The World Bank’s safeguard policies are central to achieving the goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, and are also a comparative advantage for the World Bank. With the variety of challenges that any context represents, being a partner that systematically identifies and mitigates risks is clearly an asset, not a liability.

The safeguards are about effectively managing project-related risks, through analysis, inclusion, participation and transparency in order to ensure that possible negative effects to people, communities and the environment do not go unaddressed, but are prevented, mitigated or compensated. The reasoning for this is simple: it is good development, and not doing so will undermine the goals of ending extreme poverty and promoting shared prosperity in a sustainable manner.

We support the core principles of the review and policy update. An important goal is to improve operational efficiency and to increase focus on issues emerging during implementation. To this aim, we support the risk-based approach and application of adaptive management, of which neither should undermine the World Bank’s obligation to ensure proper implementation of the policy. We find that the second draft strikes the right balance in this regard.

We are also generally supportive of the use of borrowers’ own national systems, as well as the constant objective of improved operational efficiency. In our view, a more developmental approach to supporting client countries to build their environmental and social management systems is an important contribution that the World Bank can make beyond managing the risks for its own projects. We see the Country Partnership Frameworks (on capacity assessment), Performance and Learning Reviews (on progress) and the Completion and Learning Reviews (assessment) in the country engagement model as important tools in this process. It should be clarified how borrower systems will be assessed, and the World Bank’s own obligations reconfirmed.

That said, successful implementation is heavily reliant on the World Bank providing: 1) sufficient resources, both financially and in number and quality of personnel, and efficient organization; 2) sufficient resources for capacity building of clients when gaps in national systems are identified; 3) staff should be adequately guided and equipped to do risk management; and 4) diligent follow up during implementation. It is also important in this context that the World Bank addresses the incentive structure, financing model and career arrangements for safeguards specialists, and other staff to ensure strong implementation. We look forward to the comprehensive implementation plan that will be presented together with the third and final draft.

We support the proposal to review the implementation of the new Environmental and Social Framework regularly. We also agree that a comprehensive review is undertaken after five years of implementation.
We appreciate the improvements in the second draft, including on gender and the removal of the alternative approach in ESS7 on indigenous peoples. However, we would like to stress a number of issues:

1. **Human Rights**: We would like to see a reference to ‘respect for human rights’ in the vision statement. The word ‘aspirations’ as currently used in the vision statement is problematic and should be rephrased. We also strongly encourage the Bank to express a clear commitment to human rights in the policies and the standards. We expect the World Bank to respect the obligations assumed by its clients under international law, including human rights and environmental law. We urge the Bank to include in the policy a sentence modelled on the current OP 4.01 - *Environmental Assessment* that it will refrain from supporting activities that may contribute to violations of international obligations, but make it broader to encompass international law in general.

2. **Non-discrimination**: We strongly support the non-discrimination language in the proposal, including the explicit mentioning of the non-exhaustive grounds for discrimination.

3. **Gender**: Gender should be systematically and exhaustively addressed throughout the 10 standards. We appreciate the improvements that have been made. However, in order for non-discrimination and gender equality to be addressed adequately, the standards must make specific references to the need for gender and social exclusion analysis and sex-disaggregated baseline data.

4. **Labor and Working Conditions**: We appreciate the expansion in scope of ESS2. We would like to see a direct reference to the ILO International Labor Standards. In this context, we would like to stress the importance of freedom of association and collective bargaining, which the International Labor Conference affirmed in 1998 as part of the ILO standards regardless of whether individual countries have ratified the respective conventions in question.

5. **Indigenous Peoples**: IPs' special attachment to territories and natural resources, which they depend on for their identities and livelihoods, is well noted in ESS7.

We welcome the removal of the alternative approach in ESS7 in the second draft. We believe that the inclusion of the international established principle of Free, Prior and Informed Consent is essential for ESS7. We believe that keeping to agreed language in the UN Declaration on the Rights of Indigenous Peoples, could help facilitate agreement on this issue. For the purpose of reinforcing the credibility of the grievance mechanism further outlined in ESS10, the Bank should clarify how it will assess whether FPIC has been obtained.

6. **Climate and Biodiversity Impact**: The standards have a crucial role to help ensure that the Bank’s projects are attentive to climate change and biodiversity. We appreciate the changes made to ESS3 and ESS6. The revised standards of the World Bank should state the Bank’s commitment to fulfilling the UN Sustainable Development Goals and the new global climate agreement from Paris. On climate we agree that some of the more specific provisions, for example the threshold
for GHG emissions, could be provided in the guidance. On both climate and biodiversity, the Bank should clarify that it will apply the precautionary principle and that Bank investments will use the best available technologies.

Regarding biodiversity, it is important to strengthen efforts to protect sensitive habitats, living natural resources and other aspects of biodiversity. We appreciate the inclusion in the second draft of ecosystem services. We would like to see stronger language in the formulation of the objective under ESS6 and a broader definition of “critical natural habitats”. The Bank should be fully committed to ensuring that any adverse impacts on natural forests are avoided to the maximum extent possible, or otherwise minimized, mitigated and/or offset wherever possible in accordance with the mitigation hierarchy in the proposed ESF.

7. **Stakeholder Engagement and Information Disclosure.** While welcoming improvements made, some aspects should be strengthened further. The definition of stakeholders should also make it clear that communities and individuals across borders are also included in cases where they may also be affected due to the size or placement of the project. With regards to information disclosure, it should be consistently clarified that all overarching safeguards documents such as ESIA, ESCP and ESMP will be disclosed as early as possible.

8. **Financial Intermediaries.** The UN Guiding Principles on Business and Human Rights (UNGP) are now the prevalent international standard addressing the roles and responsibilities of state and business enterprises in preventing human rights violations, and states that business enterprises have a responsibility to respect human rights. The Nordic Baltic Constituency proposes further alignment of ESS9 on Financial Intermediaries with the IFC Performance Standards in concordance with the UNGP.

We want to conclude by thanking the team for the enormous effort that has gone into the review process so far.