



**Review and Update of World Bank Safeguard Policies
Phase 2
Summary of the Consultation with Paraguay's private sector**

Date: November 26, 2014
Location: Asunción, Paraguay
Audience: Paraguay's Private Sector

Main comments:

Specific participant comments
1. General comments
<ul style="list-style-type: none"> • Oftentimes, the Borrower and the Bank have agreed to a specific Project, but the social and environmental issues involved may be beyond the scope of the project. It would be difficult to require the project's implementing agency to solve a larger problem. For instance, in Paraguay a waste water treatment plant was authorized five year after the pipes were built because of community opposition. • It is important for the Bank to support the country's legal and institutional framework. • The procedures that will guide the implementation of the Environmental and Social Framework should be as straightforward as possible. For instance, it would not be possible to give loans to small producers if they have to prepare environmental and social studies and meet strict environmental and social requirements.
2. A Vision for the Sustainable Development
N/A

3. Environmental and Social Standard (ESS1): Assessment and management of environmental and social risks and impacts
<ul style="list-style-type: none"> • In public calls for bids, the bidder first go through a technical evaluation and then the project is awarded to the lowest price bidder. However, low price bids do not adequately take environmental and social considerations into account and once the project is underway typically there is friction between the contactor and supervisor. The evaluation of social and environmental aspects should be done in parallel to the technical evaluation. The project’s environmental and social management should be budgeted separately under a specific line item. • In public tenders the responsible entity prepares a budget estimate. When preparing their tenders, bidders notice omissions and they realize that considering the missing social and environmental components will mean exceeding the budget estimate. For instance, the river bank road project was highly sensitive from a social viewpoint as it required getting easements of occupied land. It required twice as many resettlements as originally planned, and even building a church, and took twice longer than planned. • Projects should include specific engineering standards within certain ranges that can be effectively calculated (Paraguay’s Public Projects Law accepts 20% deviations from the original bid). However, the social and environmental component should be addressed separately from fluctuations originating in engineering adjustments. • Some projects should not be evaluated too strictly in regards to social and environmental impacts because they consist of improvement works. Their evaluation should be based on prior analysis and better methods to gather the opinion of potential beneficiaries or affected groups, in particular among people from different cultural backgrounds. Potential social impacts should also be reviewed by degree of impact. For instance, small and large scale resettlement.
4. Environmental and Social Standard 2 (ESS2): Labor and working conditions
N/A
5. Environmental and Social Standard 3 (ESS 3): Resource efficiency and pollution prevention
N/A
6. Environmental and Social Standard 4 (ESS 4): Community Health and Safety
N/A
7. Environmental and Social Standard 5 (ESS 5): Land acquisition, restriction on land use and involuntary resettlement
<ul style="list-style-type: none"> • The Paraguayan law restricts compensation to non-owners (land occupants lacking clear land title). This issue should be clearly included as a requisite in the loan agreement to ensure its implementation.
8. Environmental and Social Standard 6 (ESS 6): Biodiversity conservation and sustainable management of living natural resources
N/A

9. Environmental and Social Standard 7 (ESS 7): Indigenous peoples
N/A
10. Environmental and Social Standard 8 (ESS 8): Cultural Heritage
N/A
11. Environmental and Social Standard 9 (ESS 9): Financial intermediaries
<ul style="list-style-type: none"> ESS9 (paragraph 17) requires that the financial intermediaries publish in their website the links to the environmental and social assessment for all high risk sub-projects receiving financing. However, the Paraguayan law does not allow financial organizations to publish their clients' information. Publishing those links would allow identifying the environmental assessments' authors who are bank clients and this is not allowed by the law.
12. Environmental and Social Standard 10 (ESS 10): Information Disclosure and Stakeholder Engagement
N/A