

PEOPLES MOVEMENTS AND ENVIRONMENTAL AND SOCIAL ACTION GROUPS SLAM THE WORLD BANK'S SHAM CONSULTATIONS ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS REVIEW

The World Bank (which includes the International Bank for Reconstruction and Development, International Development Association, International Finance Corporation and Multilateral Investment Guarantee Agency, amongst others) claims to be conducting around the world, "consultation meetings... announced with as much advance notice as possible to facilitate informed participation from a diverse set of stakeholders" *to review and update its environmental and social safeguards policies*. The World Bank (Bank) further claims that once these consultations are concluded, the "Bank will consider these areas (for reform) through internal dialogue and consultations with shareholders, as well as through a global series of dialogues with external experts".

It is clear that the Bank is in no way is doing anything different from that which it has done in past decades. Many such reviews have been conducted, thousands of groups and individuals have participated with the hope of seeing genuine reform and perhaps even democratization of the institution, only to be utterly disappointed. The current exercise, therefore, is yet another charade to mask the true intentions of its major shareholders: France, Germany, Japan, the United Kingdom and the United States, who are grappling with serious economic downturns and are conveniently using the Bank to force open global investment opportunities with scant regard to environmental and social impacts.

If indeed the Bank were seriously concerned about the impacts of its investments, then the best test would have been the demonstration of sensitivity in the investments made through its various lending operations. In India, the International Finance Corporation (IFC), the Bank's private sector lending arm, is complicit in massive human rights and environmental violations in the mega \$4 billion Tata-Mundra 4000 MW power project in the ecologically sensitive Kutch region of Gujarat. This massive coal based project would greatly increase global warming emissions and yet has applied for and got Clean Development Credits under the United Nations Framework Convention on Climate Change. A Wikileaks story quoted US embassy officials saying that, Bank funded big hydropower projects such as Allain Duhangan and Rampur projects in Himachal Pradesh have also been registered to get millions of dollars of free doles under the same fraudulent CDM scheme for projects that are neither sustainable nor additional. The World Bank, in its wisdom, has further endorsed such environmental crimes by offering a \$1 billion loan to the building of the Fifth Power System Development Project, which essentially is a transmission line for Tata-Mundra and three other large coastal power projects. Participating in such a manner, the Bank conveniently escapes any blame for the disaster and yet benefits from claims that it is financing 'development projects'.

Some years ago, the IFC played down its intention to finance the expansion of the notorious West Coast Paper Mills (WCPM) in Karnataka, a company that had worked without any functioning environmental safeguards for decades, resulting in ecological devastation of the biodiversity rich Kali River. But this dastardly act of WCPM has now been rewarded by the IFC with 17 equal half-yearly loans of approximately Rs. 150 crores since 2011.

The Bank's Policy on Piloting the Use of Borrower Systems for Environmental and Social Safeguards has in the past decade been a mantra to pave the way for promoting investment at any cost. Over a decade ago the World Bank

funded the Indian Ministry of Environment and Forests' Environmental Management Capacity Building Project. The result was a massive dilution of India's environmental and social safeguard norms. Worse, the processes that resulted from this capacity building lent voice to those within the administration and industry who were crying hoarse that the carefully evolved rigour of forest and environmental clearance standards in India was thwarting economic growth. Now again the Bank is offering to lend USD 1 Billion for the Ganga Action Plan following the same infrastructure-centered, governance-ignoring model that has failed over the past 25 years, while at the same time funding river-destroying hydropower projects such as the Vishnugad Pipalkoti project upstream. The Bank's funding to the project of THDC Ltd. (Tehri), known for its poor track record, has been challenged before the Bank's own Inspection Panel, but the Bank is engaging in propaganda against project critics rather than withdrawing from the project. None of the affected people from this, or any other ongoing, or past Bank funded project, or those working with affected peoples, have been invited to these consultations.

Many such examples can be cited to prove beyond any reasonable doubt that the so-called environmental and social safeguards of the Bank are a veneer to mask the true aims of this dangerous financial institution: to increase the profitability of its key shareholders at any cost.

The World Bank is extremely inventive in producing documents and jargon that sound good, feel good, and are often genuinely trusted by many. It relies heavily on maintaining a good reputation and positive image with governments and wider society, especially the media, in advancing its objectives. The current consultation exercise is a part of this theatre. But the proof of the Bank's intentions is in the pudding, and clearly evident from its refusal to say "NO" to many investments that have disastrous consequences, such as the Tata-Mundra, Rampur, Luhri and Vishnugad Pipalkoti projects. Not only has the World Bank financed such projects, but it has also aggressively defended such investments as necessary components of the globalization paradigm that it actively propagates. And when asked why there is so much world-wide criticism of the Bank and its so-called development agenda, it has famously quipped in its FAQ that "this occurred because we did not explain the Bank's mission or our work very well". The current round of consultations is part of the systemic rhetoric that the Bank repeatedly uses to avoid facing up to the real impacts of its operations and ideology.

Even if we were to assume for a moment that the current exercise of consultations is a genuine effort by the Bank to consult "stake-holders", documents accessed on the range and depth of these consultations reveal that they are highly segregated and sectoral, and participants have been carefully selected to largely include those who will say more or less what the Bank wants to hear. There is nothing public about such exercises, held as they normally are, in highly secure and luxurious venues in major cities around the world, with little or no prior information to the public. Further, World Bank officials typically consult bureaucrats and 'experts,' and do not engage with elected Legislators or Parliamentarians.

The best indicator of the shallowness of the Bank's consultations is the fact that communities grievously hurt and suffering from the Bank's lending and investment policies are not invited to these consultations. Consider this: globally, the only complaint that the IFC's Compliance Advisor/Ombudsman has processed for Compliance Audit against a Financial Intermediary lending is from a project in India -- IFC lending to IDFC and IIF -- which in turn used that money to fund a destructive thermal power project of the notorious GMR Energy. Despite a formal complaint pending review against this investment, the Bank, its bureaucracy and its consultants have not invited the complainants and affected communities to the current consultations, thus revealing the sham and mockery that the current review process is!

Exactly two decades ago the Bank had to get out of the Narmada Project, which was a historic development brought about by peoples' struggles. But the outrageous human rights violations and environmental destruction that the Bank's early involvement left behind in the Narmada valley is impossible to clear, with lakhs of people suffering while the project still far from being completed. The Bank clearly seems to have learnt no lessons from this disastrous experience. Rather than conduct this charade of consultations, Bank officials should study and follow recommendations of the World Commission on Dams, which they conveniently ignores.

Former World Bank employee, India's Prime Minister Dr. Manmohan Singh and former IMF employee, Planning Commission Vice Chair Montek Singh Ahluwalia, have repeatedly stated their opposition to genuine and democratic decision-making about environmental issues. India's Finance Minister P. Chidambaram has even infamously stated that the Government of India is "willing to tolerate debate, and perhaps even dissent, as long as it does not come in the way of 8 per cent growth". The Bank is in effect involved in the business of financing the anti-democratic aspirations of these top politicians. In such a political climate, the World Bank's environmental and social safeguards review is mere window dressing, as has been proven by its weak adherence to safeguard policies in many of its past investments and operations.

It took peoples' movements, grassroots networks and allied organisations across the world more than 30 years to pressure the World Bank Group to formulate, re-formulate and have in place mechanisms that would safeguard the social, environmental, cultural and traditional interests of communities and peoples affected by the World Bank Group's financing of so called development projects across the world and in India. However, it took the Bank, in particular the IFC, only one stroke of destructive imagination to bring in the new model of 'Financial Intermediary (FI) Lending' that wiped out all mandatory requirements posed by environmental and social safeguard principles on lending, as they are not bound by such standards. At a time when the FI model of lending in India by the IFC and the World Bank are expected to cross the halfway mark of their collective investments, it makes no sense for the World Bank to be conducting reviews of their environmental and social safeguards; they simply do not matter at all to the actual practice of the World Bank and its member agencies.

The current 'consultations' are a complete sham and must be denounced by anyone genuinely concerned about the nature of democracy and broad based public interest, and committed to the principle of Free, Prior and Informed Consent (FPIC), climate justice, sustainable development through democratic decision making and the Principle of Intergenerational Equity.