



## Review and Update of the World Bank’s Environmental and Social Safeguard Policies Phase 2 Consultations – Feedback Summary

**Date:** December 9, 2014

**Location:** Beijing, China

**Audience:** Civil Society Organizations

**Overview and Key Issues Discussed:**

Specific Feedback from Stakeholders
<b>1. General Comments</b>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• Moving away from frontloading and enhancing monitoring is very welcome. However, this has consequences on staff implications, which is not mentioned anywhere in the framework, especially whether the Bank intends to increase the number of staff or enhance the staff quality through training. The participant stressed the importance of qualified staff otherwise it will be difficult to apply these new requirements.</li> <li>• A participant requested a dedicated consultation session on land issues.</li> </ul> <p><i>Clarifications</i></p> <ul style="list-style-type: none"> <li>• A participant sought clarification on whether a longer timeframe for design of projects will be necessary following the enhanced supervision and monitoring proposed in the new framework. The participant further wondered whether the Bank will only be able to engage in big loan projects in order to meet the new safeguard requirements. If such is the case, how will the Bank change the scope during project implementation?</li> <li>• A participant referred to paragraph 2 of the <i>overview of the environmental and social Framework</i> where it is indicated that the framework is comprised of “<i>non-mandatory guidance and information tools</i>”. However, paragraph 9 in the same section indicates that “<i>Borrowers and projects are also required to comply with the World Bank Group Environmental, Health and Safety Guidelines.</i>” The participant sought clarification on whether that means that EHS guidelines are mandatory. The participant urged the Bank to clarify the relationship between paragraphs 2 and 9.</li> <li>• A participant urged the Bank to clearly make the distinction between the two types of Bank financed projects, namely big infrastructure and beneficiary focused projects like poverty alleviation or education with direct and indirect stakeholders. The participant warned that additional work would be generated if this is not taken into consideration.</li> </ul> <p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• Non-discrimination as core principle, including gender is very welcome. Moreover, ethnic minority and IP issues are very important in China. There are big gaps among regions, ethnicities and social groups. Most minority groups live in China’s western region, where they lack health, social security, and education services. They also have a low level of participation in public and political spheres. The participant mentioned that it is the Bank’s main role to protect the rights of these people and raise awareness. The participant urged the Bank to make</li> </ul>

<b>Specific Feedback from Stakeholders</b>
<p>reference to the convention on children’s rights, as well as to add a sentence to explicitly mention gender and ethnic minorities as part of the non –discrimination principle.</p> <ul style="list-style-type: none"> <li>• A participant urged the Bank to take leadership in setting high standards and stressed that guidelines are very important.</li> <li>• The proposed framework is comprehensive, however, by integrating the environmental and social assessments in one commitment plan, the framework will be hard to implement. There should be a clear distinction between social and environmental mechanisms and procedures as well as a clear separation between environmental and social assessments.</li> <li>• A participant pointed out that the Bank needs to clearly specify which “international best practices” are repeatedly referred to in the Framework. The Bank needs to also define what is an “exceptional case” and on whose authority exceptions are decided.</li> </ul>
<b>2. A Vision for Sustainable Development</b>
<b>3. World Bank Environmental and Social Policy</b>
<p><i>Clarifications</i></p> <ul style="list-style-type: none"> <li>• A participant sought clarification regarding subprojects. The participant mentioned that it is clear that in the case where a Bank project involves many subprojects, it is the borrower’s responsibility to classify the subproject. But for high risk projects, do national laws apply? The participant referred to paragraph 35 in the policy and urged the Bank to clarify the requirements stated in it.</li> </ul> <p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• A participant emphasized that ensuring full, systematic participation of persons with disabilities is crucial in Bank projects. The participant made the following recommendations: 1) to explicitly refer to the Convention on the Rights of Persons with Disabilities (CRPT) adopted in 2006 and ratified by China in 2008. 2) To ensure systematic integration of persons with disabilities throughout the framework including in ESS1, 2, 4, 5, 7, 8 and 10. 3) To include persons with disabilities throughout the project process from design to implementation to monitoring, not only in the consultation process. 4) To assess the unique differentiated impact of Bank projects on people with disabilities. 5) To define the term ‘inclusion’ as well as ‘accessibility’ and include full participation of disabled persons in the Bank project life cycle modeled after article 9 in the CRPT. 6) To allocate adequate financial resources as well as training programs. Finally, it was recommended that the Bank raise awareness among its staff, and set up clear internal standards for monitoring of Bank projects to ensure participation of disabled persons.</li> <li>• A participant urged the Bank to clearly define a logical approach to adequately conduct social assessment.</li> </ul>
<b>4. Environmental and Social Standard 1 (ESS1): Assessment and Management of Environmental and Social Risks and Impacts</b>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• A participant noted that while it is welcome that the draft makes provisions to measure the climate resilience of projects, it fails to include specific provisions for measuring and protecting the resilience of host communities and ecosystems.</li> </ul> <p><i>Clarifications</i></p>

<p><b>Specific Feedback from Stakeholders</b></p> <ul style="list-style-type: none"> <li>• A participant questioned whether the Bank would eventually withdraw from a project when a longer project design is necessary, and if capabilities are not met. How would the term ‘<i>where technically and financially feasible</i>’ be applied in such a case?</li> </ul> <p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• The Bank should require the use of transparent planning and assessment tools that are in line with existing national strategies such as: (1) integrated resource planning (as required by the Energy Sector Strategy); (2) full life-cycle accounting of environmental and social externalities; (3) greenhouse gas accounting; (4) low-carbon development strategies and nationally appropriate mitigation actions (NAMAs); (5) national REDD+ strategies; (6) national adaptation plans; and (7) national action plans to reduce short-lived climate pollutants.</li> <li>• A participant pointed out that the framework does not explicitly state whether the Bank or the borrower has the final say on the use of the borrower’s environmental and social framework. Instead, the framework merely requires the borrower to “provide information to the Bank in connection with the Bank’s review of the Borrower’s existing ES framework”. Without clarifying whether ‘reviewing’ refers to a decisive role of the Bank on this matter, the framework allows the borrower to take measures and actions to address gaps in the Environmental and Social Framework. In other words, the current language of the framework renders the decision-making power and procedure concerning using borrower’s ES Framework vague and unaddressed. If the Bank is indeed responsible for evaluating and taking decision of the use of the borrower’s E&amp;S Framework, this should be explicitly stated in the framework.</li> </ul>
<p><b>5. Environmental and Social Standard 2 (ESS2): Labor and Working Conditions</b></p>
<p><b>6. Environmental and Social Standard 3 (ESS3): Resource Efficiency and Pollution Prevention</b></p> <p><i>Clarifications</i></p> <ul style="list-style-type: none"> <li>• A participant sought clarification on the CO2 threshold and whether it is applied to a project overall or subprojects. It was pointed out that it is very difficult to quantify this requirement especially in China’s provinces.</li> </ul> <p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• There should be a direct quantification of all environmental and social externalities (such externalities should include the Bank’s new \$30/tonne shadow carbon price,<sup>[1]</sup> as well as other impacts such as land and water use).</li> <li>• A participant urged the Bank to add a dedicated paragraph on climate change mitigation.</li> </ul>
<p><b>7. Environmental and Social Standard 4 (ESS4): Community Health and Safety</b></p> <p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• A participant explained that Annex 1 of ESS4 covers aspects of large and small dams that go beyond international best practice, including the International Commission on Large Dams (ICOLD). This makes it difficult and impractical to implement. In China, for instance, there are no norms for the assessment of dam safety. Moreover, the framework does not provide procedures or guidance for the independent panel of experts to assess the safety of small dams.</li> </ul>

<sup>[1]</sup> Shadow carbon pricing would mean that the Bank would first calculate the carbon footprint of its investments and then include in the project’s economic and financial analysis a price of \$30 per tonne of carbon dioxide emitted. For energy projects, this will be significant in forcing a greater consideration of low-carbon alternatives given that they will likely become more comparable in price.

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<p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• A participant recommended the revision of point (d) in Annex 1 of ESS4 “Large dams require periodic safety inspections of the dam after completion.” The participant explained that it is impractical to find an independent expert team to conduct periodical post inspection on the security of the dam after project completion.</li> </ul>
<p><b>8. Environmental and Social Standard 5 (ESS5): Land Acquisition, Restriction on Land Use and Involuntary Resettlement</b></p>
<p><i>Comments</i></p> <ul style="list-style-type: none"> <li>• Explicit prohibition of forced eviction is a major positive development proposed in the new framework.</li> </ul> <p><i>Clarifications</i></p> <ul style="list-style-type: none"> <li>• A participant sought clarification on paragraph 6 of ESS5 and urged the Bank to add information on how the Bank will establish a status of the affected person through a census. The participant asked whether it will be a Bank census or a physical national land census, explaining that China, for instance, has national laws that determine the price of land. In this case, clarification was sought on how the Bank would relate to a national census of a respective country.</li> <li>• A participant pointed out that the issue of compensation is extremely important. The participant explained that much experience can be drawn from Republic of China (Taiwan) regarding land acquisition, especially in eminent domain. Clarification was sought on how the Bank would ensure that displaced persons benefit from development projects in a long term manner after the project is developed. It was suggested to give the affected person an alternative to either get compensation in form of payment, or a piece of land for the village/community/ or the affected person to use. In this way the affected person will benefit from a piece of land which will increase in value, permitting longer term access to benefits. The cost of compensation will in turn be reduced.</li> <li>• A participant sought clarification on the grievance redress mechanism, more specifically, in the case where a grievance cannot be resolved. In such a case, it was asked whether the Bank would resort to national law leading to mitigation in court, or if it would have the final authority to determine an alternative solution.</li> <li>• A participant sought clarification on legal conversion of land use. For example, in rural areas, the local legal authorities sometimes will convert the use of land into construction projects, which would be considered illegal according to national law. It was asked how the Bank would tackle the prohibition on conversion of land use. This should be explicitly mentioned in the policy.</li> <li>• While the introduction of forced eviction is very welcomed, its definition in footnote 5 is blurry and needs to be revisited.</li> <li>• A participant recommended clarifying the scope of application in ESS5 in point (e), and urged the Bank to clearly explain what the word sustainability means. Failure to do so might expose the Bank to high risk.</li> </ul> <p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• A participant recommended including explicit language on social displacement as well as on physical and economic displacement. The framework should also include measures to address these issues.</li> </ul>

<b>Specific Feedback from Stakeholders</b>
<b>9. Environmental and Social Standard 6 (ESS6): Biodiversity Conservation and Sustainable Management of Living Natural Resources</b>
<b>10. Environmental and Social Standard 7 (ESS7): Indigenous Peoples</b>
<p><i>Clarifications</i></p> <ul style="list-style-type: none"> <li>• A participant sought clarification on whether it is necessary to meet the four criteria indicated in paragraph 6 of ESS7.</li> <li>• ESS7 requires the development of an Indigenous Peoples plan or a broader integrated community development plan. The participant questioned how to define responsibilities within the local government, and asked who would provide the necessary budget for implementation of such plans.</li> <li>• Paragraph 20, in ESS7, outlines how to establish FPIC on one hand, but on the other hand, it states full consent is not required. The participant urged the Bank to clarify what consent means and to define a required percentage to reach consent.</li> </ul> <p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• Capacity building and training are necessary to implement the new framework especially for the implementing agencies. The Bank needs to provide stakeholders with better understanding otherwise the targets and objectives of FPIC will not be achieved.</li> <li>• A participant urged the Bank to explicitly mention that ESS8 on cultural heritage, and ESS5 on land rights, aim to protect the rights of Indigenous Peoples.</li> <li>• A participant recommended combining the Bank’s capacity building measures with China’s regulations on ethnic minority groups.</li> </ul>
<b>11. Environmental and Social Standard 8 (ESS8): Cultural Heritage</b>
<p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• A participant pointed out that the proposed standard on cultural heritage is not practical enough to address the different cultural heritage issues. It was recommended to clearly define the impacts, and to give clear instructions on how to conduct the assessments and the management plan.</li> </ul>
<b>12. Environmental and Social Standard 9 (ESS9): Financial Intermediaries</b>
<p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• A participant urged the Bank to look into China Banking Regulatory Commission’s (CBRC) detailed requirements on environmental, social and governance (ESG) issues for the Chinese banking sector.</li> </ul>
<b>13. Environmental and Social Standard 10 (ESS10): Information Disclosure and Stakeholder Engagement</b>
<p><i>Recommendations</i></p> <ul style="list-style-type: none"> <li>• A participant reminded the Bank that the extent to which the (potentially) affected community and local NGOs working in the project area participate in processes in which their rights and interest are to be largely affected is very limited in the Bank’s project financing in China. The participant urged the Bank to ensure that the (potentially) affected community and local NGOs are substantially involved in the decision-making, capacity building and project process.</li> </ul>