



CONCEPT NOTE

Environment and Social Community of Practice Seminar on

“Country Systems in Practice: Advancing Environment and Social Risk Management”

1. BACKGROUND

Multilateral Development Banks (MDBs) and development partners have increasingly recognized the strategic importance of strengthening and applying country systems¹ to manage environment and social (E&S) risks and impacts of development operations. When effectively implemented, and where client capacity is strong, the use of country systems can enhance alignment with national E&S frameworks, reduce duplication in applying the standards, promote country ownership, and lower transaction costs.

The World Bank’s 2005 pilot program under Operational Policy (OP) 4.00 marked a significant step in this direction. It enabled the use of national E&S systems in Bank-financed projects, encompassing national laws, regulations, institutions, and procedures – provided these national systems were found equivalent to the Bank’s safeguard policies and acceptable in practice. While innovative, uptake was limited due to the stringency of equivalence assessments, methodological complexity, and constraints in institutional capacity on the borrower side. By 2010, only fourteen (14) pilot projects were completed, with ten (10) more in a second phase.

Despite these challenges, the pilot phase generated valuable lessons. MDBs recognized that effective application of country systems requires both policy and institutional alignment, and underscored the need for a pragmatic, risk-based, and capacity-building approach. The World Bank’s 2010 Environment Strategy background paper recommended broadening the definition of country systems, adopting internationally agreed principles, moving toward outcome-based assessments, and embedding capacity development as a core element. These insights have since been integrated into MDB Environment and Social Frameworks, which now emphasize more flexible, country-driven, and harmonized approaches to environment and social risk and impact management.

¹ Country Systems refer to the client’s (or Borrower’s) environment and social frameworks for managing environment and social risks and impacts, which encompasses national environment and social laws and regulations, policies, procedures, and institutional set-up (including capacity) at the national, subnational, and sectoral levels.

Importantly, the G20 MDB Roadmap (2024) reinforces this agenda, calling on MDBs to “strengthen country systems through capacity building and promote more streamlined, agile and risk-based operational policies and processes” and “work more as a system and engage with governments, national and subnational development banks and the private sector to maximize development impact.” MDBs themselves have welcomed this focus, noting the importance of “enhanced collaboration, harmonization and joint efforts to improve effectiveness, efficiency, and impact of MDBs as a system.”

This seminar directly contributes to this agenda by fostering dialogue, building consensus, and generating practical recommendations to advance the effective application of country systems. It will build on these insights by convening MDB environment and social experts, E&S practitioners from the public and private sectors, government officials, and development partners to exchange experiences and explore practical mechanisms to strengthen the effective application of country systems in E&S risk management under the auspices of the Environment and Social Community of Practice (E&S CoP).

The Community of Practice² was formed by E&S MDB practitioners to collaborate, coordinate, and share experiences and lessons learned in applying environment and social policies and standards, and in building the capacity of clients in applying the standards to achieve sustainable outcomes of MDB-funded projects. With its original geographical focus on East Asia and the Pacific Region, the community has now expanded its geographical scope to other regions, with support from the Multilateral Cooperation Center for Development Finance (MCDF).

2. OBJECTIVES

The seminar is designed to explore how country systems can be more effectively applied in managing environment and social (E&S) risks, with the aim of promoting their broader adoption and strengthening their effective use in MDB-financed operations. By the end of the seminar, participants will have developed a shared understanding of the applicability of country systems, supporting improved integration of MDB E&S standards into national frameworks, more harmonized implementation of standards, and enhanced national ownership.

Specific objectives are to:

- **Examine challenges and opportunities:** Identify the unique challenges and opportunities in applying country systems to E&S risk management, illustrated through practical case studies, and demonstrate how national frameworks interact with MDB E&S requirements.
- **Clarify conceptual and policy frameworks:** Refresh participants on the conceptual underpinnings and MDB policy approaches to country systems, ensuring a common foundation for deeper technical discussions.
- **Highlight country practices:** Explore how selected countries are operationalizing E&S risk management through their national systems, with emphasis on strengths, limitations, and areas of alignment with MDB standards.

² The original concept of forming the MDB Environment and Social Community of Practice (CoP) was initiated by the World Bank and included the Asian Development Bank, Australia’s Department of Foreign Affairs and Trade

- **Promote good practices and innovation:** Showcase innovative tools, approaches, and collaborative efforts that enhance the credibility, effectiveness, and acceptability of country systems in managing E&S risks.
- **Generate actionable recommendations:** Develop practical recommendations to inform operational guidance and joint initiatives aimed at strengthening capacity and harmonizing approaches.

3. MAIN ACTIVITIES

Building on the work of MDBs and the feedback received during the Multilateral Financial Institutions Working Group on Environment and Social Standards (MFI WGESS) Fall meeting in Rome, it is evident that further discussion and targeted capacity building on the use of country systems are required. In response, MCDF, in collaboration with the African Development Bank (AfDB), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), New Development Bank (NDB), and the World Bank, is convening a one-day seminar.

The seminar, *“Country Systems in Practice: Advancing Environment and Social Risk Management,”* will be held on **24 October 2025** (Friday) at AIIB headquarters in Beijing, China.

Format:

The seminar will be structured as an interactive one-day event featuring plenary sessions and moderated exchanges. It will combine high-level perspectives with practical experiences and solutions.

- **Opening Session:** Introductions and framing of the seminar’s objectives, including welcome remarks by MCDF leadership.
- **Keynote Speeches:** Perspectives on the importance of country systems in managing E&S risks and impacts, presented from both MDB and client perspectives.
- **Plenary Session 1 – Country Systems in Practice: Global Trends, Insights, and Lessons Learned:** Panel discussion of MDB and client experiences, best practices, and challenges in applying country systems.
- **Plenary Session 2 – Advancing Country Systems: Practical Approaches to Achieving Positive E&S Outcomes:** Focus on actionable solutions, innovations, and capacity-building strategies that strengthen alignment between national systems and IFI standards.
- **Moderated Discussion – A Way Forward: Practical Approaches to Achieving Positive Environment and Social Outcomes:** An open, moderated discussion to identify next steps, focusing on collaboration in overview assessments and key environment and social priorities for strengthening country systems.

- **Synthesis and Closing:** Presentation of key takeaways, consolidation of recommendations, and closing remarks by MDB leadership.

Target Audience:

The seminar will bring together MDB environment and social experts, E&S practitioners from both the public and private sectors, government officials, and development partners.

Language:

The seminar will be delivered in **English**, and simultaneous translation into Chinese may be considered if required.

4. EXPECTED OUTCOMES

By the end of the seminar, participants are expected to achieve the following outcomes:

- **Enhanced understanding** of the applicability of country systems in managing E&S risks and impacts, aligned with MDB requirements.
- **Consolidated lessons and good practices** from the use of country systems pilots and ongoing MDB experiences.
- **Strengthened networks and partnerships** among MDBs, clients, and development partners for collaboration.
- **Actionable recommendations** to inform MDB operational guidance, and future Community of Practice (CoP) initiatives, including knowledge products and peer learning activities.
- **Renewed institutional commitment** by MDBs and partners to invest in strengthening country systems as a foundation for sustainable development outcomes.

5. POST-WORKSHOP SUPPORT

Participants will receive session videos, presentations, and reference materials through MCDF's JIGSAW digital platform, and participants will be invited to join JIGSAW to continue the discussion and for peer-to-peer learning. A seminar report summarizing key insights and recommendations will be disseminated to participants.