



The World Bank

REVIEW and UPDATE of the WORLD BANK's ENVIRONMENTAL and SOCIAL SAFEGUARD POLICIES

Consultation Meeting
- Government representatives, BERN, Switzerland - March 4, 2013

A consultation meeting with representatives of the government was held on **March 4, 2013** to discuss the World Bank Safeguards review and update process. After a presentation by the World Bank Safeguards Review Team on the background, intended scope and process for the review, the floor was open for participants' questions and comments. Suggestions are outlined below:

What has worked well in the current safeguard policies.

- Overall, very supportive of the Bank's safeguard policies and of the consultation process.
- Safeguard policies are seen as having been successful at setting the international standard for environmental and social policies (ESPs), and the World Bank as a global standard setter and a benchmark for other multilateral organizations. The Bank is encouraged to reach out to and coordinate with its peers in order to avoid major discrepancies between their safeguard policies.
- It is important to maintain high standards in the new framework, even as the Bank tries to build more flexibility into the framework and respond to changes in the development landscape.
- Safeguards considered central to the work of the Bank and of high relevance for the International Development Association (IDA).

Issues and challenges encountered in the application of the safeguard policies.

- Challenge of implementing safeguard policies in countries with low technical capacity.

Aspects of the environmental and social safeguard policies that the Bank can improve to ensure that these policies continue to be an effective and efficient tool to achieve sustainable development and results on the ground.

- There needs to be a strong link between safeguards and results and application/attention to safeguards throughout the project cycle rather than just during preparatory phases.
- The main improvement should be in the way risks are managed. Bottlenecks should be better analyzed. The current system seems to put more emphasis on the upstream (preparation) than the downstream (implementation). Crowding out major development opportunities because of legalistic and procedural issues should be avoided. The Bank is encouraged to focus on managing risks and achieving good results with confirmed development impact over time. The value added of the Bank is to seek improvements by engagement, notably in difficult and contested contexts, and not to stand by. However, upstream efforts should not be neglected. Also, reputational risks have to be considered and taken into account. Stringent transparency requirements and the recourse system should hold the

Bank and clients accountable. Effective M&E systems are crucial in this respect. A particular focus should be placed on fiduciary risks.

- Limiting the safeguards review to Investment Lending was seen as a weakness of the process; including Development Policy Lending (DPL) and Program for Results (P4R) should be reconsidered.
- The promotion of social, economic and environmental sustainability in the context of a specific project should always contribute to the improvement of national policies and global practices. For Switzerland the desirable outcome is a framework that provides a set of clear social and environmental objectives that the partner country would be able to achieve over time thanks to the World Bank's support.
- The Bank should strive for consistency across the World Bank Group: a certain degree of harmonization is an important goal. The International Finance Corporation (IFC) performance standards are a good benchmark.
- The Bank is encouraged to maintain a continuous exchange between the procurement review and the safeguards review. Safeguard objectives should, where possible, be included in the procurement review.

How the Bank can better support borrowers in their efforts to strengthen their systems and institutions with respect to environmental and social safeguard practices to yield more sustainable results on the ground.

- How the Bank will support countries in implementing the new safeguards framework should already be part of the ongoing discussion and considered during each phase of the consultation process.
- The consultation process should consider what exceptions (if any) there will be to the new framework for countries with low capacity. Participants were curious to know how flexibility will be built into the framework so that it works in different country contexts.
- Provisions for technical assistance need to be considered for countries with low capacity and especially in Fragile and Conflict Affected Situations (FCS).
- The integrated framework should adequately protect the reputation of the institution. Anchoring Bank investment operations in ambitious outcomes and sound processes – from preparation to implementation – remains key. Therefore, the system should contain a clear commitment by the client to development outcomes with corresponding accountability and correction mechanisms. With regard to the Investment Lending Project Cycle, upstream preparation should be seen in the sense of “due diligence” and retain a high “quality at entry”. However the solving of problems identified during the due diligence process should become an integral part of the downstream implementation process. In consequence, budgetary resources need to shift from the upstream towards implementation (problem solving), in particular to capacity building, monitoring and supervision. However, the Bank should not be too flexible just to be more competitive: while it is important to strengthen the downstream side, the Bank should be aware that flexibility on the upstream has its limits.
- Building knowledge and understanding on environmental and social policies (ESPs) is key. The Bank should raise awareness among client countries, politicians, and stakeholders on the political and economic benefits that arise from respecting the new integrated framework. It is also important to take into account the lessons learnt from the implementation of IFC's performance standards, as well as from existing DPLs and P4R projects. The new integrated framework will require a new mindset to learning from failure and mistakes with a positive system of correction.
- It is also important to clearly distinguish between country and World Bank roles and responsibilities, and to clarify how this is taken into account in the loan agreement.

Examples of environmental and social assessment and risk management approaches (used by either public or private institutions) that the review should take into consideration.

- Recommended that efforts should be made to make sure that the World Bank safeguard policies complement and reinforce IFC performance standards. Point was emphasized that from the “outside” there is not such a big distinction made between the World Bank and IFC – just one World Bank Group. Therefore ineffective application of safeguards/standards by one branch of the World Bank Group has the potential to impact the work of other branches. Harmonization of policies is important to mitigate this.
- The safeguards review should also take into consideration the outcome of the review of World Bank procurement policies.

Recommendations with respect of any of the emerging areas described in the paper (i.e., disabilities; labor and occupational health and safety; human rights, land tenure and natural resources; free, prior and informed consent of Indigenous Peoples; gender; and climate change).

- Emerging issues on basic human rights should be integrated in the framework. The integrated framework should also set positive incentives (vs. exclusion or sanctions) in this regard.
- There was agreement that rather than a specific new safeguard policy on human rights, issues on the topic relevant to the Bank’s work could potentially be addressed through other safeguard policies, e.g., labor and occupational health and safety.
- Given the complex linkages between climate change and development, the review on safeguards should yield tangible and practical progress in the area of climate change, if necessary in parallel or ahead of the United Nations Framework Convention on Climate Change (UNFCCC) process.
- The Bank is encouraged to consider the following emerging issues: land tenure, management of chemical substances, water stress and scarcity.

Any additional comments or suggestions.

- A final and agreed position on the Bank’s safeguard policy review will be provided when the draft integrated framework is available.
- Expressed interest in participating in the second phase of consultations and possibly hosting a regional consultation meeting.
- Idea was raised that a good exercise would be to “retrofit” a few projects with the new safeguards framework – as a final step in the review, the new draft framework should be applied to a sample of existing projects to see how the design and implementation of the project would have been affected by the updated safeguard policies.
- Switzerland supports the Independent Evaluation Group’s evaluation on the Bank’s ESPs. In particular, we consider that the following elements are vital for the integrated framework.
 - Investment in the clients’ social and environmental management during project preparation and implementation;
 - Integration of adequate environmental and social performance indicators in the project’s results framework;
 - Effective instruments for monitoring by the client; and
 - Regular supervision, performance review, verification, and disclosure by the Bank and an independent monitoring body at country level.
- Aware that the safeguards review cannot be a substitute for a lack of Bank policies in social and environmental domains.

