**Preliminary Comments on the World Bank Guiding note to the new Environmental and Social Standards**

***Prepared by Water Governance Institute (WGI) – a Ugandan-based Non-Governmental Organization; email: info@watergovinst.org, watergovinst@gmail.com, website www.watergovinst.org***

## 1.0.General Comments

1.1.We take note that the World Bank has from time-to-time reviewed its operating policies and procedures for clearing Bank supported projects for financing. We appreciate the Bank for responding to our comments and those of the Independent Evaluation Group and proceeding to revise the existing safeguards policies and procedures to increase coverage, social inclusion, and harmonization across the Bank Group; enhance client capacity, responsibility and ownership; strengthen safeguards supervision, monitoring, evaluation to ensure rigorous implementation of Bank policies; and improve accountability and grievance redress systems and instruments for communities and individuals who want to express their concerns about World Bank-financed investment projects. However, while such response and revision of policies and procedures seems to be good practice, it runs a risk of merely shifting the goal posts, but remaining the same.

1.2.We observed that the Bank's policies and procedures were stricter and heavier at the front-end of project appraisal and approval, but weaker and not effective at the tail-end of the project approval, implementation and closure, especially at the monitoring stages to assess compliance with bank safeguards.

1.3.The Bank has always emphasized the protection of people (especially the vulnerable) and the environment, but throughout the 40 or so years of operation, we have seen Bank financed projects which have negatively affected people (most especially the vulnerable) and the environment to levels unacceptable i.e. disenfranchised people (socially, culturally/ spiritually, & economically) and rendered environments near dysfunctional. This has been and is common in developing countries i.e. putting investment interest ahead of the interest of ordinary people and the general environment; and promising jobs even in investments whose direct and indirect employment is minuscule.

1.4.Also, we have seen a shift towards the Bank's reliance more on country-based safeguards and less of its own safeguards, which has weakened the Bank's commitment to enforce compliance with safeguards at country level – hoping that the government would comply effectively to own policies and legislation. While the shift towards country-based systems seemed politically correct, it risks (risked) the bank finances being subjected to different standards of safeguards – with countries where safeguards standards are stricter and compliance levels higher performing better and the reverse being true. This approach has resulted in varied development outcomes that are not necessarily in tandem with the Bank's core objectives and targets of ending poverty and causing economic development.

1.5.We have also observed that over the many years of the Bank's lending and setting social and environmental standards, there are very few cases (if any) that the Bank can boast of having achieved poverty reduction and realized economic development depending on the Bank's financial and technical support. The question we now ask is what guarantees do we have that the new environmental and social standards will result in poverty reduction

and economic development for countries that will be borrowing from the Bank under this framework. Instead, what we see from the new environment and social standards is the dilution of the Bank's standards, just as the case was for the country-based systems … and we read …. with the main objective of increasing the Bank's total loan portfolio for greater returns to investment, not necessarily to achieve poverty reduction or economic development. This is evidenced in the following specific comments.

1.6. Of recent, we are seeing the Bank using the term "ending extreme poverty" which is a shift from "ending poverty". It is possible to move people out of extreme poverty, but they remain poor. The Bank needs to clarify exactly what they mean, because this would bring into question the rationale of borrowing funds from the Bank to just move people from extreme poverty, but they remain poor - could this be the reason many developing countries have remained poor, notwithstanding their internal governance and political challenges? The other interesting term or target is reducing inequality in the world and yet despite the Bank's existence inequality has continuously increased unabated - what exactly are we doing to realize in real terms, notwithstanding the impressive term, reducing inequality? What new thing is the Bank going to do that will actually make us realize ending of extreme poverty and reducing inequality, because reading through the new environment and social framework and the guiding notes, we do not see much difference from the previous practice?

## 2.0. Specific Comments

Below are excerpts from the new environment and social standards:

a) *"These new safeguards will build into our projects updated and improved protections for the most vulnerable people in the world and our environment. We also will substantially increase our financing of the safeguards to make sure this works as intended – with enough funding for both implementation and building capacity in countries so that they can play a more active role in protecting people and the environment."*

b) *"The framework brings the World Bank's environmental and social protections into closer harmony with those of other development institutions, and makes important advances in areas such as transparency, non-discrimination, social inclusion, public participation, and accountability – including expanded roles for grievance redress mechanisms".*

c) *"In order to support the new framework – and meet additional oversight demands – the World Bank is on a trajectory to substantially increase funding for the safeguards".*

d) *"Strengthening national systems in borrowing countries is recognized as a central development goal by the World Bank and most of its shareholders. In line with this goal, the framework places greater emphasis on the use of borrower frameworks and capacity building, with the aim of constructing sustainable borrower institutions and increasing efficiency"*

e) *"The new framework embodies the World Bank's commitment to environmental and social protections and responds to new and varied development demands and challenges that have arisen over time,"*

f) *"The experience and capacity of many borrowers has improved and our requirements have been updated to reflect the realities of today. The framework is designed to boost development outcomes in Bank projects by placing strong emphasis on sustainability, responsible use of resources, and monitoring and evaluation."*

g) *"The approved Environmental and Social Framework introduces comprehensive labor and working condition protection; an over-arching non-discrimination principle; community health and safety measures that address road safety, emergency response and disaster mitigation; and a responsibility to include stakeholder engagement throughout the project cycle".*

h) *"The new framework will promote better – and lasting - development outcomes. It provides broader coverage and access, and will benefit more people, especially vulnerable and disadvantaged groups. It will also strengthen partnerships with other multilateral development banks, development partners, and bilateral donors".*

i) *"Implementation will focus on supporting and strengthening the capacity of borrowers; training Bank staff and Borrowers to implement the framework; strengthening the Bank's Environmental and Social Risk Management System; and strengthening strategic partnerships with development partners".*

2.1. All statements from a)-to-h) are impressive and the usual things that the Bank has always targeted or pledged to realize. Increasing financing of the safeguards alone without some level of restrictions towards the use of the money before certain safeguards are realized is not enough. We recognize that the Bank is only a lending entity and therefore may not have significant interference in sovereign jurisdictions, but it could have leverage over the release of funds to the recipients at the different project appraisal, development, approval, , implementation, monitoring and closure stages.

2.2. While building capacities of countries to take a more active role in protecting people and the environment is a noble gesture, it is no guarantee that the respective countries will indeed protect the people and the environment after receiving Bank finances. It is one thing to teach a person on something, it is another for that person to actually practice what he/she has been taught. This is more of the Bank divesting itself on how funds derived from it are used and the impact the funds have on people and the environment. It may be argued that the Bank is only lending money to its members (read owners of the money) and so it has limited or no control. While this may be true, it is no justification for the bank to issue finances without checks and balances – we take note that the bank recognizes the need for risk management.

2.3. The bank recognizes the need to …. *"make important advances in areas such as transparency, non-discrimination, social inclusion, public participation, and accountability – including expanded roles for grievance redress mechanisms"…* However, this is the usual gab. The question is how are they going to ensure that these aspirations are realized with the new framework, especially in a dispensation which is questioning the actual meaning of each of these phrases e.g. what is transparency? How much disclosure (exposure) amounts to transparency and which is not? How do we measure non-discrimination, social inclusion and public participation? Is attending a consultative meeting participation? Are there situations where a grievance redress mechanism has ruled in favour of the affected persons and the project is stopped altogether? This latter question also needs to be answered in the context of the IFC grievance mechanism, who's underlying intention seems to be aimed at toning-down project-affected persons, but with final objective of having a project go forward irrespective of the concerns.

2.4. It is true that experiences and capacity of many borrowers has improved and it is good that the Bank's requirements have been updated to reflect current realties, including a focus on sustainability, responsible use of resources and monitoring and evaluation. Our hope is that monitoring and evaluation will not stop at just producing reports that are inconsequential to borrower behavioural change.

2.5. While we understand that the guiding notes are indeed a guide and non-mandatory, it gives the impression that the new environment and social standards are not mandatory considering that the Bank will be depending heavily on borrowers' governance systems. As part of building capacity, the bank should invest in making sure that country systems are in tandem with the set or at least internationally accepted standards and natural justice.

2.6. The guiding notes in general recognize the most important issues that need to be considered during project appraisal, development, implementation, monitoring and closure and we appreciate the content. Our concern is more on how the ideas presented in the guiding notes will be realized. We are making this comment at this stage, recognizing that we may not comment on everything in the draft, because we risk writing a comment the same size as the draft. But rather to request the Bank to put the above comments into considerations and see how best to integrate the above concerns in the guiding process of the Bank and borrowers.

2.7. We hope to make additional comments going forward

Signed on behalf of Water Governance Institute

**Bazira Henry Mugisha**
Executive Director