



Review and Update of the World Bank's Environmental and Social Safeguard Policies

Phase 2

Feedback Summary

Date: January 8, 2015

Location (City, Country): Ottawa, Canada

Audience (Government, CSO, etc.): Government

Overview and Key Issues Discussed:

On January 8, 2015, the Canadian Department of Foreign Affairs, Trade and Development (DFATD) hosted a consultation meeting with the World Bank. Qays Hamad, Senior Operations Officer and Nina Chee, Senior Environmental Specialist, presented the proposed Environmental and Social Framework (ESF) to stakeholders. The discussion focused on human rights, risk assessment, labor, biodiversity, and Free, Prior, and Informed Consent. For purposes of conciseness, the following summary highlights comments and recommendations that were provided by individual representatives; collective comments and recommendations are noted as such.

Specific Feedback from Stakeholders
<p>1. General Comments</p> <ul style="list-style-type: none"> The proposed ESF should not refer to a large number of operational documents that may not be immediately available to the reader. The final draft of the ESF needs to be comprehensive and should be understandable to readers at all levels of capacity. Consultation participants asked for more information on the process of acquiring waivers for the existing safeguard policies and how the waiver process will change under the proposed ESF.
<p>2. <i>A Vision for Sustainable Development</i></p> <ul style="list-style-type: none"> Government representatives pointed out that the World Bank is addressing human rights when addressing social risk. The Canadian government wants to ensure that the World Bank is not funding projects that violate human rights. Therefore, the ESF must be written clearly and applied vigorously. World Bank and Borrowers can have different objectives with regard to human rights. The World Bank should therefore not rely on national law when these laws are discriminatory, as this would contribute to human rights violations. The Canadian government expects

the ESF to be most rigorous in these cases. The World Bank must ensure that no harm is done.

- Participants suggested limited references to the main international human rights treaties, including the United Nations' Guiding Principles on Business and Human Rights, and the nearly universally ratified International Labor Organization (ILO) conventions.
- Human rights can be promoted at the budget support level (Development Policy Lending).

3. *World Bank Environmental and Social Policy*

- Consultation participants criticized the exclusion of Development Policy Lending (DPL) and Program for Results (PforR) lending as well as the fact that the proposed ESF does not apply to MIGA, IFC, and Trust Funds. This results in the exclusion of a significant percentage of the World Bank's portfolio. Harmonization should be ensured across the areas that are not covered and have a different set of standards. There needs to be an assurance that protections provided are similar and that other lines of World Bank business do no harm.

4. *Environmental and Social Standard 1 (ESS1): Assessment and Management of Environmental and Social Risks and Impacts*

- Participants discussed the proposed adaptive risk management. It was pointed out that especially with regard to resettlement it is relevant to know all effects before the decision to finance a project is made.
- The Board should have a role further down the road when there is more clarity about projects impacts of resettlement.
- Canada's Official Development Assistance Accountability Act requires human rights impact assessments for projects. The World Bank's risk assessment therefore needs to be consistent with international human rights standards.
- If Borrowers' frameworks are being used for risk assessment, the World Bank should first review existing systems to establish whether they are acceptable and would uphold the World Bank's standards. The Bank's provisions should be implemented to compensate for any shortcomings in Borrower frameworks. Any agreement with the Borrower about the use of their systems needs to be transparent.
- The ESF needs more and clearer information on Fragile and Conflict Situations (FCS). Requirements for FCS should include more and targeted due diligence, not less due diligence. The ESF should distinguish between emergencies/natural disasters on the one hand, and FCS on the other hand. In some countries, adequate risk assessment and management systems may be in place after natural disasters, while capacity in FCS may be low.
- As Board scrutiny is missing during project implementation, shareholders must be able to trust the World Bank. That requires adequate resources for monitoring, supervision, and oversight. Consultation participants expressed concern that these activities are not a primary motivation for World Bank staff, who need more incentives for monitoring and supervision rather than for closing on loans.
- Borrowers will only be able to carry the burden of increased monitoring if they share the World Bank's commitment with regard to safeguards. The World Bank must address situations where there is no commitment from the Borrower or even actual resistance to safeguards and must ensure effective monitoring in those cases.
- It was suggest that there should be independent oversight for staff implementing the safeguards provisions.

5. *Environmental and Social Standard 2 (ESS2): Labor and Working Conditions*

- Government representatives welcomed that labor provisions are central in the proposed ESF. While the conventions of the International Labor Organizations (ILO) as well as the Convention for the Rights of Child are nor directly referenced, the proposed ESS2 is clearly inspired by those conventions. Especially the requirements on child labor will be important with regard to Canada's Official Development Assistance Accountability Act. ESS2 is well timed with the post-2015 agenda.
- The inclusion of the Occupational Health and Safety Guidelines and requirements of adequate compensation was also considered a positive aspect of the proposed ESF.
- The grievance mechanism for workers was considered particularly important. The World Bank should consider compensation for workers if ESS2 is violated.

<ul style="list-style-type: none"> The World Bank was asked to be transparent and inclusive when working on guidance for ESS2, engaging with DFATD.
6. Environmental and Social Standard 3 (ESS3): Resource Efficiency and Pollution Prevention
<ul style="list-style-type: none"> The precautionary approach should be clearly defined.
7. Environmental and Social Standard 4 (ESS4): Community Health and Safety
<ul style="list-style-type: none">
8. Environmental and Social Standard 5 (ESS5): Land Acquisition, Restriction on Land Use and Involuntary Resettlement
<ul style="list-style-type: none">
9. Environmental and Social Standard 6 (ESS6): Biodiversity Conservation and Sustainable Management of Living Natural Resources
<ul style="list-style-type: none"> Consultation participants welcomed the provisions of the proposed Environmental and Social Standard (ESS) 6. However, it was perceived that there are too many possibilities to diverge from the provisions. Strict adherence and due diligence is particularly important with regard to invasive species, as this problem can be managed only with great difficulty. Risk analysis and due diligence with regard to invasive species should be done upfront before project approval. The draft Standard should include references to existing international standards.
10. Environmental and Social Standard 7 (ESS7): Indigenous Peoples
<ul style="list-style-type: none"> The Canadian government perceives the switch from consultation to consent in Free, Prior, and Informed Consent to be a step back in the safeguard policies. Consent should not be defined as a veto because consent should not become international customary law, which could have domestic implications. The language of the definition needs to be clear in this regard.
11. Environmental and Social Standard 8 (ESS8): Cultural Heritage
<ul style="list-style-type: none">
12. Environmental and Social Standard 9 (ESS9): Financial Intermediaries
<ul style="list-style-type: none">
13. Environmental and Social Standard 10 (ESS10): Information Disclosure and Stakeholder Engagement
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