

## **PRESS RELEASE**

### **NGO response to the World Bank's proposed Environmental and Social Framework:**

## **Proposed World Bank standards represent dangerous set-back to key environmental and social protections**

(July 22, 2016) For decades, experience has shown that sustainable development cannot be achieved through projects that impoverish communities and destroy the environment.

And yet, after a four-year review of its environmental and social safeguards, the World Bank has [released](#) new draft safeguard policies that vastly weaken core environmental and social protections for affected communities and the environment. At a time when the Bank intends to finance more high-risk projects in high-risk contexts, the safeguards should provide heightened protection and vigilance. Instead, the Bank has proposed increasing “flexibility” and relaxed requirements.

While there is a welcome addition of some new provisions on labor and non-discrimination, these gains have been largely undermined by the replacement of clear time-bound requirements with vague language, loopholes, flexible principles and reliance upon “borrower systems” instead of Bank safeguards to determine what social and environmental standards a project must meet. The draft appears to reflect little of the input received from civil society organizations, indigenous peoples and communities calling for stronger, clearer protections for their environments, their livelihoods and their human rights.

The new Environmental and Social Safeguards Framework does not reflect World Bank President Jim Yong Kim's commitment to ensure that the Bank's new rules will not weaken or “dilute” existing mandatory environmental and social protection measures. It does not even cover substantial portions of the World Bank's portfolio, including substantial rapidly disbursed policy-based lending. Important guidance documents have yet to be developed and will not be seen by the Bank's Executive Directors prior to their consideration of the new policy.

The World Bank's safeguard policies, once considered the gold standard in safeguards for development finance, were created in the wake of substantial negative impacts from World Bank projects on communities and the environment that led to significant social unrest. Recognition of the power imbalances within countries which led to the violation of communities' rights, was an important factor in the development of World Bank safeguards. They were intended to create clear environmental assessment standards, require public information disclosure, consultation with affected communities, recognition and protection of the rights of indigenous peoples and protection of forests and biodiversity.

“The use of World Bank funds often led to larger projects than otherwise possible and, thus, to heightened environmental and social risks for local communities,” said Korinna Horta of Urgewald in Germany. “The new draft policy reflects a race to the bottom in a shameful scramble to eliminate requirements for careful environmental and social due diligence, and fails to take the lives and livelihoods of affected communities into account.”

“By diluting the Bank's due diligence requirements, eliminating requirements for borrower compliance and clear accountability structures, and introducing vague language throughout the draft, the Bank has effectively dismantled thirty years of environmental and social protections for the world's most impoverished and vulnerable peoples,” said Stephanie Fried of the Ulu Foundation, a US environmental organization. “For the first time, the Bank will be allowed to fund the destruction of natural habitats, including nationally or locally protected forests, while stripping away protections and rights for forest communities, a shocking dilution of existing protections.”

World Bank projects have been linked to devastating human rights violations. Groups have documented the use of [torture](#) and forced labor in facilities where the Bank is financing projects, project workers sexually [assaulting](#) women and girls, and [crackdowns](#) on Bank critics. Despite this, the Bank has refused to commit to respect human rights and avoid adverse human rights impacts in all of its projects, the groups said. Instead of binding human rights requirements, the latest draft only explicitly includes human rights language in the aspirational Vision Statement.

“In refusing to acknowledge its rights obligations once again, the World Bank anticipates it will be able to violate human rights without consequence,” said Jessica Evans, senior international financial institutions researcher at [Human Rights Watch](#). “Rather than using this review of key environment and social policies to advance rights and cement its role as a leader in development, the World Bank has done the opposite.”

Rather than ensuring upward harmonization with international standards, the World Bank still refuses to acknowledge responsibility and accountability under international law. By failing to reference international human rights law the new policy lacks a coherent framework to guide actions and decision-making on a global scale. It ignores international treaties on human rights that have been refined over decades. The result is fragmentation, stemming from poorly defined or articulated guidelines and standards.

Furthermore, the latest draft in many cases holds Borrowers only to the requirements of their own national laws and systems. It lacks reference to key international conventions, which creates dangerous loopholes and undermines the uniformity of the current safeguard system, making it ever more difficult for affected communities to understand what standards are supposed to be met in projects.

“While rolling out heavy infrastructure projects, if the Bank proposes to rely on country systems without ensuring equivalence to Bank safeguards, this will push our overtaxed planet's carrying capacity to the very brink,” warned Rayyan Hassan of the Manila-based NGO Forum on the ADB. “The World Bank, as a leader in development finance, must set the bar on responsible development finance,” said Hassan. “The Bank must remain committed to ensuring inclusivity for all project-affected communities, uphold full transparency, aim for pro-poor sustainable development and ensure the Paris Agreement climate change target of no more than 1.5 degrees. The failure to do so represents a catastrophic threat to our survival.”

“The World Bank should uphold labor standard requirements that have been accepted and applied with broad support by other development banks, not act to undermine them by adopting standards that are inapplicable or deny the standard-setting role assumed by the ILO since 1919,” said Peter Bakvis, director of the Washington office of the International Trade Union Confederation. “We have deep concerns about the lack of guaranteed freedom of association for workers in Bank-funded projects and the shifting of responsibility for identifying forced labor, child labor and serious safety issues in the supply chain away from the Bank and the Borrower onto the supplier, an approach which is below the standards at other banks, including the World Bank’s own IFC.”

“Following last year’s headlines about the World Bank’s failure to track and ensure the well-being of millions of people who were forced from their homes and lands for its projects, it is unfathomable that the Bank would actually water down its resettlement policy,” said David Pred of Inclusive Development International. “The elimination of fundamental due diligence, disclosure and monitoring requirements, and enormous loopholes in the framework that allow borrowers to avoid adhering to the resettlement standards altogether will result in impoverishment on grand scale.”

“The new safeguards allow industrial logging and mining in primary tropical forests and promote the use of controversial and unproven “offsets” for damaged forests, providing companies with a “license to destroy” the environment in one region as long as they promise to protect it somewhere else,” said Pieter Jansen of Both ENDS. “This will have a devastating impact on the forests and forest-dependent communities alike.”

The latest draft deletes most of the previous draft’s sparse mentions of gender and women. “Only three of ten safeguards mention gender issues compared to five in the previous draft. This latest draft also fails to finally include a freestanding gender safeguard to protect women, girls, men and boys from harmful impacts,” according to Elaine Zuckerman of Gender Action. Its Glossary definition of disadvantaged or vulnerable groups removes gender and women and deletes the term ‘Inclusion’, which included women. The Bank’s companion *Bank Directive Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups* lists gender among vulnerable groups but does not state that it is subject to Inspection Panel cases.

“The policy raises serious concerns about when communities can become aware of projects that may affect them,” said Carla Garcia Zendejas of the Center for International Environmental Law. “Projects can be approved before crucial risk assessments and mitigation plans are even prepared or disclosed under this

policy. Communities cannot voice their concerns or participate in decisions that will have direct bearing on their lives and livelihoods without timely access to information” she added.

Only adding to the concerns about transparency and disclosure of information, more generally the blurred lines of accountability within the new framework also raise concerns about the processes, services, and mechanisms through which communities will be able to seek redress for harm. As Jocelyn Medallo, of the International Accountability Project, says: “The ambiguity in the standards applied to projects, coupled with the weakening of time-bound requirements for disclosure, will undoubtedly result in unnecessary hurdles for affected communities in accessing remedy for harms caused by projects. It’s critical that the World Bank ensure that direct access to the Inspection Panel - the World Bank’s independent accountability mechanism- is not impeded.”

According to Margaret Federici of the Bank Information Center, "we welcome language that prohibits discrimination and requires consideration of disadvantaged and vulnerable groups, but we’re concerned that all language defining these groups has been removed from the policy and placed into an opaque ‘directive’ about which there has been no consultation with affected communities.”

The new framework entrenches a hands-off approach to loans through financial intermediaries. For these loans the Bank turns over responsibility for managing social and environmental risk from the Bank to opaque third parties. Bank lending through financial intermediaries is on the rise, including for high-risk infrastructure projects.

“We are deeply concerned by the extraordinarily weak safeguards, the lack of Bank oversight, and the elimination of the natural habitat safeguard for financial intermediaries,” said Andi Muttaqien of ELSAM in Indonesia. “In our experience, opaque financial intermediaries do a poor job of information disclosure, consultation and environmental and social assessment.”

“In a time of shrinking democratic space globally, where fighting for secure land rights increasingly makes you a target and where indigenous peoples face ever more threats to their lands and resources, it is extremely disappointing to see the World Bank has failed to use the revision of its safeguard policies to assert the importance of participation and ownership by indigenous peoples in development initiatives affecting them,” said Helen Tugendhat of Forest Peoples Programme in the UK. “With this new draft the Bank has failed to ensure meaningful consent requirements, failed to retain strong requirements for collaborative and mutual joint planning, and again failed to ensure indigenous peoples participate in, or validate the outcome of, the assessment of potential impacts from development initiatives on their cultures, lives and identities.”

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