

## **Safeguard Policies' Review Consultations**

### **Nordic Baltic Position as of February 23, 2015**

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

**We also find it pertinent to clearly frame the issue at hand. The safeguards are about effectively managing project related risk,** through analysis, inclusion and participation and transparency, in order to ensure that possible negative effects to people and communities don't go un-addressed, but are either mitigated or compensated for. The reasoning for this is simple: *it is good development*, and not doing so will undermine the goals of ending extreme poverty and promote shared prosperity in a sustainable manner.

**Furthermore, while it is not the job of the World Bank to monitor e.g. human rights performance in a country, we believe it is very much the responsibility of the World Bank to ensure that *its projects do not, in any way, violate human rights through e.g. discrimination and exclusion.*** Moreover, we also expect the World Bank to respect the obligations assumed by its clients under international human rights and environmental law, and that the Bank refrains from supporting activities that may contribute to violations of these obligations.

**We welcome several of the goals and core principles of the review and policy update. President Kim's clear message of "no dilution" is key among these.** With this as the starting point, we can generally support the risk based approach and application of adaptive management, of which neither may undermine the Bank's obligation to ensure proper implementation of the policy. Additionally, it cannot result in excessive delays in the implementation phase of operations in exchange of speedier program preparation and approval. We are also generally supportive of the use of borrower's own national systems, as well as the constant objective of improved operational efficiency.

**That said, all of this 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, and 3) 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 specialist to ensure strong implementation.

**We propose introduction of mandatory deviation reporting for high risk operations to the Board.** We also propose specific reporting on country specific safeguard issues for relevant sectors in the CPF (on capacity assessment), PLR (on progress) and the CLR (assessment) of the new country engagement

model, and would also like to see regular reporting back to the Board on how the implementation of the reform is developing.

**Additional elements in this first draft we want to express our support for:**

- Its clearer recognition of social inclusion in general, and non-discrimination in particular;
- Inclusion of a binding Environmental and Social Commitment Plan;
- Inclusion of Free, Prior and Informed Consent for affected indigenous peoples.

**Proposal to evaluate after two years of implementation:** While there in a process like this always will be a lot of uncertainty before the final guidelines have been produced, and experience from implementation harnessed, we believe signaling clearly that an evaluation will be performed after two years of implementation would go a long way in putting some of the concerns to rest.

**Issues we believe can be improved:**

1. **Human Rights & Social Inclusion:** While welcoming the reference to human rights in the vision statement, we would like to see stronger and clearer language in the policy document, and strongly encourage the Bank to express a clear commitment to human rights in the policies. Human rights issues should at least be part of the environmental and social impact assessment.

We believe experience is clear on the need for more frank and explicit attention to and language on human rights, to adequately guide and equip staff to project risks. This we believe will in turn lead to better project outcomes and overall development impact.

2. **Gender:** Gender should be systematically and exhaustively addressed throughout the 10 standards. We understand that the Bank will engage with the Cross Cutting Solution Area on Gender to ensure precisely this, and look forward to see how this will be strongly reflected in the next draft.
3. **Labor and Working Conditions:** The scope of this standard (ESS2) should be expanded to systematically include all ILO core labor standards (which are adopted by a great majority of countries), including a reference to the ILO International Labor Standards. Thus, the scope should also include freedom of association, collective bargaining, and also embrace contract, migrant and supply-chain workers.

We understand from our dialogue with the Bank that we can expect significant changes to this proposed standard, building on consultations with ILO. We strongly support this kind of engagement with relevant international agencies and look forward to see what the new proposal will bring.

4. **Alternative approach for indigenous peoples:** The proposal to introduce an alternative approach to the standard on Indigenous Peoples (ESS7) is a great concern. In our view, this poses a risk to internationally agreed indigenous peoples' rights and might derail a process that has gradually increased countries recognition of indigenous peoples' rights. The proposed approach leaves excessive discretion to borrowers and the bank to disregard international

norms. For these reasons we see it as contradictory to the promise of “no dilution” and very far from the ambition of the Bank to showing leadership.

We suggest that the provision on alternative approach is removed. In exceptional cases where this policy cannot be applied, the Board could grant a waiver. A waiver still leaves the bank and its borrower with the possibility of not applying the standard.

We also believe that clearer communication of what exactly Free, Prior, Informed Consent implies, that is, not a right to veto, and keeping to agreed language in the UN’s Declaration on the Rights of Indigenous Peoples, could help facilitate agreement on this issue.

5. **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. Relevant provisions, primarily in ESS3 and ESS6, should be revised so as to demonstrate the commitment of the Bank to be a standard-setter in these areas. This through technology and measures to improve resource-efficiency and reduce project-related GHG emissions. On biodiversity, it is important to strengthen efforts to protect sensitive habitats, living natural resources and other aspects of biodiversity.

We want to finish by thanking the team for the enormous effort that has gone into this second round of global consultations.