

# **Comments on the World Bank's Draft Policy Paper (December 29, 2011) on Program-for-Results Financing**

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## **Comment 1:**

**Criteria described in para. 8 of Annex C: Draft Operational Policy Statement (OP) 9.00 and in para. 29 of Annex D: Draft Bank Procedures (BP) 9.00 should be mandatory requirements for borrowers.**

Rationale:

- Criteria described in para. 8, OP 9.00 and in para. 29, BP 9.00 are stated as consideration points. It is unclear how borrowers' social and environmental systems are assessed by the World Bank.
- Under Asian Development Bank (ADB)'s program loans, borrower's social and environmental systems have to be complied with ADB safeguard objectives, principles and requirements (para. 62, ADB Safeguard Policy Statement).

## **Comment 2:**

**The existing mitigation hierarchy (impacts should be avoided, if avoidance is not feasible, minimization and mitigation should be conducted) should be sustained in para. 8 (b), OP 9.00.**

Rationale:

- The requirement in para. 2, OP 4.12 is excluded in para. 8 OP 9.00.
- International Finance Corporation (IFC)'s Performance Standards 1 clearly states that "To adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, and , where residual impacts remain, compensate/offset for risks and impacts..."

## **Comment 3:**

**Public consultation should be initiated in an early stage.**

Rationale:

The requirement in para. 14, OP 4.01 is excluded from para. 29 (b), BP 9.00.

## **Comment 4:**

**Information on social and environmental impacts should be disclosed in a timely manner, in an accessible place and in a form and language understandable (para. 29 (b), OP 9.00).**

Rationale:

Para. 29 (b), BP 9.00 requires only "timely dissemination of Program information," and it is inconsistent requirement with paras. 15 and 17, OP 4.01.

**Comment 5:**

**Significant conversion of natural habitats should be excluded from the scope of Program for Results Financing.**

Rationale:

Para. 29 (d), BP 9.00 states that “if avoiding the significant conversion of natural habitats is not technically feasible, include measures to mitigate or offset the adverse impacts.” However, if there is a significant adverse impact in the program (categorized as Category A), it has to be excluded from the scope.

**Comment 6:**

**Preference to land-based resettlement strategies should be given for displaced persons whose livelihoods are land-based.**

Rationale:

The requirement in para. 11, OP 4.12 is excluded from para. 29 (i), BP 9.00 (The requirement is also included in D-6, Table A1, OP4.00).

**Comment 7:**

**BP 17.55, Inspection Panel should not be governed by the OP 9.00. Full applicability of compliance review by the Inspection Panel should be clearly stated in the OP 9.00.**

Rationale:

It is unclear how the Inspection Panel investigates the Bank’s compliance in Program-for-Results operations.