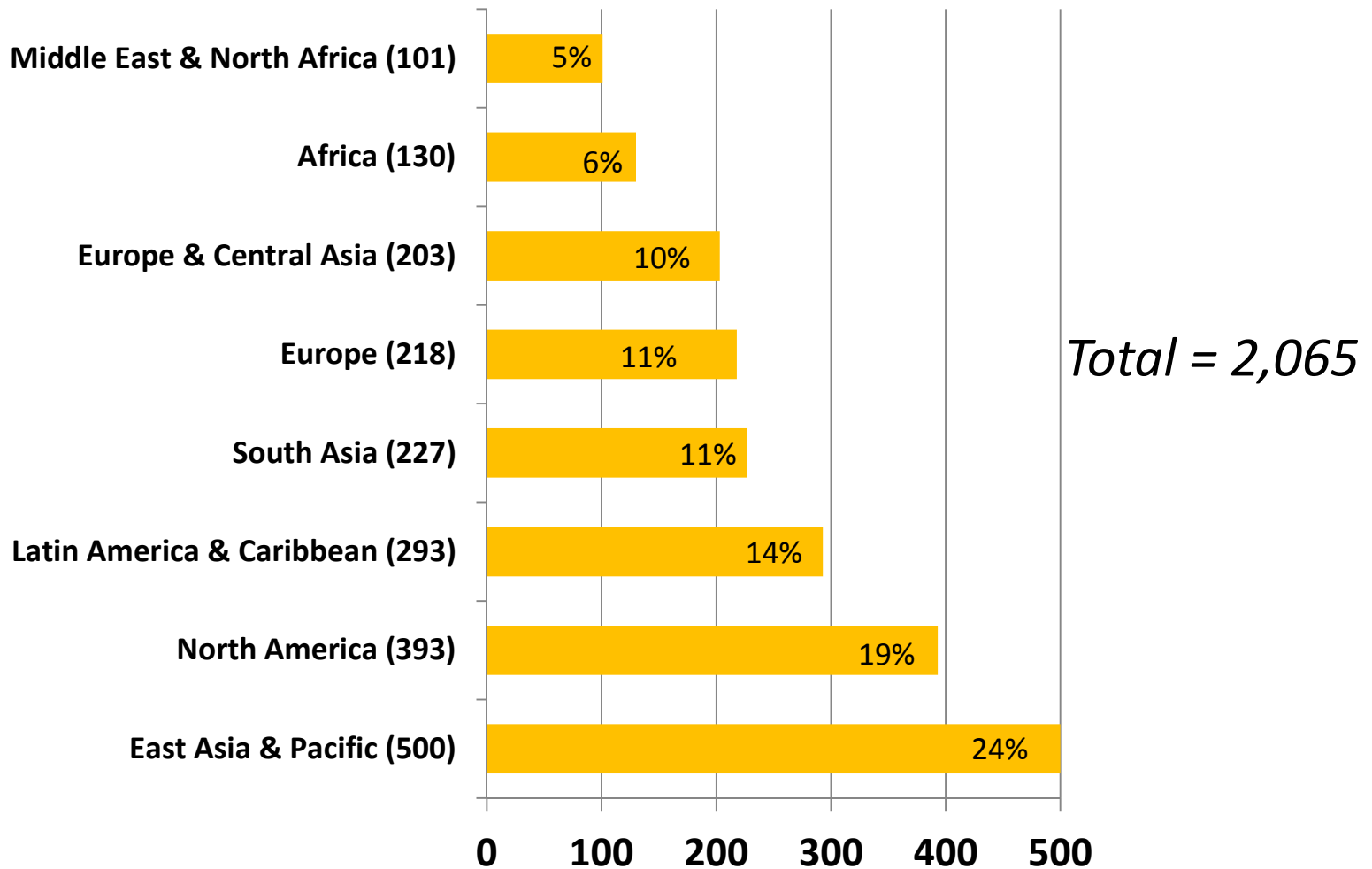
Distribution by Stakeholder Group

(Meetings and Online Input)

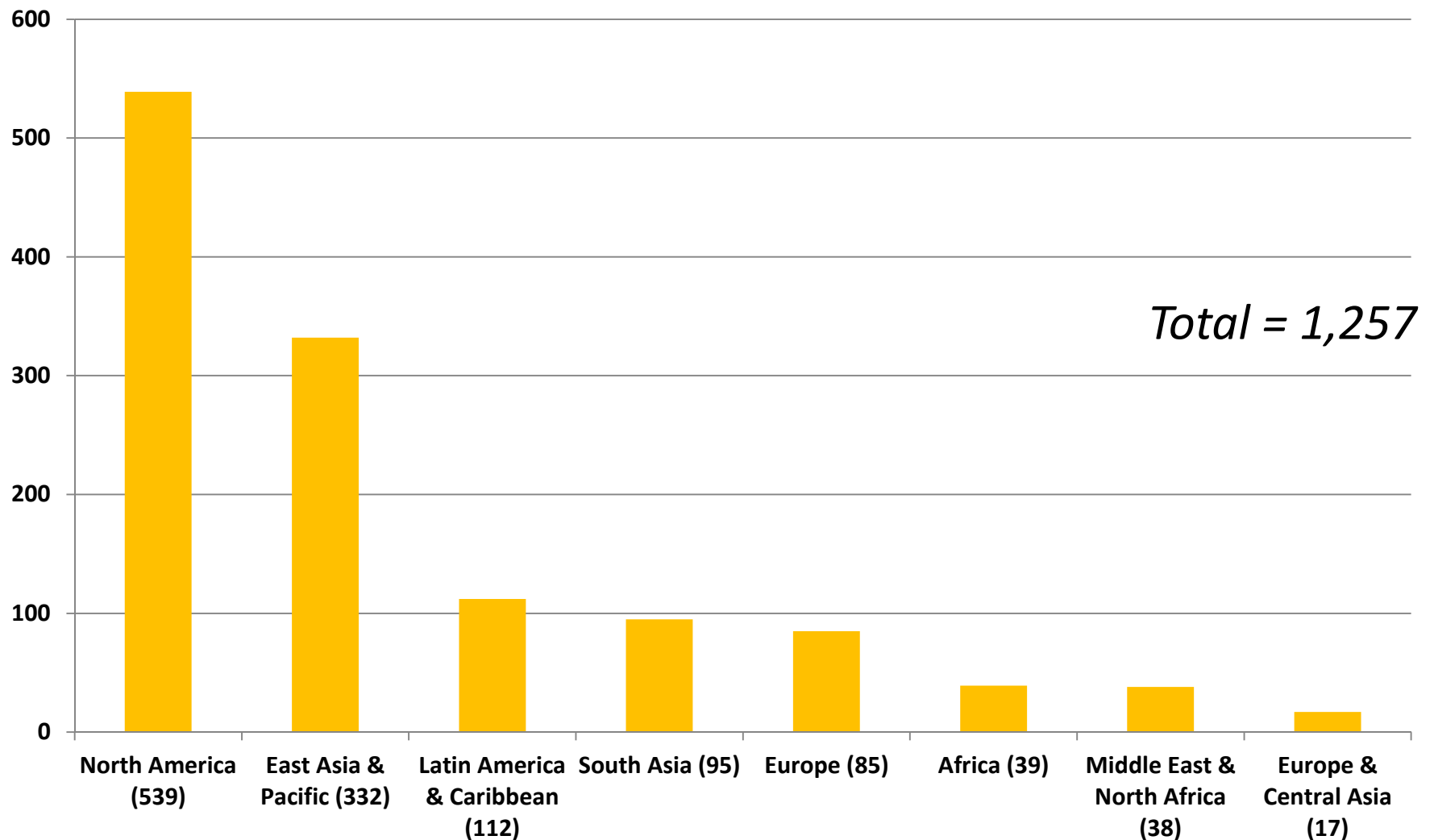


Civil Society includes: NGOs, Indigenous Peoples, think tanks, trade unions, and not for profit organizations

Geographic Distribution of Stakeholders (Meetings and Online Input)



Geographic Distribution of Signatory Organizations (Paper Submissions)



What We Heard: A Diversity of Views



Stakeholder Feedback: Snapshot

- Consultation meetings as well as online input were guided by key questions on challenges and recommendations
- A preliminary analysis that included civil society views presented at Spring Meetings and at a briefing to Advisors to Executive Directors
- Summaries of meetings posted on consultation website
- The majority of stakeholders' input focused on specific policies and on how to modernize the safeguard policies
- Full analysis of the detailed comments received will be available during summer



Emphasis of Government Input

- *Implementation*: Clear, effective, user-friendly, operational guidelines are needed
- *Requirements*: Policies represent good standards, but are hard to implement and often not aligned with country laws and development
- *Harmonization*: Coordinate policies within Bank and among partners
- *Country focus*: Differentiated use of borrowers' institutions, standards, and practices according to country capacity and existing standards
- *Emerging areas*:
 - Borrower Governments: Consider selectively, with an eye to national contexts and countries' development trajectory
 - Donor Governments: It is important to consider the emerging areas

Emphasis of Civil Society Input

- *Implementation*: Focus on implementation on the ground and strengthen policies to ensure governments are accountable
- *Strengthening impact assessment*: Better methodologies, involve communities in assessment, harmonize assessment systems across donors and clients; assess impacts beyond social and environmental aspects
- *Policy coverage*: Apply safeguards across range of financing products
- *Indigenous Peoples*: Better involvement of Indigenous Peoples in project planning and more awareness of and attention to Indigenous Peoples rights, especially regarding land tenure
- *Emerging Areas*: welcome the inclusion of emerging areas, in particular climate change, disability, and human rights

Emphasis of Multi-Stakeholder Meetings

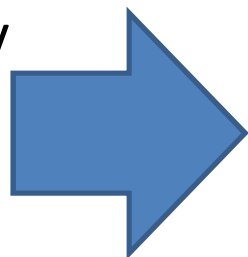
Participants included CSOs, bilaterals and multilaterals, and governments

- *Policy review:* Rights of impacted people identified as major issue, especially Indigenous Peoples
- *Impacts and Sustainability:* Need to avoid negative impacts and adopt principles of inclusive development to support sustainable development
- *Project implementation:* Focus on implementation in the national context
- *Impact assessment:* Strengthen assessment of social impacts, and include climate change; provide for community participation in impact assessment
- *Policy coverage:* Apply safeguards across range of financing products
- *Consultation:* Need for meaningful consultation with vulnerable groups, project-affected communities and Indigenous Peoples
- *Emerging areas:* Welcome consideration of emerging areas in the review, in particular climate change, disability, human rights and labor

Governments: Key Messages

Challenges

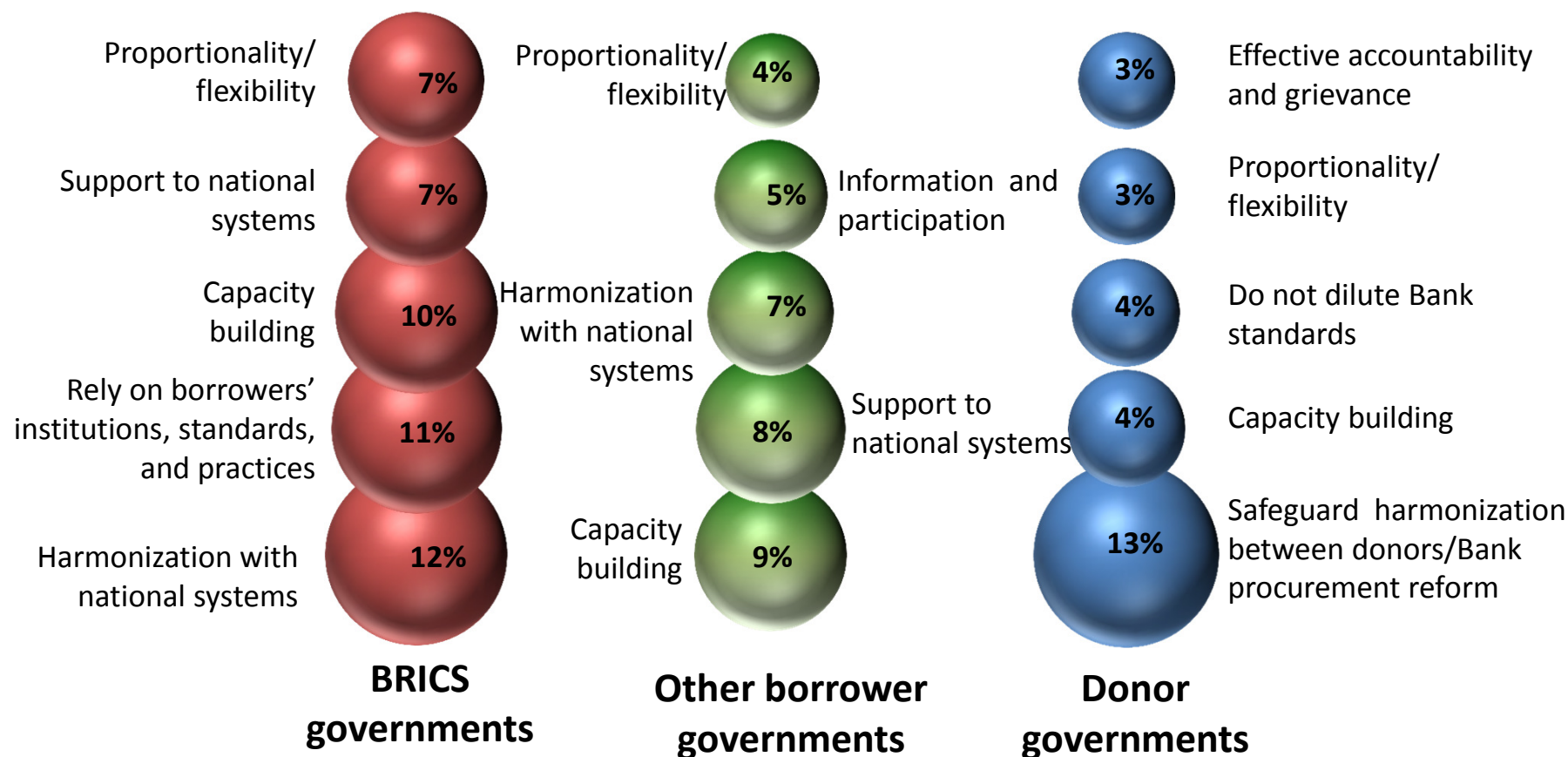
- Capacity and cost for safeguard policies implementation
- Policy alignment with national contexts, especially Indigenous Peoples, Involuntary Resettlement, Land Acquisition and Compensation
- Inflexibility in project implementation
- One policy approach for all projects



Recommendations

- Capacity building and support to national institutions
- Harmonization with national standards and other donors
- Flexibility
- Proportionality
- Diverse views on emerging areas

Governments: Main Recommendations

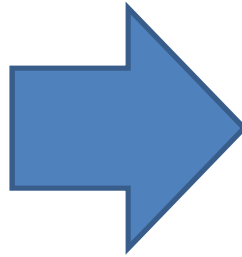


Note: Percentages calculated on the basis of all comments in each stakeholder group (BRICS: n=209; other borrowers: n=399; donors: n=168). Recommendations presented here are the top 5 recommendations in each government group.

Multi-Stakeholder Meetings: Key Messages

Challenges

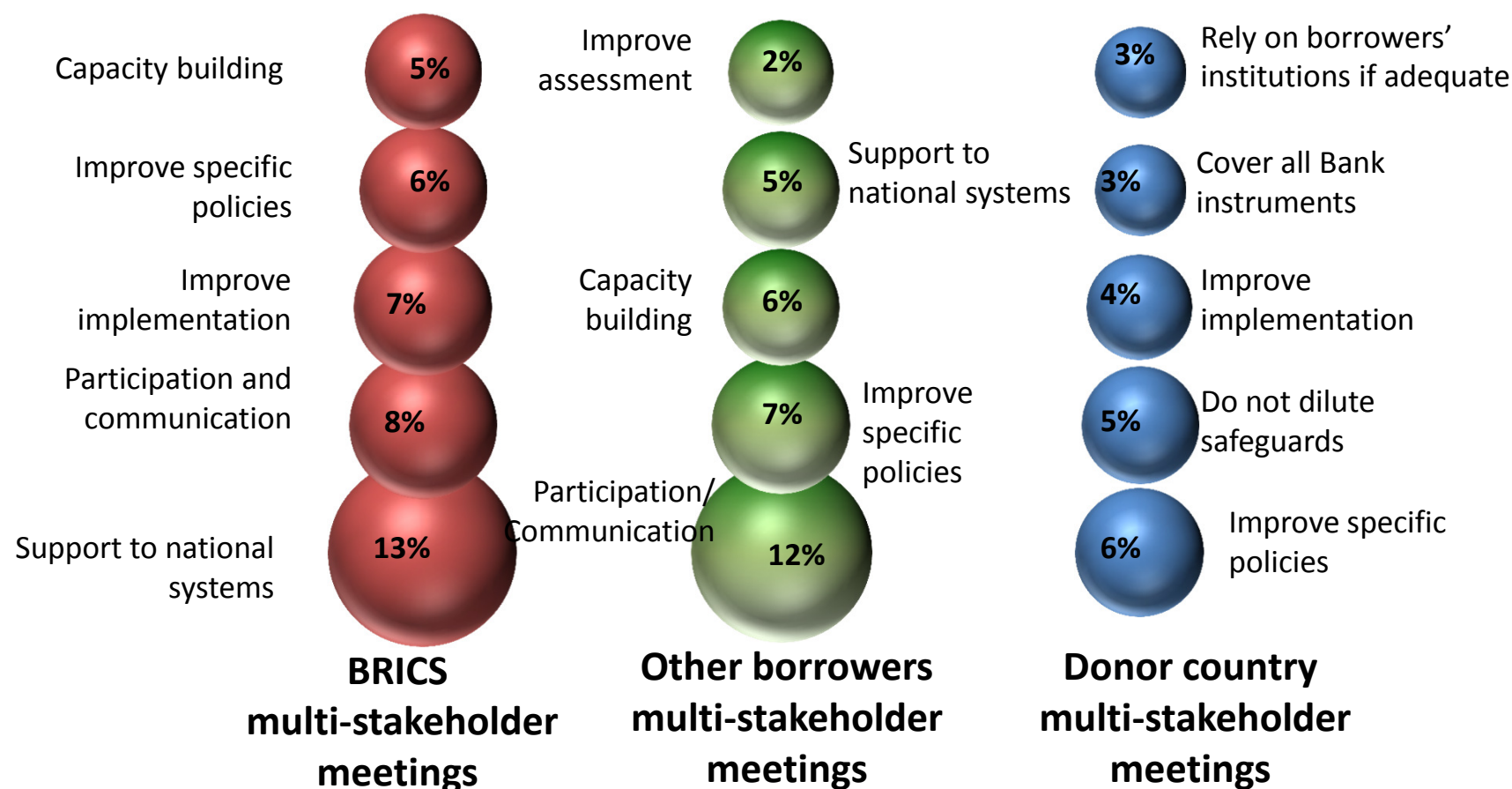
- Concern about negative impacts of projects
- Weak enforcement of existing national laws
- Policy alignment with national context
- Implementation capacity



Recommendations

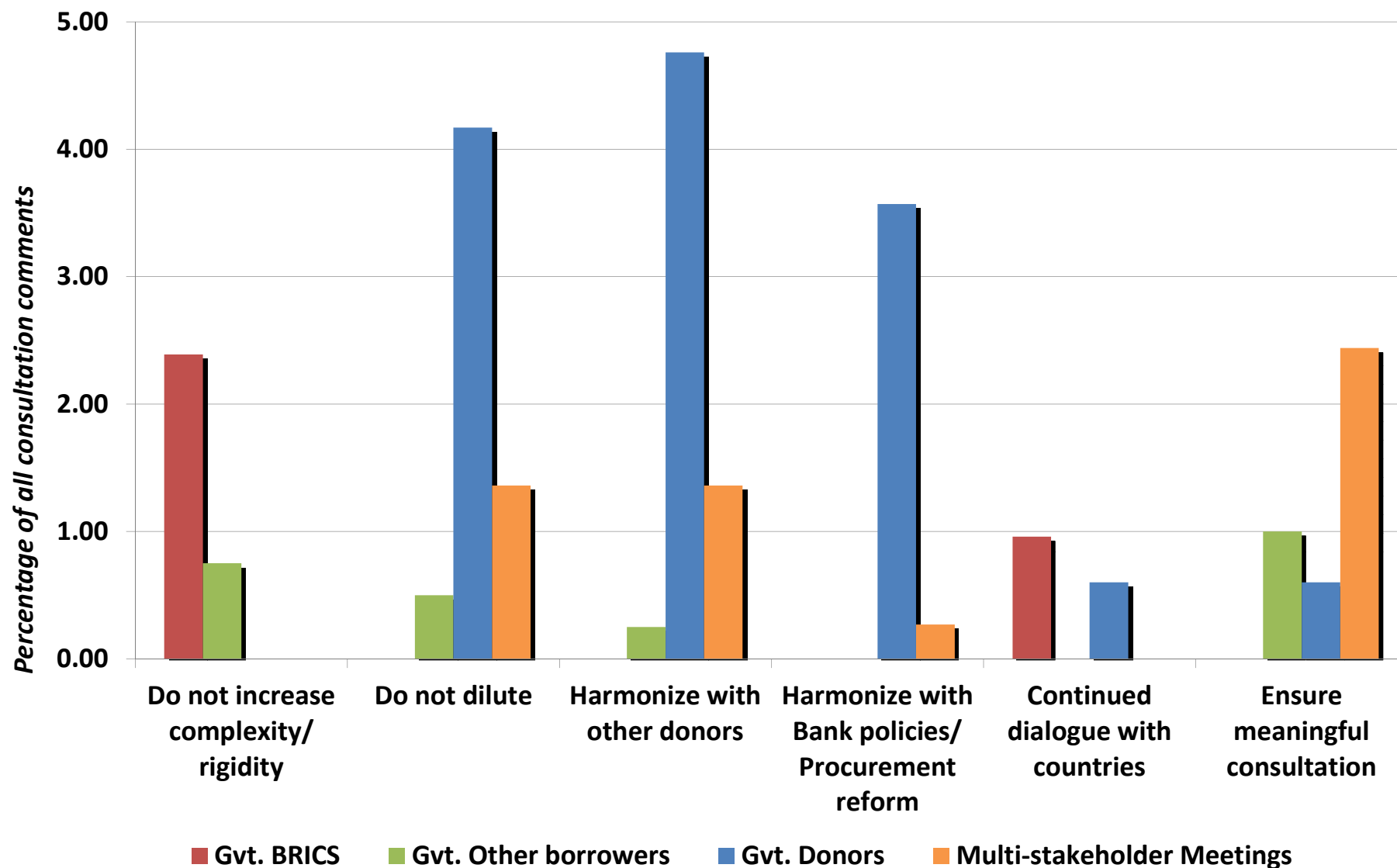
- Improved implementation, supervision, monitoring and evaluation
- Support to national institutions and laws
- Improve policies and assessment – in particular improve IP, IR and EA
- Capacity building and involvement of civil society/ affected communities
- Ensure meaningful consultations on the review
- Consider emerging areas especially climate change, disability, human rights, labor, and other issues

Multi-Stakeholder Meetings: Main Recommendations



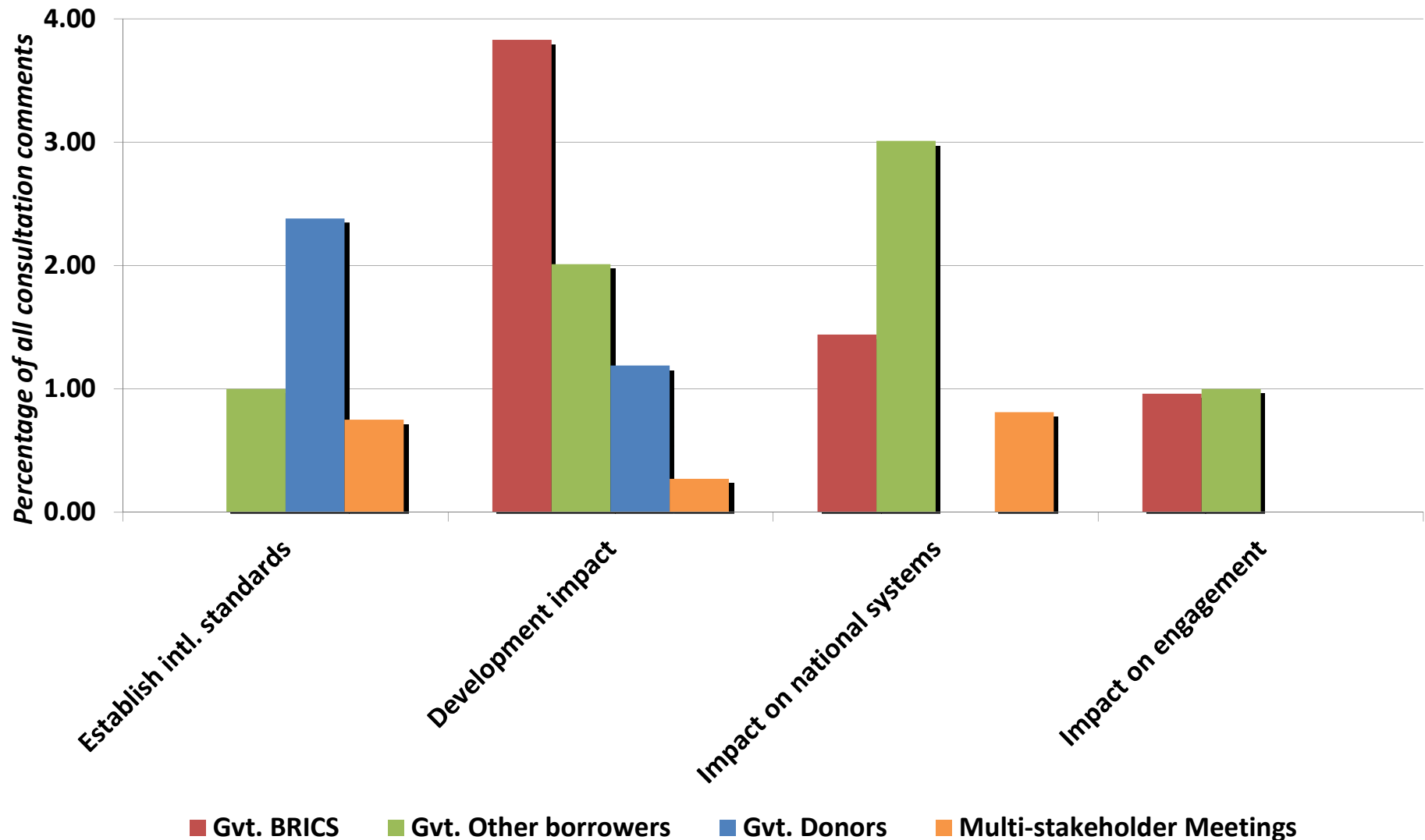
Note: Percentages calculated on the basis of all comments in each stakeholder group (BRICS: n=301; other borrowers: n=671; donors: n=504). Recommendations presented here are the top 5 recommendations in each multi-stakeholder group.

Governments and Multi-Stakeholder Meetings: Comments on the Review in General



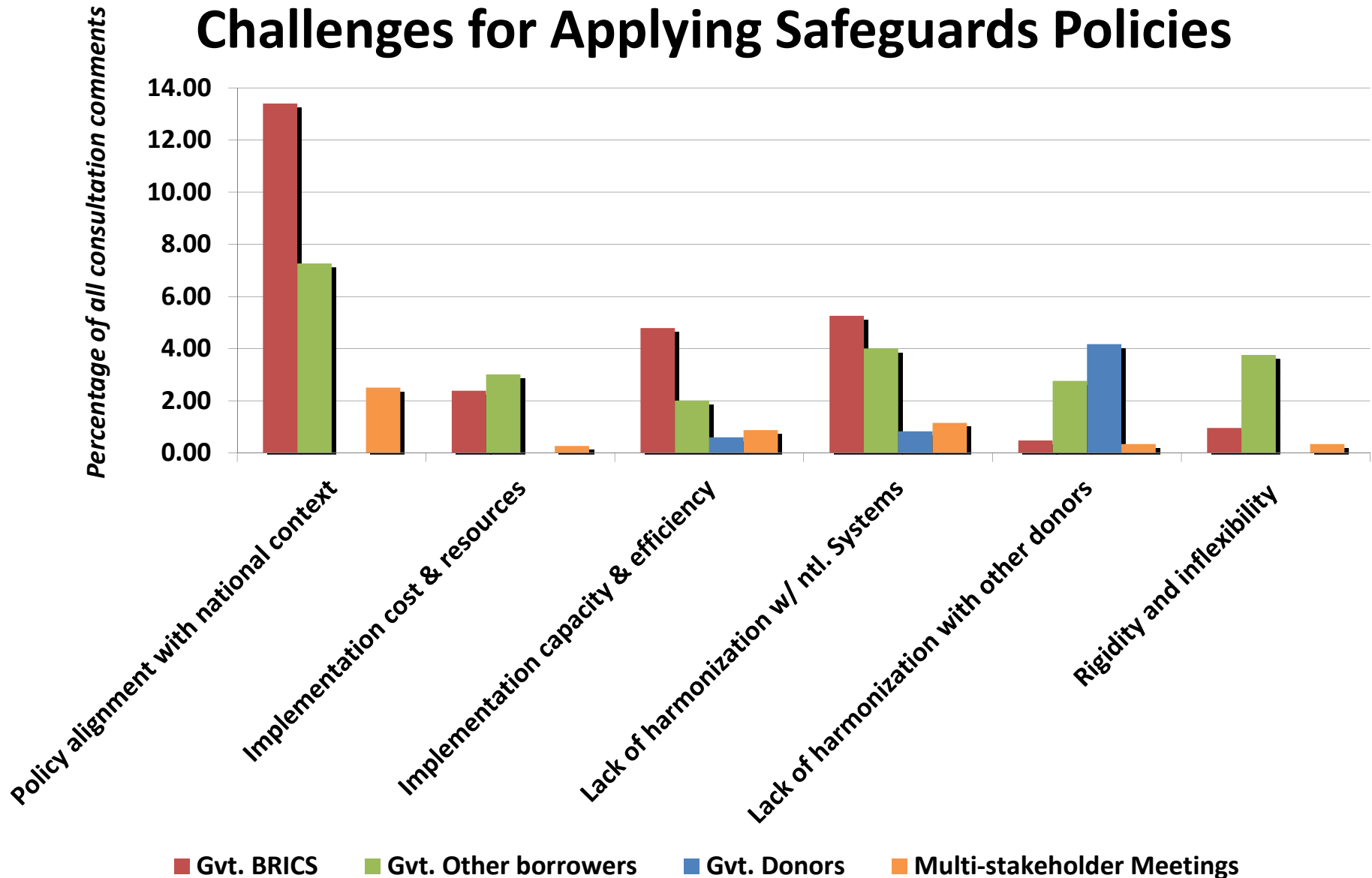
Note: Percentages calculated on the basis of all comments in each stakeholder group (Gvt. BRICS: n=209; Gvt. other borrowers: n=399; donors: n=168, multi-stakeholder meetings: n=1476).

Governments and Multi-Stakeholder Meetings: What Works Well with the Current Policies



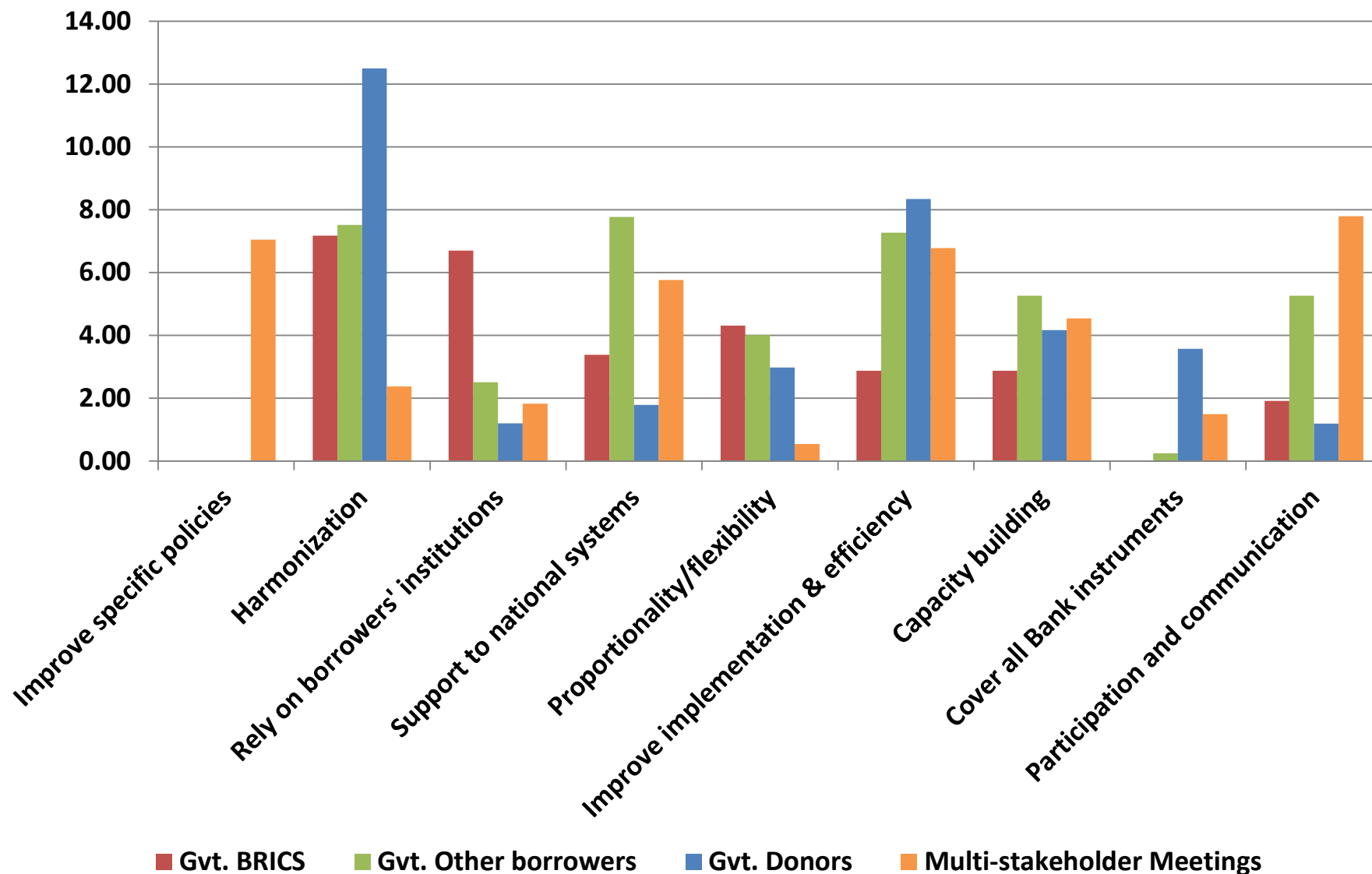
Note: Percentages calculated on the basis of all comments in each stakeholder group (Gvt. BRICS: n=209; Gvt. other borrowers: n=399; donors: n=168, multi-stakeholder meetings: n=1476).

Governments and Multi-Stakeholder Meetings: Challenges for Applying Safeguards Policies



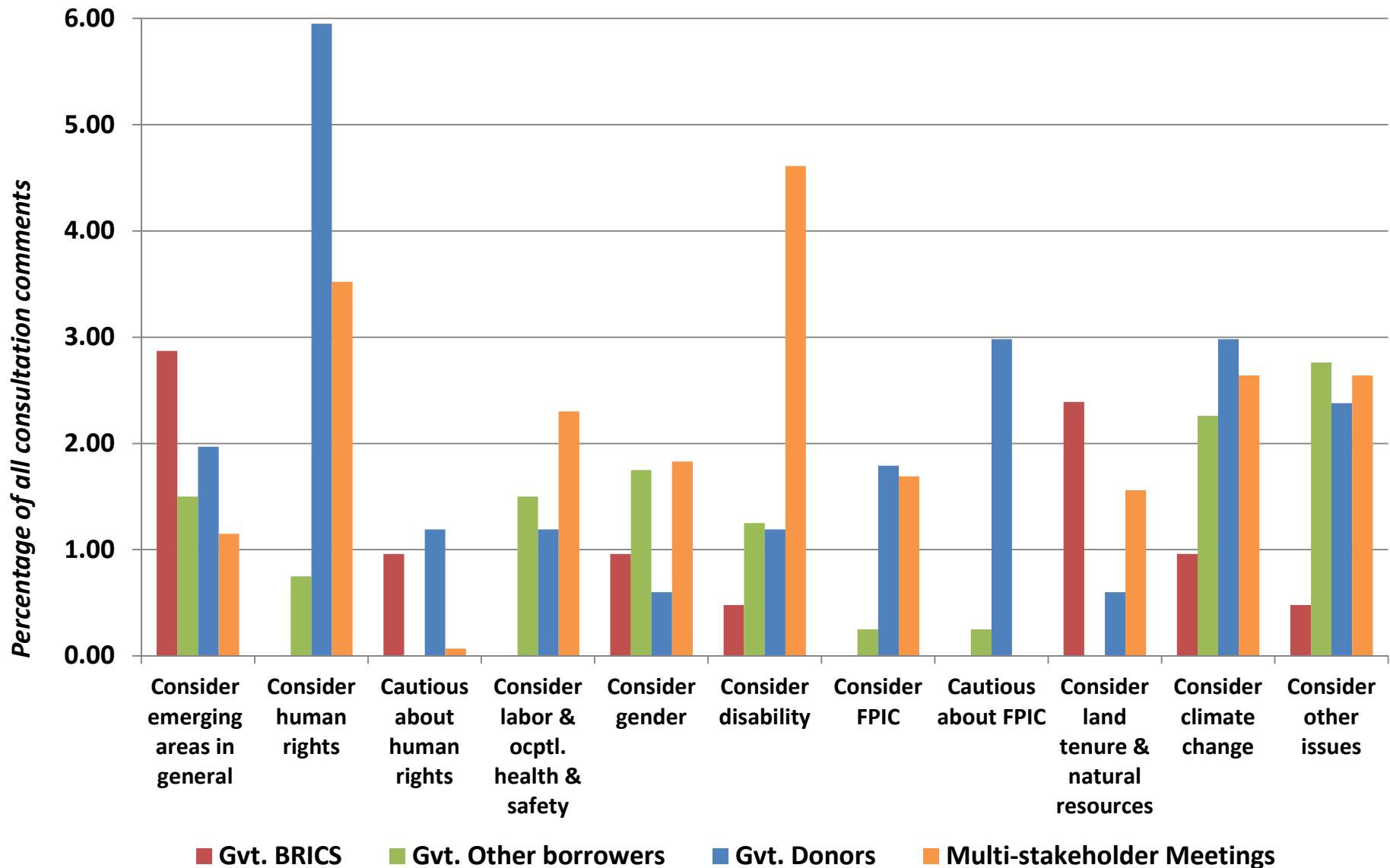
Note: Percentages calculated on the basis of all comments in each stakeholder group (Gvt. BRICS: n=209; Gvt. other borrowers: n=399; donors: n=168, multi-stakeholder meetings: n=1476).

Governments and Multi-Stakeholder Meetings: Recommendations for Improvements to Current Policies



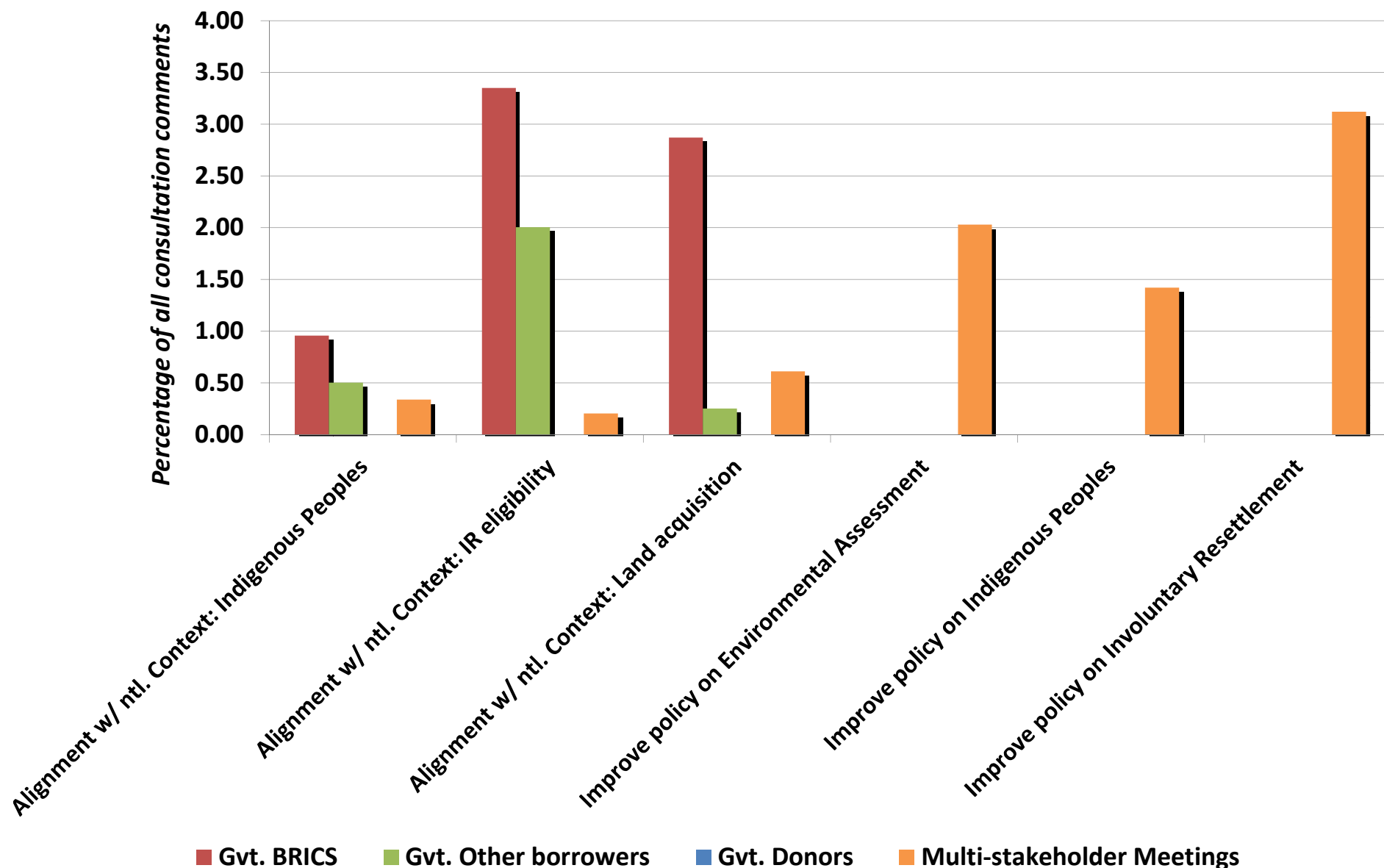
Note: Percentages calculated on the basis of all comments in each stakeholder group (Gvt. BRICS: n=209; Gvt. other borrowers: n=399; donors: n=168, multi-stakeholder meetings: n=1476).

Governments and Multi-Stakeholder Meetings: Emerging Areas



Note: Percentages calculated on the basis of all comments in each stakeholder group (Gvt. BRICS: n=209; Gvt. other borrowers: n=399; donors: n=168, multi-stakeholder meetings: n=1476).

Governments and Multi-stakeholder Meetings: Challenges and Recommendations Regarding Specific Policies



Note: Percentages calculated on the basis of all comments in each stakeholder group (Gvt. BRICS: n=209; Gvt. other borrowers: n=399; donors: n=168, multi-stakeholder meetings: n=1476).

Moving Forward



Proposed Integrated Framework: Guiding Principles

Providing for three levels of country engagement and activities – strategic, project, and knowledge and capacity levels - to enhance borrowers' environmental and social sustainability, consistent with the forthcoming World Bank Group Vision and Strategy

Our approach will be informed by other MDBs, IFC and other development partners - it will be customized for the specific needs of the Bank taking note of its Articles of Agreement and the specific nature of its clients



Recent Trends / Evolution of MDB Safeguard Models

	Framework approach (with overarching statement) applicable to all lending instruments	Distinction between aspirational statement, mandatory policy, procedure and guidance	Differential treatment of financing instruments	One set of safeguard requirements applied to public and private sectors	Enhanced clarity between lender & borrower responsibilities
ADB (2009)	Yes	Yes	Yes	Yes	Yes
AfDB (Draft of May 2013)	[Yes]	[Yes]	[Yes]	[Yes]	[Yes]
EBRD (2008)	Yes	Yes	Yes	Yes	Yes
IFC (2006/2012)	Yes	Yes	Yes	N/A	Yes

Proposed Integrated Framework: Our Aspirations

- Support enhanced integration of the management of environmental and social impacts and risks through the use of a framework for the Bank
- Enhance ownership of country sustainability agenda and support strengthening of borrower institutions, systems and practices
- Facilitate sustainability dialogues beyond specific project - on strategy as well as knowledge and capacity



Proposed Integrated Framework: Our Aspirations

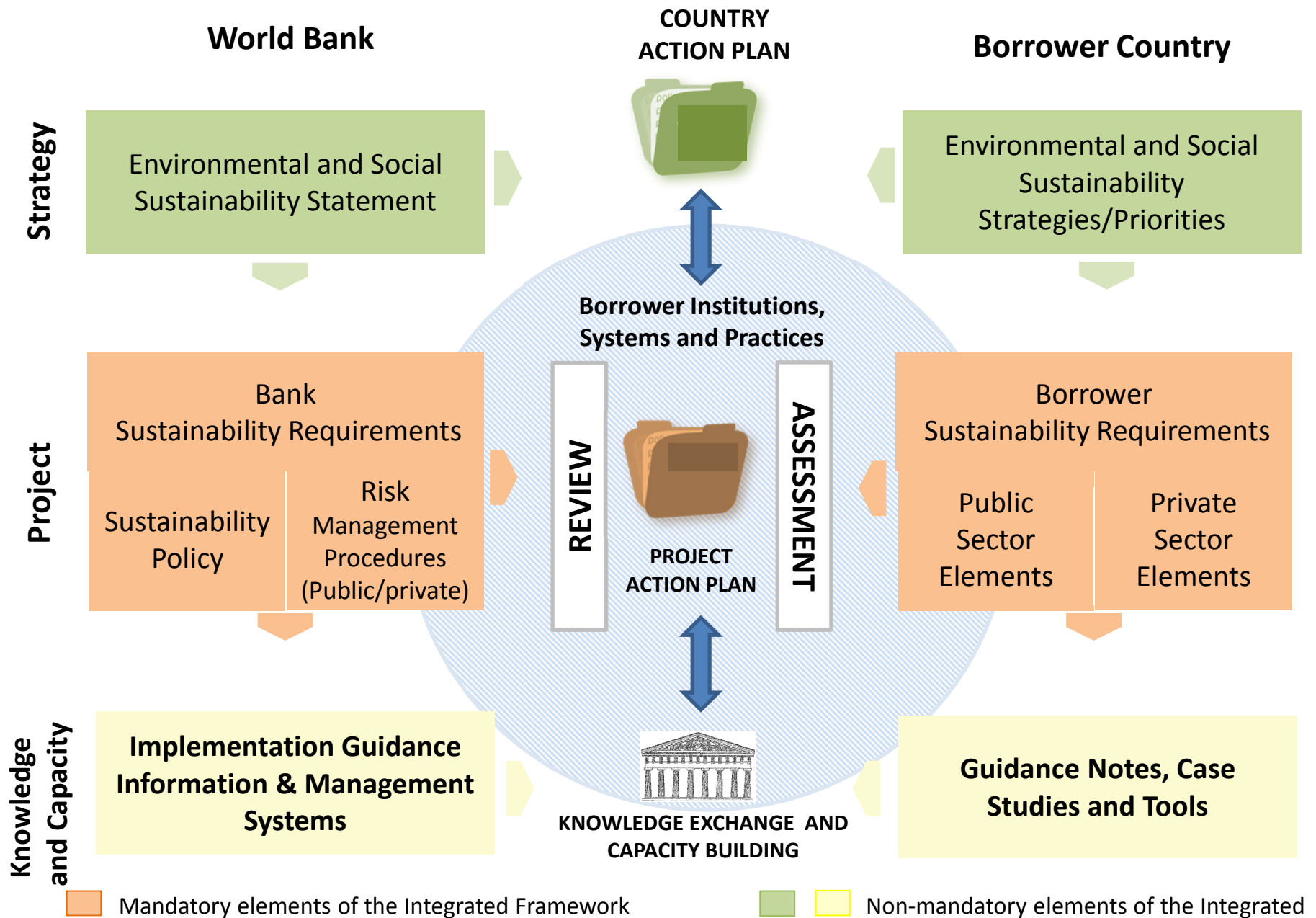
- Articulate complementary but distinct accountabilities between the Bank and Borrower
- Increase focus on outcomes
- Beyond categorization, apply a risk-based approach, based on the principle of proportionality of potential impact and risk
- Allow selectively for less front loading and increase systematic field based supervision
- Develop standardized project-level indicators for monitoring environmental and social impacts and risks within the WBG and with our development partners

Elements of the Proposed Integrated Framework

- Three levels of engagement and activities with borrowers:
 - Strategy (non-mandatory)
 - Project (mandatory)
 - Knowledge and Capacity (non-mandatory)
- Three Levels are mutually supportive
- Two complementary but distinct functions for the Bank and the borrower



Proposed Integrated Framework



Proposed Integrated Framework: Strategic Level

- At the Strategic Level (non-mandatory):
 - The Bank's strategic vision for environmental and social sustainability will be consistent with the Development Committee Paper and strategy
 - The borrower identifies its strategic priorities on environmental and social sustainability
 - The Bank-borrower interaction could potentially lead to a long-term Country Action Plan, separate from the Project Action Plan
 - The Country Action Plan would inform and would be informed by the borrower's institutions, systems and practices

Proposed Integrated Framework: Project Level

- At the Project Level (mandatory):
 - Borrower is required to carry out an appropriate assessment and to implement the project in accordance with a Project Action Plan agreed with the Bank
 - The Bank is required to review and supervise project preparation and implementation
 - Where appropriate, Project-Level requirements can be met through borrower's institutions, systems and practices



Proposed Integrated Framework: Knowledge and Capacity

- At the Knowledge and Capacity Level (non-mandatory):
 - The Country Action Plan and Project Action Plans would help inform the Bank's long-term capacity building support for the borrower
 - The Bank collaborates with borrowers to enhance their knowledge and capacity for environmental and social sustainability
 - The outputs will include knowledge exchange on implementation, regulatory innovations, other good practices and implementation tools



Benefits of the Proposed Integrated Framework

- Supports the environmental and social sustainability objectives of the Bank as part of the World Bank Group goals
- Supports the Bank and the borrower to carry out complex projects
- Provides clearer requirements for borrowers and staff, resulting in better implementation of projects
- Creates opportunities to reduce transaction time through greater efficiency
- Allocates resources based on risk
- A more harmonized approach would facilitate improved efficiency within the World Bank Group and with our development partners



Next Steps



Next Steps

August - December 2013	Early 2014	
<ul style="list-style-type: none">Continued discussions with the shareholders through Executive Directors and in capitalsOn-going external meetings: focus groups with project affected communities, targeted dialogues with Indigenous PeoplesOutreach to other stakeholdersFull feedback analysis available on lineDrafting the proposed integrated frameworkInternal consultations with Regions, Networks, Sector Boards/Councils, and other bodies	<ul style="list-style-type: none">Present the first draft of the proposed Integrated Framework to CODE for review and endorsementThe draft will include an annex summarizing views received during consultations and responses	<ul style="list-style-type: none">Second round of global consultations in 2014

This presentation will be made public and posted

www.worldbank.org/safeguardsconsultations

or send us an email:

safeguardconsult@worldbank.org

