



Review and Update of World Bank Environmental and Social Safeguard Policies Summary of Civil Society Consultations

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Total number of participants: 12

Comments
<p>1. What improvements should the Bank make to its safeguard policies to strengthen their effectiveness?</p>
<ul style="list-style-type: none"> • Leadership in international standards. Bank safeguard policies should become a public good, and lead the way in respect to international environmental and social standards. • Operational Policy <ul style="list-style-type: none"> ○ The Bank's Environmental Impact Assessment (EIA) policy should be strengthened. If a project has international or regional impact, sectoral policy/assessment should be applied. ○ It is important to implement environmental monitoring of energy-related projects, i.e., evaluate carbon footprint and conduct relevant international consultations. ○ Category A projects should require three stages of assessment rather than the existing two. ○ Environmental monitoring of Category F projects: this category involves substantial hazards since such projects may lead to destructive environmental impact. ○ It is inappropriate to simply extend money for project implementation. Full-scale verification of projects is required, as well as public consultations. ○ Project information should also be disseminated through Internet. • Environmental Impact Assessment Instruments <ul style="list-style-type: none"> ○ On p.7 there is a phrase "where the project is likely to have sectorial or regional impacts". It is important to change it to something like "where INTERNATIONAL, sectorial or regional impact of the project IS NOT EXCLUDED... appropriate environmental assessment is required." Selenga Dam (Mongolia) is an example where no information was provided to Russia and the Russian position was not considered at all. • Law enforcement practice. One should seek to comply with the best international practice. For example, hydropower projects should be verified for compliance with the International Hydropower Association (IHA) standards. This would help prevent problems regularly occurring in Russia with the implementation of such projects (Evenk HPP, Boguchany HPP).

- **Creation of new jobs.** Attention should be given to the consequences of resettlement related to project implementation. Creation of new jobs for project implementation (e.g., HPP construction) is a positive impact. However, people who move to project areas often take root there, and in 5 years, after the project is completed, they start facing unemployment problems.
- **Inequality.** The Bank should pay closer attention to existing social and economic inequalities, since to date the interests of individuals are not always taken into consideration.
- **Land use.**
 - The Bank should pay attention to the existing Russian practice of what is known as “land-grabbing”. The revised safeguards should include provisions to prevent land-grabbing in project implementation; only this type of approach can be viewed as sustainable.
 - Consultations with local communities must be mandatory.
- **Poverty.** The issue of land-grabbing is directly related to the problem of poverty in Russia. It would be advisable to conduct a study on land use regulations, since no such studies are available to date.
- **New financial instruments.** Bank safeguards should be introduced into business practices in the following way. Projects involving issuance of infrastructure bonds must be subject to environmental expert review and land management assessment. It is highly important to apply the standards of such expert review to investment decisions.
- **Climate change.**
 - The safeguards will benefit from including a statement of the Bank’s position on this issue.
 - Special methodological procedures are needed to allow assessment of project climate change impact, as well as relevant climate change mitigation tools.
 - Each project should include a clear calculation of its carbon footprint and it must be compared with other alternatives (including the no project alternative). The methodology for the calculations should allow for comparison (direct or via re-calculation) with data received by other bodies, at the least with IPCC data.
- **Key definitions.**
 - Safeguards should be more specific and responsive to contemporary challenges such as climate change, sustainable development, inclusive and transparent projects and programs (for local and indigenous communities, civil society), changes in the structure of financial and development institutions.
 - The definition of “sustainable development” should be formulated by the Bank in a more specific way than just *development that meets the needs of the present without compromising the ability of future generations to meet their own (financial, environmental, social, demographic) needs*. More specific and explicit requirements for borrowers are necessary.
- **Environment: Bank’s position.**
 - Identification of *No-go-zones* for projects involving potential environmental risks (especially valuable and vulnerable areas and water zones).
 - Refusal of projects related to fossil fuel extraction (in the Arctic and deep-water areas).
 - Refusal to finance energy projects based on the use of coal and fuel oil.
 - Priority attention to energy efficiency and renewable energy projects.
 - Strengthening of safeguards to include commitments on sustainable use of biological resources (forests, lands, and marine areas).
 - The Bank should have an explicit position concerning stakeholder participation (including local and indigenous communities, relevant NGOs, etc.) in project development. Public discussions on environmental impact assessment of all projects with the potential for such impact should be held from the early stages of project development.
 - The Bank should be a leader in the application of safeguards in the framework of IFI structures.
- **Financial institutions.** The Bank should facilitate greater environmental and social responsibility of Russian financial institution-borrowers through

establishing strict requirements to be applied on a continuous rather than occasional basis, and consistently work with them to develop sustainable, binding accountability mechanisms.

- **Biodiversity.** Loss of biodiversity is a highly significant problem in Russia. There is a need to apply the so called *precautionary principle*: proactively consider potential impact of proposed Bank-financed projects on biodiversity due to poaching and illegal trade in threatened species of flora and fauna. Illegal trade in threatened species of flora and fauna is the third largest illegal business in the world, and it is important to prevent the Bank having a role in promoting such business.
- **Social expert review.** The Bank has an extensive range of tools for environmental expert review. Similarly, relevant tools for social expert review need to be introduced in Bank practice.

2. How can the Bank help the client countries in their efforts to develop legislative framework, systems and institutes in the above areas?

- **“Trendsetter” in international standards.** Russia plays an increasingly important role as an international donor. It is important to use Bank safeguards to set up a system of the highest international standards that could serve as best practice for Russia in developing legislative frameworks, systems and institutes for environmental and social responsibility.
- **Land and forest management.** The Bank could assist Russia in the elaboration of a legal framework on forest management in view of the existing problem of land-grabbing.
- **Financial institutions.** The Bank could urge integration of its standards in the practice of Russian (above all, public) banks, particularly:
 - Project classification by categories of environmental and social risks (with the mandatory requirement for full-scale EIA for Category A projects),
 - Procedures for public hearings and appeal,
 - Environmentally and socially responsible sector policies (forestry, hydropower, construction, oil and gas, etc.),
 - Assessment of indirect greenhouse gas emissions, i.e., those occurring as a result of project financing,
 - "Green" procurement.
- **International standards.** The Bank should assist borrowers in the adoption and implementation of international initiatives such as Equator Principles, UNEP Finance Initiative, UN PRI, and Carbon Disclosure Project.
- **Forest projects**
 - Priority investment projects on forest development. The RF priority investment program in the area of forest development (Priority Investment Projects (PIP)), which the Russian government launched in 2007, has minimal requirements for projects and does not include a procedure for environmental and social expert review of projects. The Bank could facilitate formulation and adoption of relevant provisions for mandatory environmental and social assessment.
 - During the implementation of the second 'forest loan,' the Bank has an opportunity to create some test cases in the forest industry that could be implemented appropriately, taking into account global practice of environmental and social responsibility.
 - ENPI FLEG Program is mainly financed through a grant agreement between the European Commission and the World Bank and implemented by a consortium of partners, which includes the World Bank, the International Union for Conservation of Nature and Natural Resources (IUCN) and the World Wildlife Fund (WWF). Each executing organization has its own internal policies and procedures, including environmental and social ones. Then the question arises: should the grants provided by donors such as the EC to countries and partner projects for strengthening forestry governance and law enforcement be similarly covered by the Bank Safeguards?. Or should a different approach apply?
- **Harmonization.** The Russian system of Environmental Impact Assessment (EIA) needs to be harmonized with international requirements.
- **Migration.** Project implementation impact on migration should be thoroughly analyzed. Though planned to generate benefits, investments can

sometimes lead to destructive effects if they result in a surplus population in project areas after project completion (see comment on employment above), in particular because since 2011, migrants are not covered by health insurance in Russia. The issue could be dealt with in the form of video consultations with relevant international experts.

- **Health.** Assistance is needed to ensure compliance with Russian standards.

3. How to arrange the joint work between the Bank and client countries to improve their environmental and social sustainability?

- In joint work, there should be mandatory application of Bank safeguards by the borrowers, and subsequent compliance monitoring after project completion. The standards and measures should be a “living body” rather than something legally enshrined.
- The joint work of the Bank and Russian regulators (the Central Bank, Ministry of Finance, Ministry of Natural Resources, and Stock Exchange) could facilitate establishment of high standards and requirements for environmental and social responsibility in Russia. Through such cooperative efforts, the Bank could attain its goals of: (i) achieving better environmental and social outcomes, (ii) strengthening the country system and institutes, and (iii) expanding the coverage of environmental and social risks in Russia.
- The climate change agenda should be integrated in all areas of cooperation between the Bank and Russia on a mandatory basis. A joint action plan to address the problem (both climate change adaptation and mitigation) should be developed. Special restrictions should be established in sectors where climate change is especially evident. The action plan must be harmonized with the RF Climate Doctrine.

4. Additional comments and proposals

- **The Olympics.** It is important to assess the environmental and social impact of the Sochi Olympics preparation and implementation. There is a problem of extending fast-track credits for projects that have not passed environmental expert review as part of Olympics preparation.