

the World Bank Safeguards Review



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The social and environmental policies of the World Bank – commonly referred to as the ‘Safeguards’ – have been under review since 2012. In July 2015, the World Bank released a second draft of the Safeguards for consultation and public comments. Both ENDS warns that the policies included in this new draft weaken the Bank’s independent accountability mechanism and will allow large-scale forced evictions to continue as a result of projects financed by the Bank.



New draft of Safeguards will allow large-scale forced evictions to continue as a result of projects financed by the Bank.

BACKGROUND

The World Bank strongly believes that economic growth is the best strategy to eradicate poverty and that large-scale infrastructure projects, such as hydro dams, are the primary contributors to this growth. The Bank’s social and environmental policies were developed in the last 20 years with the aim to protect communities and the environment against possible harmful impacts of such projects. Safeguard number 5, for example,

is meant to ensure that that projects financed by the Bank do not cause forced evictions. However, according to a recent report by the Bank itself, over the course of the past decade alone, millions of people have been forced from their land and homes as a consequence of the World Bank’s investments. Moreover, the research shows that during all those years, the Bank never adequately monitored what happened to people after they had been evicted, let alone compensated them for their losses.¹

¹ Involuntary Resettlement Portfolio Review Phase II: Resettlement Implementation, Social Development Department, 2014. Also: <http://www.icij.org/project/world-bank/124-countries-969-projects-34m-displaced-key-numbers>



What happens to people after they have been evicted?

World Bank projects challenge civil society organisations as they try to ensure environmentally and socially sustainable outcomes from development projects and programs. The very least the Bank should do is make sure that the new Safeguards truly minimise the risks for people and the environment. However, the opposite appears to be the case. The draft of the Safeguards that is now under review indicates that the Bank wants to increase its overall lending and investment in infrastructure and therefore sets out to relax its own rules, worried they are too tedious and will scare off borrowers. Concerned people in and outside the Bank predict that with the proposed new Safeguards the door will be opened to large-scale environmental destruction and a lack of protection for communities affected by World Bank funded projects.

MAIN CONCERNS ABOUT THE NEW SAFEGUARDS

According to Both ENDS and its partner organisations, the Safeguards must prevent people from being evicted. In the extreme case of an eviction, a relocation plan should be discussed together with all parties involved. This includes not only looking for new housing, but also for possibilities to earn a living and be self-supportive in the new situation. For fishermen and people who depend on the forest for their sustenance, access to natural resources must be guaranteed. However, the draft Safeguards released in July shows that the World Bank management no longer requires relocation plans to be agreed before a project is approved.

The main concern about the new Safeguards is that they initiate an over-reliance on the borrowers' national laws and regulations and the policies of financial intermediaries. This is extremely worrying given that infrastructure development is often driven by powerful alliances of investors that easily overrule the input from other interested or affected parties.

According to the proposed Safeguards, client or borrower countries will be allowed to monitor their own projects in terms of the social and environmental impacts and the compliance with the Bank's rules. The Bank shows the intention to improve the clients' capacity to do so. While there is nothing wrong with the Bank helping client countries improve their regulations, it is clearly unacceptable if this means the Bank shifts its own obligations and responsibilities to the client countries.



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According to the draft under review, the Bank will conduct due diligence to assess and appraise the national protections and their equivalence to the Safeguards. However, the policy does not spell out the criteria, principles and rules on which the Bank's due diligence of the borrower's national framework is based. Rather, the draft seems to propose that the Bank will rely, almost entirely, on the due diligence information provided by the borrower – which basically boils down to borrower self-assessment.

PARTNER ORGANISATIONS AND THEIR CONCERNS

The World Bank Safeguards are of crucial importance because, due to its multilateral status, the Bank is not required to abide by national laws. The Safeguards and World Bank's Inspection Panel are therefore the only mechanisms that affected people can use to hold the Bank to account. Moreover, for civil society groups in developing countries that lack well established legal and democratic decision-making frameworks, the Bank's Safeguards are also one of the few incentives to hold their own government to account.

It is no surprise therefore that our partner organisations are very concerned about the new draft that was released in July. Both ENDS accompanies its partner organisations to World Bank Annual Meetings to exchange their views and expertise with Board members of the Bank, including the Dutch executive director.



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According to Ram Wangkheirakpam of the North East People's Alliance in Manipur, North East India, there is an urgent need to recognise, advocate and support the very close relationship between communities and the forest. People depend on the forest to sustain their livelihood, while at the same time protecting its natural resources. According to Wangkheirakpam, the proposed biodiversity Safeguard falls short of recognising this vital relationship. He also expressed deep concern about the proposed use of biodiversity offsets to compensate for the degradation and destruction of critical natural habitat.

Chen Yu of Green Watershed, China, points out that the proposed Safeguards weaken the power of the Inspection Panel. The Inspection Panel, the World Bank's independent accountability mechanism, enables affected communities to file a complaint based on the violation of the Bank's own Safeguard policies if they feel that they have suffered harm. The fact that the Bank now proposes to rely more and more on national laws and frameworks in the client country, means that the Inspection Panel will be rendered incapable to respond in a meaningful manner to any complaints filed.

BOTH ENDS AND THE WORLD BANK

Since its early years, Both ENDS has closely followed developments related to the World Bank and other international financing institutions. The initial interest was sparked by the Bank's continuous involvement with the development of large-scale dams, which met with strong resistance from our partner organisations in the South.

Since the late 1980s Both ENDS has been engaging with the World Bank on the social and environmental impacts of its financing decisions. In the early 1990s, we were deeply involved in advocating that the Bank use its leverage in financing plans for the Sardar Sarovar dam in the Narmada River in India. This campaign resulted in a major enhancement of the Bank's Safe-guard policies and the introduction of its Inspection Panel. Today, many other financing institutions, including the International Finance Corporation (IFC) and recently the Netherlands Development Finance Company (FMO) have developed and implemented similar complaint mechanisms.

In the context of its long history of engagement with the World Bank, this briefing note is an expression of our deep concerns over the direction the Bank currently seems to consider with its Safeguard policy. We urge the Bank to guarantee that no future projects will force people to leave their land and homes and to reconsider all proposals that weaken the Safeguards and the role of the Inspection Panel.

USEFUL LINKS:

www.safeguardcomments.org

<http://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies>

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