

The World Bank Review and Update of the World Bank's Environmental and Social Safeguard Policies

Safeguards Consultation Meeting with Private-Sector Stakeholders at MEDEF International, Paris

The consultation meeting held on December 3, 2012 was chaired by Motoko Aizawa and Stephen Lintner. Participants were primarily from French companies and business associations with interests, investments, and operations in Africa, Middle East/North Africa (MENA), and other developing regions (see Annex).

Comments and questions from the participants included the following:

- There is a need to make the Safeguard Policies clearer to those who have to apply them, so that they have greater certainty and confidence regarding their ability to comply and to achieve the development impacts the Bank expects.
- The link to the Bank's procurement review is critical, because if the safeguard aspects (qualitative outcomes, technical requirements) are not reflected in the documents for tender, then the procurement process will not take these into account. Currently, lowest-cost bids are favored, rather than the most effective or cost-effective proposals. Social and environmental standards need to be integrated into the bidding documents.
- As an example, a company with decades of experience in water and gas utilities in Africa and the MENA region has a strong understanding of its customers' evolving needs. Currently, demand is mainly for technology transfer, staff training/capacity building, and innovation—all of which would strengthen social and environmental performance. Yet the International Competitive Bidding (ICB) documents are focused on the cost of goods and services, with no consideration for social and environmental management. The procurement reform should allow cost-benefit analyses to be done over the project's life-cycle (e.g., lives saved from building higher-cost but higher-quality roads), and build social and environmental management into the analysis.
- The current ICB regime also works against innovation in social and environmental management. Small and medium enterprises (SMEs) with strong innovative solutions generally find the due diligence costs of current requirements a barrier to entry. At the same time, even large industry leaders with innovative products (e.g., solar-powered hand-pumps) find that current requirements lower the barrier to "unfair competition" from companies that offer less effective solutions at lower cost. The Bank should aim for the highest technical quality, as IFC and MIGA do.

- For the private sector to remain engaged in strengthening social and environmental management of Bank-financed projects, stronger and more effective supervision is also critical. Too often, it is complicated for companies to take up implementation issues with project partners, because the Project Management Unit, the Bank team leader and the procurement adviser are not coordinated, and the Bank is merely a third party to the contract. One suggestion would be to expand the role of the Independent Engineer so that he or she can effectively enforce social and environmental standards.
- On human rights and other social standards, the private sector can be expected to respect these standards, but companies should not be seen as substitutes for strong enforcement by states/governments. The concern that companies have when they sign up to stronger standards is not that respecting human rights or stricter labor laws will entail greater costs but that they will be held liable when governments fail to respect their own laws.
- What are the differences between the Bank's current Safeguards and the IFC's Performance Standards? How similar or different might they be at the end of the Safeguards review and update process?

Annex



The World Bank

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Consultation Meeting – Participant List

Date: December 3, 2012 **Venue:** MEDEF International, Paris (French private-sector stakeholder meeting) **Total Number of Participants: 9**

No.	Participant Name	Company/Organization
1	Christine Traoré	2iE—Institut d'Afrique
2	Roger Fiszelson	CICA—Confederation of International
		Contractors' Associations
3	Julia Nietsch	France Télécom Orange
4	Daniel Gras	Louis Berger
5	Stéphanie Erbs	Optorg
6	David Lansade	Tractafric Equipement
7	Florence Moulin	Itron
8	Philippe Gautier	MEDEF—Mouvement des Entreprises de France
9	Marie Kummerlowe	MEDEF—Mouvement des Entreprises de France