

THE WORLD BANK'S SAFEGUARD POLICIES

PROPOSED REVIEW AND UPDATE

APPROACH PAPER

October 10, 2012

ABBREVIATIONS AND ACRONYMS

BP	Bank Procedures
CODE	Committee on Development Effectiveness
DPL	Development Policy Loan
EXT	External Affairs
IEG	Independent Evaluation Group
IFC	International Finance Corporation
LEG	Legal Department
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
OD	Operational Directive
OECD	Organisation for Economic Cooperation and Development
OMS	Operational Manual Statement
OP	Operational Policy
OPCS	Operations Policy and Country Services
OPN	Operational Policy Note
OPSOR	Operations Risk Management Department
PforR	Program for Results
SDN	Sustainable Development Network
UCS	Use of Country Systems
UN	United Nations

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An Approach Paper for the Review and Update of the Safeguard Policies

EXECUTIVE SUMMARY

1. ***The purpose of this paper.*** With this Approach Paper, the World Bank is launching a two-year process to review and update its current environmental and social safeguard policies. The safeguard policies contribute to sustainability and development effectiveness in Bank projects and programs by helping to avoid or mitigate harm to people and the environment. This review and update will better align the policies with the changing needs and aspirations of borrowers, the external context, and the business of the Bank. This paper summarizes the evolution of the safeguard policies, explains the approach to, and rationale and objectives for the review and update, and outlines the parameters of the process.
2. ***Rationale for review.*** There are many reasons to carry out this review and update of the safeguard policies, among them: changing borrower profiles; increased awareness of the value and vulnerability of the global commons; changing Bank operations; the growing role of the private sector; and the 2010 evaluation of the safeguard policies. The Bank recognizes the confluence of internal and external factors that make it timely to review and update the safeguard policies. The Bank is keen to promote environmentally and socially sustainable development with its borrowers, development partners, cooperating institutions, practitioners, and citizens alike, as a global public good.
3. ***Core policies under review.*** The core policies under review are the eight environmental and social safeguard policies – OP 4.01 Environmental Assessment, OP 4.04 Natural Habitats, OP 4.09 Pest Management, OP 4.10 Indigenous Peoples, OP 4.11 Physical Cultural Resources, OP 4.12 Involuntary Resettlement, OP 4.36 Forests, OP 4.37 Safety of Dams – as well as the Policy on Piloting the Use of Borrower Systems for Environmental and Social Safeguards (“Use of Country Systems”), OP 4.00.
4. ***Toward a new integrated framework.*** It is anticipated that the review and update process will lead to a new integrated framework that builds on the existing core principles of the safeguard policies, and may include several components, such as principles, policies, procedures, and guidance. The proposed integrated framework is intended to enhance policy alignment with internal and external changes, and provide a solid foundation for a renewed and strengthened partnership with the Bank’s borrowers, leading to enhanced development effectiveness.
5. ***Opportunities and risks.*** The review and update presents an opportunity for the Bank to enhance how it can: (i) deliver better environmental and social outcomes; (ii) strengthen country systems and institutions; and (iii) improve coverage of environmental and social risks. Management recognizes that the World Bank’s safeguard policies have become a global standard for other development partners. Despite the explicit objective to strengthen the effectiveness of

the safeguards, there is a risk that any proposed change to the current wording of the safeguard policies may be interpreted by some as a weakening of existing requirements. Great care will be taken to strike the right balance among sometimes competing demands, needs, and aspirations, because a successful review and update process has the potential to yield multiple benefits for the Bank, its shareholders, and its internal and external stakeholders.

6. ***Renewed partnership with borrowers.*** In adapting to the changing needs of its borrowers, the Bank will seek through this process to renew its partnership with them, rooted in a common commitment to environmental and social sustainability outcomes of projects and programs, with improved clarity regarding the accountabilities of each partner. The next generation of the safeguard policies will support this partnership, while reaffirming the policies' core principles and objectives established over the last two decades.

7. ***Broad, inclusive and transparent process of consultation.*** The Bank will undertake this process in a consultative manner and with the due care and comprehensiveness required for an exercise of such importance and potentially far-reaching impact. The 24-month process will be undertaken in three phases, each of which will include a multi-stakeholder consultation process to elicit input and feedback from interested stakeholders in as broad, inclusive and transparent a manner as possible.

I. BACKGROUND

8. ***The evolution of the safeguard policies.*** The World Bank's safeguard policies embody core values of the institution. These policies are the cornerstone of the Bank's efforts to protect people and the environment, and to ensure sustainable development outcomes. They have served the Bank, its client countries, and the development community well over the past two decades. The Bank is now reviewing and updating these crucial policies to better meet the varied needs of borrowers, and address new development demands and challenges. The Bank expects this review and update process to result in the next generation of safeguard policies that can help the Bank support measurable development outcomes or "doing good," in addition to maintaining the "do no harm" principles of the current safeguard policies.

9. For several decades a core concern of the World Bank has been how to effectively assess and manage the environmental and social impacts of the projects it finances, and this is reflected in many of its operational policies and procedures. Since the 1970s, the Bank steadily increased its attention to the environmental and social opportunities and risks associated with the development process. In 1984, the Bank issued an Operational Manual Statement on Environmental Aspects of World Bank Work, outlining the Bank's policies and procedures relating to projects, technical assistance and other aspects of its work that could have environmental implications. The term 'environmental' was interpreted widely, to include both natural and social conditions, and the well being of current and future generations.

10. Following the major Bank reorganization in 1987, Operational Directives (ODs) gradually replaced the Operational Manual Statements (OMS), frequently incorporating policy previously set out in the OMS,¹ and in other circumstances setting out new policy. Environmental Assessment was initially addressed in OD 4.00, Annex A² and was later replaced by Operational Directive 4.01 on Environmental Assessment. Issues related to the comprehensiveness of the ODs and a desire on the part of Bank management to streamline and clarify Bank practices and accountabilities led to a decision in 1992 to gradually replace ODs by Operational Policies and Bank Procedures, the content of which would be binding on Bank staff.

11. In 1997, the World Bank regrouped ten Operational Policies as specific safeguard policies – six environmental, two social, and two legal policies³ – and put in place administrative procedures to support compliance with the safeguard policies during project preparation and implementation. The policies were designed to help the Bank address environmental and social issues arising primarily from Investment Lending projects that finance goods, works and services in a broad range of sectors, which constituted the World Bank’s main line of business at that time. They also applied to technical assistance activities supported by the Bank and to the Trust Funds it administers. The environmental and social requirements of the Bank’s other main financing instruments, notably Development Policy Loans (DPLs) and Program for Results (PforR), are included in the single operational policy statements that govern all aspects of the respective instruments.

12. ***Evaluation of the World Bank Group’s safeguard policies and standards.*** In 2010, more than 20 years after the requirement for environmental assessment was first introduced, the World Bank’s *Independent Evaluation Group (IEG)* undertook an evaluation of the Bank’s safeguard policies.⁴ This evaluation shows that the safeguard policies have been effective in avoiding or mitigating adverse impacts, particularly in high-risk projects. IEG also found that the quality of safeguards work during design and appraisal improved during the review period (1999-2008). However, IEG also identified a need to adapt the safeguard policies to reflect the changing context in which the World Bank operates, including a rapidly changing business environment, new lending modalities and financing instruments, as well as evolving best practices and borrower needs. It also recommended a stronger focus on using the safeguard policies to support environmentally and socially sustainable development and to assess a wider range of potential social risks and impacts.

¹ Prior to the Bank’s reorganization in 1987, the operational policies were contained mainly in Operational Manual Statements (OMSs) and Operational Policy Notes (OPNs) which were both issued by the Office of the Senior Vice President, Operations, under the authority of the President.

² Operational Directive 4.00, Annex A: Environmental Assessment (1989).

³ OP 4.01 Environmental Assessment; OP 4.04 Natural Habitats; OP 4.09 Pest Management; OP 4.10 Indigenous Peoples; OP 4.11 Physical Cultural Resources; OP 4.12 Involuntary Resettlement; OP 4.36 Forests; OP 4.37 Safety of Dams; OP 7.50 Projects on International Waterways; OP 7.60 Projects in Disputed Territories.

⁴ “Safeguards and Sustainability in a Changing World: An Independent Evaluation of World Bank Group Experience,” <http://go.worldbank.org/ZA4YFV9OL0>.

13. **Management Action Record.** In July 2010, the Bank's Board of Directors discussed the IEG evaluation and the Management Action Record,⁵ in which Management committed to undertake a comprehensive update and consolidation of the Bank's safeguard policies. Management responded to IEG's findings and recommendations, including the need for stronger focus on the use of safeguard polices to support environmentally and socially sustainable development; greater emphasis on assessment of a wider range of potential social risks and impacts; improvements in supervision; and more efficient and effective approaches to monitoring, evaluation, and completion reporting, including the enhanced use of indicators.

14. **Progress since the IEG Evaluation.** Since the completion of the IEG evaluation, Management has undertaken a significant amount of work, including internal consensus building on the approach for this review and update. At the same time, as part of the overall modernization efforts, Management has been pursuing a number of significant reform processes, such as the Investment Lending and procurement reforms, along with the Program for Results initiative and progress on grievance mechanisms, all of which have taken longer than anticipated. With these reforms now either completed or underway, Management is committed to proceed with the safeguards review and update, consistent with the recommendations of the IEG evaluation.

15. **The IEG Evaluation and the Safeguards Review and Update.** In addition to progress on implementation of the commitments made in the Management Action Record, the IEG findings represent a valuable resource and point of reference for the review and update. First, the evaluation links the importance of increasing social coverage with specific emerging issues such as community and gender impacts and health and safety. Second, the evaluation makes the case for enhancing the use of country systems through revision of the approach taken to date in assessing systems and an increased emphasis on strengthening county institutions. Third, the evaluation anticipates including measures to strengthen the approach used for design and implementation of projects that make use of Environmental and Social Management Frameworks to improve their effectiveness. Finally, the IEG evaluation makes the case for improving systems and instruments for accountability and grievance redress. Management will ensure that the findings of the IEG evaluation are given prominence in the process for the review and update of the safeguard policies.

II. RATIONALE FOR THE REVIEW AND UPDATE

16. **A confluence of factors.** The Bank recognizes the confluence of internal and external factors that make it timely to review and update the safeguard policies. Management notes the development imperative of delivering environmentally and socially sustainable results; making greater use of and strengthening borrowers' country institutions and systems; addressing emerging challenges at the global commons, regional, and country level; and adapting to the

⁵ Management Response /Management Action Record, <http://go.worldbank.org/ZA4YFV9OL0>.

changing operations of the Bank. Management is also aware of advances in regional and international practices to address environmental and social issues, and the emergence of sustainability frameworks in use by the broader international and development finance community. The Bank is keen to promote environmentally and socially sustainable development with its borrowers, development partners, cooperating institutions, practitioners, and citizens alike, as a global public good.

17. *Changing borrower profiles.* The profile of Bank borrowers today is far more diverse than it was when the safeguard policies were first developed. Bank borrowers today range from middle-income countries, with well-developed institutions and capacities, to low-income countries with weaker governance and institutions, to fragile and conflict-affected states where more tailored and coordinated interventions are required. Within this diverse profile, there are countries with constitutional guarantees and/or advanced legislation designed to protect their people and the natural environment, and those with evolving technical and institutional capacity to manage environmental and social issues. In addition, regulatory agencies in a wide range of countries are experimenting with incentives, economic models, and collaborative mechanisms, in addition to the prescriptive methods already in use to address environmental and social risks and impacts.

18. These changes over time drove an evolution of development partners' approach to international aid. As part of the efforts to increase aid effectiveness and development partner harmonization, more emphasis was placed on aligning and harmonizing approaches to environmental and social sustainability and development partner instruments with borrower country systems, as evidenced by the Paris Declaration (2005)⁶ and the Accra Agenda for Action (2008),⁷ and as reinforced by the High Level Forum on Aid Effectiveness in Busan (2011).⁸ The Bank also responded to the changed environmental and social sustainability challenges through the Use of Country Systems (UCS) pilot program.⁹ This approach relies on borrower countries' legal frameworks and institutions to address issues covered by the safeguard policies in project design and implementation where they are determined by the Bank to be equivalent in their coverage and acceptable in their implementation. Initially focusing on stand-alone projects, the pilots were later extended to sectoral-level programs, and the Bank now has in place a robust systems review methodology. The Bank's experience in these pilot programs, together with the experience of the Asian Development Bank in country systems, informs the Bank's thinking on how to help borrowers strengthen their country institutions and systems.

⁶ See the website on aid effectiveness <http://www.oecd.org/dac/aideffectiveness/>. The Paris Declaration, endorsed on March 2, 2005, is an international agreement to which over one hundred Ministers, Heads of Agencies and other Senior Officials adhered, and committed their countries and organizations to continue to increase efforts in harmonization, alignment and managing aid for results with a set of monitorable actions and indicators.

⁷ The Accra Agenda for Action was drawn up in 2008 and builds on the commitments agreed in the Paris Declaration.

⁸ <http://www.aideffectiveness.org/busanhl4/>.

⁹ See the Bank website for Use of Country Systems, <http://go.worldbank.org/RHRJVXDW60>.

19. ***A changing external landscape.*** Over the last two decades, awareness has gradually increased of the value and vulnerability of the global commons, including the atmosphere and the oceans, and of global public goods, such as biodiversity. While progress has been made at the country level, policy and decision makers continue to struggle with global- or regional-level environmental and social challenges, and with identifying ways in which to factor environmental and social issues into collective decisions and actions. Climate change in particular is having an increasingly negative impact on development, contributing to volatile weather patterns and more frequent natural disasters like floods and droughts. These impacts in turn affect the volatility of food markets and threaten those who are already marginalized or vulnerable. Issues associated with land, natural resources, and ecosystems; urbanization, forced or economic migration, marginalization, and inequality; food and energy crises are just a few headline examples of issues that demand attention by Bank projects and programs today. These challenges pose a significant risk to development over the coming decades. A consideration of these important development risks will inform the review and update process.

20. ***Changing Bank operations.*** Over the past decade, there has been significant change in the types of projects and programs financed by the Bank as well as the range of its financing instruments. Today the Bank offers its borrowers DPLs (2004) and PforR (2012), in addition to Investment Lending. Investment Lending remains at the heart of Bank operations – over the last three years, investment operations have accounted for 82 percent of the Bank’s projects and 66 percent of financial commitments. At the same time, borrowers now put investment loans to a wide variety of uses. In addition to purchasing hard assets, such as infrastructure, investment loans finance institution building, social development, and improving the public policy environment to attract private capital. Currently, the procedures for Investment Lending instruments are being revised to provide borrowers with the flexibility to adapt to diverse conditions, a faster response time, and better development outcomes.¹⁰ As well, the Operational Policy statements that govern the DPL and PforR financing instruments include specific provisions concerning environmental and social aspects. These statements are included in separate periodic reviews of experience with the implementation of those instruments. The review of the safeguard policies for Investment Lending will seek to respond to the changes in Bank operations noted above, recognizing that all of the Bank’s financing instruments seek to support environmentally and socially sustainable outcomes.

21. ***The growing role of the private sector.*** The role of the private sector has also evolved in the last two decades. The private sector is increasingly making investments in the form of public-private partnerships in various sectors that benefit development. As a result, the private sector is an important client and partner of development projects supported by the Bank Group. In 2006, IFC transformed its safeguard policies into Performance Standards designed to help IFC and its clients manage risks and achieve sustainability outcomes. This transformation shifted the emphasis from prescriptive measures to an explicit focus on the client’s environmental and social

¹⁰ See the Investment Lending Reform website: <http://go.worldbank.org/OE64AT0D50>.

risk management systems. These Performance Standards were taken up by a critical mass of international financial institutions involved in private sector projects, and have been applied by MIGA since 2007. Starting in Fiscal Year 2013, the Bank will also apply the Performance Standards when financing or supporting private sector projects in public-private partnerships in the infrastructure and related sectors.¹¹ Although the public sector and the World Bank have different roles and responsibilities from IFC and the private sector, the review and update process may benefit from assessing the value and extent of aligning the Bank's approach to environmental and social sustainability with the IFC Sustainability Policy and the Performance Standards, and the other initiatives that refer to them.

III. OBJECTIVES OF THE REVIEW AND UPDATE

22. ***Main objective.*** The main objective of the review is to strengthen the effectiveness of the safeguard policies in order to enhance the development outcomes of Bank operations. The review anticipates a new integrated framework that would articulate the objectives, define the operational policies to meet the objectives, and describe the processes by which the policies will be implemented. The review and update will build on the existing core principles of the safeguard policies; clarify objectives and desired outcomes; distinguish policy, principles and procedure; improve synergy across policies; consolidate fragmented or duplicative policies, and streamline guidance. In addition, the framework will clearly delineate the complementary but distinct roles and responsibilities of the Bank and the borrower. Finally, the framework will include systems and tools for day-to-day policy implementation by the Bank and the borrower. The approach reflects policy initiatives undertaken by IFC, other Multilateral Development Banks (MDBs), including ADB, EBRD, and IDB, as well as others in the last few years that have incorporated new features, such as overarching principles, clarity of roles and responsibilities between the lender and the borrower, and consideration of environmental and social issues in an integrated manner.

23. From the perspective of Bank operational and development effectiveness, the review and update process seeks to enable the Bank to achieve the following outcomes: renewing its partnership with borrowers; helping to address environmental and social risks of the next decade; increasing effectiveness, efficiency and timeliness; and achieving policy harmonization, coherence, and alignment.

24. ***A renewed partnership with borrowers.*** The Bank seeks to renew its partnership with its borrowers, rooted in a common commitment to environmental and social sustainability outcomes of projects and programs that the Bank supports, with more transparent accountabilities for the role played by each partner. Such a partnership would better leverage the increasing capacity of many borrowers to identify and manage environmental and social risks and impacts, in order to enhance development effectiveness. Where a borrower lacks such capacity, the Bank could

¹¹ *Proposed Adoption and Application of World Bank Performance Standards for Private Sector Projects Supported by IBRD/IDA* (R2012-0130).

deliver tailored capacity and institution building programs to strengthen the borrower's institutions and systems. This approach is consistent with trends in the international development community to move toward a collaborative and facilitative model between funding institutions and borrowers. While such a shift is a complex one that cannot be achieved in Bank operations by policy revisions alone, an integrated framework could: (a) build a common vision of desired environmental and social sustainability outcomes, and articulate the values underpinning Bank operations; (b) further enhance linkages between country institutions and the Bank and assist countries in enhancing environmental and social sustainability; and (c) help the Bank to design and deliver more tailored country capacity and institution building knowledge and programs.

25. ***Helping to address environmental and social risks of the next decade.*** An integrated framework could inform how ongoing and emerging environmental and social risks and impacts may be assessed and managed. Such issues include, among others, climate change, biodiversity loss, ocean acidification, economic and forced migrations, and public health epidemics. Some of these challenges may be specific to the global commons; others may be regional or country-specific in nature. A new integrated framework could offer the Bank, its borrowers and development partners an updated methodology to address the general and specific impacts and risks associated with these new and ongoing challenges. In addition, it could reflect appropriate aspects of environmental and social assessment and risk management approaches that are not contained in the current safeguard policies, but have been successfully utilized by both public and private institutions or are generally recognized as good international practice in the areas of environmental and social assessment and risk management.

26. ***Increasing effectiveness, efficiency and timeliness.*** An integrated framework would seek to improve the quality and speed of decision making and risk management, articulate roles and responsibilities of actors involved, and improve monitoring and supervision. More specifically, it could yield several operational benefits:

- *Enhanced outcome orientation* – promoting a stronger emphasis on desired sustainable development outcomes, together with tools to measure results, such as indicators, to help task teams focus on achieving project outcomes.
- *Greater clarity on the roles and responsibilities of the Bank and borrower* – differentiating the separate but complementary roles and responsibilities of the Bank and the borrower, as well as other relevant third parties such as development partners, in addressing environmental and social sustainability throughout the project or program cycle.
- *Enhanced risk management* – a measured shift towards the mitigation and management of risks throughout the life of an operation, proportionate to the scale of these risks. The Bank could increase its use of a risk-based approach for the management of its portfolio with monitorable and measureable risk indicators so that decision-making can be

informed by predetermined tolerances for risk. Such a shift towards risk management throughout the life of an operation would help the Bank improve sustainability outcomes. It would also enable task teams to more accurately gauge the costs of meeting policy objectives and requirements for the project or program. This is a complex task that would also require an alignment of internal incentives that values equally both project preparation and implementation.

27. ***Policy harmonization, coherence, and alignment.*** The review and update process will consider the benefits of policy harmonization and coherence with relevant aspects of other sustainability frameworks and recognized global good practices. The review and update will take note of recent safeguard updates by other MDBs, particularly those that address both public and private sector borrowers. Within the World Bank Group, the review and update will be informed by the Bank’s application of the Performance Standards to Bank-financed or supported private sector projects. In addition, the process will take into account approaches to sustainable development under implementation by others, including private and public sector initiatives that reference the Performance Standards (such as the Equator Principles, the OECD Common Approach for export credit agencies, and the European Development Financial Institutions), relevant UN agencies, other MDBs, bilateral development partners, and member governments.

28. ***Enhanced transparency in Bank operations.*** Finally, Management notes that this review and update process is taking place in a time of unprecedented transparency in all aspects of Bank operations. Such transparency should support the review and update process to achieve its stated objectives in the development of the integrated framework.

IV. SCOPE OF THE REVIEW AND UPDATE

29. ***The general scope.*** As described in paragraph 19, the review and update anticipates a new integrated framework that will articulate how all Bank instruments can achieve better development outcomes. Within that framework, proposed policy revisions will focus on the application of the safeguard policies to Investment Lending given the importance of this instrument for the Bank and its borrowers. With this approach in mind, the core policy content of the review and update process is the following set of safeguard policies:

- Eight environmental and social safeguard policies (see Box 1 below);
- The Policy on Piloting the Use of Borrower Systems for Environmental and Social Safeguards (“Use of Country Systems”), OP 4.00

Box 1: The Core Environmental and Social Safeguard Policies

- | | |
|-------------------------------------|--|
| • OP 4.01, Environmental Assessment | • OP 4.11, Physical Cultural Resources |
| • OP 4.04, Natural Habitats | • OP 4.12, Involuntary Resettlement |
| • OP 4.09, Pest Management | • OP 4.36, Forests |
| • OP 4.10, Indigenous Peoples | • OP 4.37, Safety of Dams |

30. OP 7.50 Projects on International Waterways has been undergoing a process of revision. Upon completion of this process, the Bank will consider the policy's status in relation to the review and update process. OP 7.60 on Projects in Disputed Areas will not be part of this process.

31. In addition, the Bank may review other relevant Operational Policies, such as some of the remaining Operational Policies in the OP 4 series, as well as past Operational Policies. The Bank will not review BP 17.55, Inspection Panel through this review and update process.

32. *Borrower institutions and systems.* The Bank will seek its borrowers' views and suggestions on how the Bank can better support and strengthen borrower institutions and systems to deliver measurable results. Starting with the first phase of consultation (see below) and throughout the period of review and update, the Bank will organize meetings with the offices of the Executive Directors as well as borrowers' in-country representatives and relevant agencies to seek their views and suggestions.

33. *Addressing social issues.* The review will consider ways in which an integrated framework could better ensure a comprehensive treatment of environmental and social risks and opportunities within an integrated assessment process that would complement the continued use of specific processes for projects involving involuntary resettlement or Indigenous Peoples. Disclosure of information, consultation, ongoing community and stakeholder engagement, dispute resolution and prevention, and grievance management at the project or program level will also be reviewed.

34. *Addressing issues covered under the IFC Performance Standards.* IFC in its 2006 and 2012 versions of the Performance Standards included several new areas of coverage.¹² These are areas of risk that IFC identified as commonly recurring in international projects, and hence require review in IFC's process of project appraisal and supervision. IFC experience indicates that addressing these issues enables investments in high-risk contexts. While IFC's treatment of

¹² For a detailed comparison of the safeguard policies against the 2012 IFC Performance Standards, please visit www.ifc.org/sustainability.

these risks is designed for its private-sector focused business model, it would be informative for the Bank to consider such areas of risk in this review process.

35. ***Addressing emerging areas.*** Some stakeholders have requested the Bank to consider in the review and update process a number of areas that are not addressed under the current set of safeguard policies. These include human rights, labor and occupational health and safety, gender, disability, the free, prior, and informed consent of Indigenous Peoples, land tenure and natural resources, and climate change. Examination of these areas, and if and how they can best be addressed by the Bank, will be part of the review process. The Bank will undertake an internal dialogue on these areas, followed by consultations with shareholders and external experts.

36. ***Analyses of lessons learned.*** The Bank's past and ongoing analytical work and reviews, as well as lessons learned from past evaluations and compliance reviews will inform the review and update process. Over the last few months, the Bank has engaged in discussions with its multilateral and bilateral development partners to identify their lessons learned from and innovations in their application of environmental and social policies. It will be instructive to consider the experience of IFC's application of the Sustainability Framework designed specifically for private sector projects as well as the approach taken by some MDBs that developed their safeguard policies to meet both public and private sector project needs.

37. ***Consideration of policy and non-policy options.*** While the Bank will engage in a process of inquiry into the areas described in the paragraphs above, there are a number of possible ways to address them, and not all may be appropriate to be expressed in the form of safeguard policy. Other potential options available include addressing issues as part of the principles, procedures, or guidance in an integrated framework, or through other Bank interventions such as upstream analytical work, policy dialogue, Country Partnership Strategy discussion, global or regional programs, or building an action platform with external partners. It should also be noted that because the Bank must work within the parameters of its mandate and its business model, it may not be possible or appropriate for the Bank to address all areas that may be identified or considered during the course of the review and update. In addition, all policy proposals will be screened for consistency with the Bank's mandate as set out in its Articles of Agreement.

V. COMPLEMENTARY MANAGEMENT ACTIONS: STRENGTHENING IMPLEMENTATION, SUPERVISION, MONITORING AND REPORTING

38. The review and update process provides an opportunity to undertake in parallel a number of complementary Management actions to improve the application, implementation, supervision, monitoring, reporting, and evaluation of activities under the existing safeguard policies. Some of these actions have already been indicated in the Management Action Record in response to the IEG evaluation, and are under implementation. Additional complementary procedural and guidance changes that need not involve policy changes are currently being identified, with a view to improving the quality of projects through both upstream preparation and downstream

supervision. Management is also considering ways to transform the Bank’s approval culture to one that emphasizes implementation, quality, and results. These actions will in turn inform the review and update process, and also help Bank staff and management prepare for an orderly transition to a new integrated framework.

VI. OPPORTUNITIES AND RISKS

39. ***Opportunities.*** A successful review and update process could yield multiple benefits for the Bank, its shareholders, and its internal and external stakeholders: (i) delivering better environmental and social outcomes; (ii) strengthening country systems and institutions; and (iii) improving coverage of environmental and social risks. An integrated framework could effectively become a global public good by serving as a de facto risk management reference point for other MDBs and the other international financial institutions that work with the public sector. This could result in better management of negative environmental and social impacts and risks, and enhancement of measurable positive impacts on environmental and social sustainability, development effectiveness, as well as efficiency of operations.

40. ***Risks.*** The safeguard policies are among the most visible of the Bank’s Operational Policies. They are complex in nature, and attract strong interest from a large and diverse group of stakeholders. They have been developed over time, and represent ongoing learning and adaptation by the Bank on management of environmental and social risks. While the review and update process represents a valuable and timely opportunity to evolve the safeguard policies, it also entails challenges at multiple levels. Any proposed change to the current wording of the safeguard policies may be interpreted by some as a weakening of existing requirements. The multiple and sometimes conflicting voices that claim to represent stakeholders’ interests can lead to a polarized debate, and make it difficult to find consensus. The Bank will seek to strike the right balance, guided by its mandate, its overall development objectives, and implementation considerations.

VII. THE REVIEW AND UPDATE PROCESS AND CONSULTATION

Stakeholders

41. ***Recognition of a wide range of stakeholders.*** The Bank seeks to elicit multi-stakeholder participation and input throughout the review and update process. To this end, the Bank will engage with its shareholders, and internal and external stakeholders, to seek their views and input. By engaging a wide range of stakeholders in dialogue, the consultation process will also aim to build a base for dialogue between the Bank and its stakeholders so that implementation of a new integrated framework can continue to benefit from diverse perspectives beyond the life of this review and update.

42. ***Consultations with shareholder governments.*** Central to the review and update process is the diversity of experience, perspectives, knowledge and expectations of its shareholder

governments. Management will seek advice from Executive Directors on how best to organize in-country consultations with shareholders to understand their experiences, views and priorities at the national and sub-national level. In the case of donor countries, discussions will include their interest and willingness to shape and provide targeted assistance to facilitate institutional strengthening and capacity building in borrowing countries.

43. ***Consultations with internal stakeholders.*** Bank management and staff have two decades' experience in applying and implementing the safeguard policies. The review and updating process will benefit fully from this experience. To do so, internal consultations will be conducted with Bank staff in country offices as well as in headquarters. These consultations will give Bank staff opportunities to discuss and share their views on how to improve the design and implementation of the current safeguard policies and move toward an integrated framework. The consultations, which will be both virtual and face-to-face, will take a variety of forms, including open fora, targeted meetings, focus groups, and video-conferences.

44. ***Consultations with external stakeholders.*** The consultative process will seek the views of a wide and diverse group of stakeholders. Engagement with stakeholders and constituencies will include, but not be limited to, the following: (a) representatives of borrowers; (b) United Nations agencies; (c) multilateral and bilateral development partners; (d) private sector representatives; (e) development-oriented organizations and foundations; (f) academic and applied research institutions; (g) professional organizations and societies; (h) labor organizations; (i) Indigenous Peoples representatives; (j) leaders and representatives of a sample of communities affected by Bank operations; and (k) civil society organizations at international, national and local level involved in advocacy or service delivery. The feedback from communities directly affected by World Bank-funded projects that have applied the safeguard policies is particularly important. The Bank will hold focus group meetings with communities from a variety of geographical locations that have encountered a number of social and/or environmental issues during design or implementation of Bank-funded projects (including communities that have previously been interviewed by the Bank as well as those that have not).

Overall Process

45. ***Three phases of the review and update process.*** Management envisages the overall process of reviewing and updating the safeguard policies to take 24 months and to consist of three key phases. The three-phase review will be supported by a global multi-stakeholder consultation process to elicit input from interested stakeholders in as broad and inclusive a manner as possible. The following table highlights key activities in the three-phased process (additional details will be available in the consultation and communication plan, to be released simultaneously with this paper):

<i>Timeline</i>	<i>Phase</i>	<i>Description</i>
July 2012 – April 2013	Phase 1: Global Review	Phase 1 will include the following <i>concurrent activities</i> : <ul style="list-style-type: none"> • a global review of good practice / lessons learned • preparation and presentation to CODE (Committee on Development Effectiveness) of this Approach Paper • initial consultations with shareholders and internal stakeholders • external consultations seeking input on opportunities, emerging directions, and options to inform drafting of an integrated framework, for a period of four months from the public disclosure of this Approach Paper • expert meetings on emerging issues • preparation of an initial draft of an integrated framework, incorporating the objectives of the review and update process and taking into account feedback received from stakeholders
May 2013 – Nov 2013	Phase 2: Initial Draft Integrated Framework	Phase 2 will include: <ul style="list-style-type: none"> • report to CODE on the outcome of the Phase 1 activities, and presentation of initial draft integrated framework • external consultations seeking feedback on initial draft integrated framework for a period of three months • preparation of draft integrated framework that takes into account feedback received from stakeholders
Dec 2013 – June 2014	Phase 3: Final Integrated Framework and Policy Recommendations	Phase 3 will include: <ul style="list-style-type: none"> • report to CODE on the outcome of the Phase 2 activities, and presentation of second draft integrated framework • external consultations seeking feedback on second draft integrated framework for a period of three months • preparation of final integrated framework that takes into account feedback received from stakeholders • report to the Board of Directors on the outcome of the consultations on second draft integrated framework, and presentation of the policy recommendations for approval

46. **Three phase process with three consultation periods.** A public consultation period will be built into each of the three phases of the review and update process. After CODE endorsement of this Approach Paper, the Phase 1 consultation will be launched. Subsequently, Management

will discuss draft documents with CODE before the start of the consultations for Phases 2 and 3 and before making any draft documents public.

- *Phase 1.* This Approach Paper and some initial consultation questions (see Annex A) will be posted on the consultation website for comment. The Bank will begin its engagement with its shareholders and internal stakeholders to seek consensus on the approach to the review and update. During this time, following internal consultations, the Bank will convene a series of dialogues with selected experts on the emerging areas to help inform the analysis and shape the development of a first draft integrated framework. In addition, there will be targeted face-to-face meetings with stakeholders groups, including selected project-affected communities.
- *Phase 2.* Consultations during this phase will focus on soliciting feedback on a first draft integrated framework. The Bank will organize face-to-face meetings and connect multiple sites via video-conferencing to facilitate reaching as many countries as possible. Focus groups with project-affected communities will continue during this phase, and interested stakeholders will also be able to comment on-line through the website. In addition there will be a series of issue-specific e-conferences to gather feedback on particular topics.
- *Phase 3.* During the third and last phase, consultation will largely be conducted on-line, with additional targeted face-to-face meetings conducted as needed.

47. ***Consultation website.*** A dedicated consultation website will be launched to provide a platform for disseminating information on the consultation process, posting consultation documents, conducting on-line discussions, as well as posting background or supporting documents to inform stakeholder contributions to the feedback process. The website will include a mechanism to receive written comments on-line (via a survey form, which can also be printed out and faxed or mailed). All comments received through these different modalities will be summarized and shared through the consultation website and posted on a continuous basis through all three phases of the consultation process.

48. ***Consultation languages.*** Key consultation documents (e.g., the Approach Paper, the consultation and communication plan, and first and second draft integrated framework) will be made available in Arabic, Chinese, English, French, Portuguese, Russian and Spanish.

VIII. STAFFING AND MANAGEMENT

49. ***Staffing and management of the process.*** The process of review and update of the safeguard policies will be undertaken by a team comprising OPCS, SDN and LEG, with participation by EXT and the Regions. The Operations Risk Management Department (OPSOR) will coordinate the work of the team. The joint team will tap into knowledge and experience of other Networks as relevant. The team will also work closely with IFC and MIGA, and will seek

input from IEG, among other internal stakeholders. Throughout this process, Management will work with the Board through CODE and provide regular briefings so that the process can benefit from the views of the Board.

IX. NEXT STEPS

50. ***Launch of the Phase 1 consultation activities.*** Following discussion with CODE, Management will launch the first phase of the consultation activities. This paper will be translated and publicly disclosed following CODE discussion for comment for a period of four months. The paper can be accessed at: www.worldbank.org/safeguardsconsultations. This site will go live shortly after the CODE discussion. The communication and consultation plan will also be posted on line (see Annex A). In the event that external stakeholders wish to submit questions and comments on this paper, or any matter related to the review and update process, they can do so using a dedicated email address: safeguardconsult@worldbank.org. A set of guiding questions will be included on-line along with this Approach Paper. Stakeholders can use the consultation software available on the consultation website to provide their responses.

Annex A: Phase 1 Consultation

During the first phase of external consultations, the Bank will seek input and feedback on the Approach Paper, including the following areas that will be useful to inform the draft integrated framework:

- 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;
- issues and challenges encountered during the application of safeguard policies;
- core principles that can promote sustainable development and that the Bank should consider, including those already reflected in the current safeguard policies;
- examples of environmental and social sustainability frameworks that the Bank should consider in the course of the review;
- additional factors the Bank should consider beyond the internal and external drivers described in the paper;
- recommendations with respect to 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);
- examples of environmental and social assessment and risk management approaches (used by either public or private institutions) that are not reflected in the current safeguard policies, but should be considered in the course of the review;
- aspects of the 2010 IEG evaluation on the safeguard policies and the accompanying recommendations that are particularly important for the review and update process;
- recommendations to help the Bank promote a renewed partnership with its borrowers that is based on a common commitment to environmental and social sustainability;
- how the Bank can better support borrowers in their efforts to strengthen their systems and institutions with respect to environmental and social safeguards practices to yield more sustainable results on the ground.