

Recommendations for the World Bank Safeguards Review

Safeguards that work for countries impacted by fragility, conflict and violence

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*“The World Bank’s safeguard policies are at the center of our efforts to **protect people and the environment**, and to achieve our goals to **end extreme poverty and promote shared prosperity** in a sustainable manner in our partner countries”¹*

The World Bank has taken a series of important steps towards improving its contribution to development in fragile and conflict-affected situations (FCS), by:

- Placing development progress in FCS at the heart of its global corporate strategy, acknowledging that in FCS there can be no development without peace and security, and no peace and security without development².
- Appointing a Senior Director for Fragility, Conflict and Violence and addressing fragility, conflict and violence as a priority across all bank sectors of activity from agriculture to water.
- Beginning to include fragility, conflict and violence as a core pillar of country partnership frameworks in FCS.
- Committing to raise the share of IDA financing to FCS by 50% under the agreement of IDA 17³.
- Piloting new approaches to conflict-sensitive project design and implementation in FCS
- Reframing concepts of fragility, conflict and violence to highlight how these dynamics impact peace, security and development outcomes in all countries. Fragility is increasingly recognised as a critical lens for analysing and responding effectively to poverty and inequality everywhere, not just in low income countries that feature on the “harmonised list of fragile and conflict-affected situations” outcomes⁴.

The review of World Bank Safeguards is an important opportunity to reinforce bank policy and operations to ensure coherent support for ending poverty and promoting shared prosperity in FCS.

¹ Webpage: Review and Update of the World Bank Safeguard Policies:

<https://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies>

² *“The sustainability of development remains fragile in countries and/or lagging regions where institutional capacity, inclusion, and economic diversification fail to keep pace with income growth...FCS represent a special type of institutional fragility, one that requires combining support for developing basic public institutions—often from scratch—with economic and social development and, in some cases, with peace-keeping and security efforts” (WBG Strategy 2013:18)*

³ *“Since 2000, the International Development Association (IDA), has provided over \$28.5 billion to FCS. Under the current fund, IDA 17, **there is World Bank commitment to raise the share of IDA financing to FCS by 50%**. A 20% share of IDA financing now goes to FCS, up from 13% last year” (World Bank Fragility, Conflict and Violence Overview, Jan 2014: <http://www.worldbank.org/en/topic/fragilityconflictviolence/overview>)*

⁴ *“As a global multilateral institution, the WBG will customize its support to member countries’ needs...as the traditional grouping of developing countries into income categories becomes less relevant, **more attention is needed to the multiple facets of fragility and resilience across the income spectrum**...the specific challenges of countries struggling with fragility...will receive critical attention” (WBG Strategy 2013:2).*

The current draft of the new World Bank Safeguards Framework (July 2014)⁵ is of concern, especially when reviewed from the perspective of ending poverty and promoting shared prosperity in countries impacted by fragility, conflict and violence.

Overall, the draft pays little attention to the specific and significant challenges associated with upholding environmental and social safeguards in countries impacted by fragility, conflict and violence.

The ‘aspirational’ rather than ‘requirements-based’ nature of the new safeguards framework represents a significant weakening of existing World Bank safeguards. As the Asian Development Bank’s Independent Evaluation identified, a requirements-based system is essential if multilateral development banks are to effectively support better governance of financial resources.⁶

The current draft usefully identifies social risk as ‘threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence’ and recognises that Borrowers may ‘experience capacity constraints because of fragility’. This reflects to some degree the Bank’s latest work on reframing fragility, conflict and violence, **but falls short** of acknowledging how a lack of political will to uphold environmental and social safeguards on the part of the Borrower can undermine the effectiveness of the Bank’s new Safeguards framework. Efforts to overcome a lack of political will can extend beyond the resources and lifetime of individual bank-financed projects, they require strategic engagement by the Bank with the Borrower. Strategies and resourcing for this engagement, designed to uphold the new safeguards in these circumstances, are not addressed in the current draft framework.

Explicit guidance on applying and upholding safeguards at strategic and operational levels in countries impacted by dynamics of fragility, conflict and violence must be integrated across the next draft of the World Bank safeguards framework.

Recommendations:⁷

The new safeguard framework must not only reflect, *as a minimum*, the standards contained in the current safeguard policies, but also take into account international law and the latest knowledge and practice with regard to environmental and social protections in FCS. The following recommendations reflect International Alert’s particular concern for the applicability of the draft framework in FCS, specifically the need to consider not just those countries on the “harmonised list of FCS”, but all countries impacted by fragility, conflict and violence.

1) The Bank’s ‘Vision for Sustainable Development’

Given the Bank’s strategic commitments to development in FCS, the Vision must articulate the difference fragility, conflict and violence make to development progress.

International Alert proposes the following revisions to the Bank’s Vision:

- **Paragraph 3, Page 5:** ‘Inclusion encompasses policies to promote equality of opportunity by improving the access of poor and disadvantaged people to education, health, social protection, infrastructure, affordable energy, employment, financial services and productive assets, *and taking into account the impact of fragility, conflict and violence dynamics.*

⁵ The World Bank draft safeguards framework referred to in this document is the “Environmental and Social Framework: Setting Standards for Sustainable Development” (July 30, 2014).

⁶ ADB’s Social and Environmental Safeguards, with Improvements, can be a Benchmark:

<http://www.adb.org/news/adb-s-social-and-environmental-safeguards-improvements-can-be-benchmark>

⁷ All suggested changes to the draft are shown in italics.

- **Paragraph 4, Page 5:** ‘which range from the Bank’s global engagement in issues such as *fragility, conflict and violence*, climate change and gender equality’
- **Paragraph 5, Page 5-6** should also include the bullet point: ‘*Address impacts of fragility, conflict and violence on projects and project impacts on fragility, conflict and violence*’.
- **Paragraph 8, Page 6:** ‘The Bank is committed to open dialogue, public consultation, timely and full access to information, and responsive, *conflict-sensitive* grievance mechanisms.’

2) Grievance Redress and Accountability

Clear lines of accountability for upholding agreed standards and providing grievance redress when standards are not met are essential to effective safeguards. Yet the draft framework is unclear on where Bank and Borrower responsibilities divide. This blurs lines of accountability and undermines the ability of project-affected communities to seek redress. Ambiguity in the draft framework means debate on who is responsible for redressing specific grievances may overshadow and delay investigation and response. Ambiguity regarding lines of accountability in the draft framework constitutes a weakening of the Bank’s current safeguard policies.

Grievance redress and accountability is particularly sensitive in countries impacted by fragility, conflict and violence. Bank-financed projects and their outcomes have different impacts on different communities in society; sometimes exacerbating existing intra-community, or citizen-state fragility dynamics. Too often communities with project-related grievances have limited options for redress. Either grievance mechanisms are local, projectised and politicised, or they are high-profile, global, Bank-led and equally politicised. There is a need for effective intermediate options when local, projectised mechanisms do not produce a satisfactory outcome, and recourse to high-profile, global, Bank-led routes can significantly aggravate existing fragility dynamics.

For instance, in Uganda, affected communities sought redress for harassment and unlawful land acquisition by the New Forests Company (NFC), in which the Agri-Vie Agribusiness Fund, an IFC supported private equity fund, invested. The complexity of the situation and the number of different companies and organisations involved contributed to creating difficulties for the communities to know exactly where to go, or how to seek redress. They eventually did so through the high-level CAO mechanism with assistance from Oxfam and the Uganda Land Alliance, after the failure of a high-profile civil case against the NFC, which was deemed necessary in the absence of the company’s own grievance mechanism. Because the project was classified low risk by the IFC on the basis that the land was government owned, the IFC placed no requirement on NFC to have a grievance mechanism in place, despite well-known tensions regarding land tenure.

Current models of grievance redress and accountability can be counterproductive for project-affected communities, civil society, the government and local authorities, and the Bank in countries impacted by fragility.

Recommendations:

- Awareness of and access to grievance redress mechanisms is critical to their effectiveness, the new safeguards framework must set out explicit requirements on raising awareness of grievance mechanisms and processes amongst all project-affected communities, especially the most vulnerable and marginalised in FCS, from the first stages of project initiation and throughout the lifetime of the project. Explicit requirements to ensure equal and safe access to grievance redress should also be set out. Anonymising complaints, as suggested in the Bank’s draft safeguard framework, is not sufficient to ensure vulnerable groups and sensitive

grievances are properly and safely addressed in FCS⁸. The draft framework must recognise how the amount of political space in a Borrower country will impact different project stakeholders' ability to bring grievances to the proposed mechanism and propose clear requirements for addressing likely accountability gaps.⁹

- **The Environmental and Social Policy (ESP) Paragraph 3, Page 8** should say: 'and assist the Borrower in providing project-based grievance mechanisms *and provide continued oversight of these mechanisms in fragile and conflict-affected situations*'
 - **ESP Paragraph 50, Page 18** refers to footnote 31 which states that grievance mechanisms may utilise existing formal or informal grievance mechanisms provided they are 'deemed suitable for project purposes'. The ESP must be explicit about how these grievance mechanisms will be assessed, and what the criteria for suitability are.
 - **Environmental and Social Standard 5 (ESS5), Paragraph 15, Page 60:** 'Where possible, such grievance mechanisms will utilise existing formal or informal grievance mechanisms suitable for project purposes, *only where they are deemed to enable the resolution of disputes in a conflict-sensitive and impartial manner by the bank and an independent body.*'
 - **ESS10, Annex 1, Paragraph 1, Page 98:** 'The scope, scale and type of grievance redress mechanism, process or procedure required will be proportional to the nature and scale of the project's risks and potential adverse impacts, *and responsive to the broader country context especially in fragile and conflict-affected situations.*'
 - **ESS10, Paragraph 23, Page 97:** 'The grievance mechanism will be scaled to the risks and potential adverse impacts of the project, *and will include Bank oversight in fragile and conflict-affected situations to ensure robust accountability, and inclusivity and fairness for all stakeholders. Where possible, adequate capacity exists, such grievance mechanisms will utilise existing formal or informal grievance mechanisms suitable for project purposes*'
 - Articulate clear lines of accountability showing how Borrower country-led grievance redress mechanisms relate to the Bank's own grievance redress mechanisms. There should be no gaps or ambiguities that result with grievances having no means of redress. This is especially important considering that bank-led grievance redress mechanisms are concerned primarily with the compliance of the Bank (which does not accept responsibility for implementing the projects it funds) with its own policies and procedures.
 - International Alert welcomes the Bank's introduction of an intermediate-level grievance mechanism.¹⁰ Since the exact workings of the new mechanism are still being developed we strongly recommend that it provide a mediated forum which brings together divided parties and is led by an independent, trusted and ideally non-judicial third party identified by the bank and an independent body. The Overview should also more clearly articulate that stakeholders will have access to the new Grievance Redress Service at all times, throughout the lifetime of the project, and that they be made aware of its availability from the first stages of project initiation.
- ESS4, Paragraph 28, Page 50:** 'The Borrower will provide a grievance mechanism for affected communities to express concerns about the security arrangements and acts of security personnel, *and will provide detailed information on the Bank's Grievance Redress Service as an alternative channel open to affected communities.*'

⁸ Page 97 of the draft framework states "where there is threat of reprisal, the [grievance] mechanism will also allow for anonymous complaints to be raised and addressed".

⁹ Page 18 and 98 of the draft framework emphasize only project risks and impacts in the design of appropriate grievance redress mechanisms and does not sufficiently acknowledge that the Borrower country context itself might call for a different approach to grievance redress.

¹⁰ The Bank's 'Corporate Grievance Redress Service' highlighted in the Overview, Paragraph 10, page 3.

3) Relying on Borrower Country Systems

The commitment to make greater use of and strengthen borrower country systems to uphold and protect environmental and social safeguards is to be welcomed in a new draft framework. Strengthening local ownership of development progress and local capacities for safeguarding environmental and social standards is critically important to supporting development, and specifically the wider process of transition in fragile and conflict-affected situations¹¹. Yet, the reality of low income fragile and conflict-affected situations is one of major capacity gaps. And in higher income countries impacted by fragility, conflict and violence, institutional capacity to uphold environmental and social safeguards may exist, but political will to uphold the letter and spirit of social and environmental safeguards for all communities may be lacking. Furthermore, independent oversight institutions may be lacking in both low and higher income countries impacted by fragility.

For example, in Sri Lanka the Urban Development Authority – the implementing agency of the Urban Renewal Project (URP) – is receiving capacity-building funding through infrastructure projects from the World Bank. While the Bank financed project is upholding safeguards for project-affected communities, the URP is not and 135,000 people have been forcibly relocated. While capacity for upholding safeguards in Sri Lanka is relatively strong, the Urban Development Authority appears to be selectively applying safeguards across its portfolio of projects, despite receiving funding for capacity building from the Bank. To date, no action has been taken by the Bank on addressing this imbalance.

The draft framework does not provide sufficient clarity on *how* the Bank will judge the adequacy of Borrower country systems and there is some concern over whether there is sufficient expertise in place within the Bank to make these judgements in the timeframes available.

Recommendations:

- For political and/or economic reasons, Borrower countries impacted by fragility, conflict and violence are not usually in a position to borrow additional resources to adequately improve national systems to uphold social and environmental safeguards. The Bank must therefore specify within the safeguards framework what financial and human resources are available within the Bank system to bridge the gap. If sufficient resources are not available, the Bank must indicate in the framework that project lending may involve unacceptable risks and that it will not proceed with financing.
- **ESS1, Paragraph 21, Footnote 16, Page 25:** Refers to the Borrower's responsibility, in consultation with the Bank, for social and conflict analysis as part of the environmental and social assessment. This should specify how the Bank will decide to complement Borrower country capacities based on the Bank's own country fragility assessment.
- **ESS4, Paragraphs 26-30, Page 49-50:** must include details of Bank oversight in FCS.
- **ESS10, Paragraph 13, Page 94:** 'The Borrower, *with oversight by the bank and an independent body*, will identify individuals or groups that may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status.'
- **ESS10, Paragraph 15, Page 15:** 'The SEP will set out how communication with stakeholders will be handled throughout project preparation and implementation, *and in fragile contexts this will be approved by the Bank before the project preparation begins*'.

¹¹ See "A New Deal for Engagement in Fragile States", which calls for greater "engagement to support country-owned and country-led pathways out of fragility".

4) Information Disclosure and Stakeholder Engagement

“Ongoing stakeholder engagement” is critical to “enhance the sustainable development outcomes of projects”¹², but often the emphasis of stakeholder engagement is on minimising the impact of the context on the project, and not the project on the context. Projects are not socially or politically neutral, and in FCS, it is critical that project impacts on fragility, conflict and violence are understood and managed. Ongoing stakeholder engagement can play a central role in the process of managing project impacts on the context. This is the basic concept of conflict-sensitivity.

In FCS, it is particularly important to adopt a balanced approach to stakeholder engagement. Stakeholder engagement is “balanced” when it includes all those connected to fragility dynamics and who may be influenced by project outcomes or who may become project spoilers – negatively impacting the project and/or the wider country context. Balanced and ongoing stakeholder engagement ensures the complex interactions of diverse actors and risks in FCS are understood and managed throughout the project cycle. For example in the Kyrgyz Republic, Alert’s research found that bank financed projects that included sustained engagement with a balanced group of project stakeholders were much more successful at managing two way risks than those that involved engagement with an exclusive, conflict-blind group of stakeholders¹³.

Recommendations:

- **ESS10** must explicitly acknowledge the sensitivity of stakeholder identification and engagement in FCS so that Bank staff seek expert advice and adopt specialised approaches to stakeholder analysis and developing stakeholder engagement strategies. The need for specialised approaches to stakeholder engagement in FCS should be highlighted where stakeholders are defined in the draft framework as primarily “project-affected communities” - the current definition does not indicate clearly enough the complexity and sensitivity of stakeholder engagement in FCS¹⁴.
- **ESS10, Paragraph 5, Footnote 1, Page 93:** Other stakeholders should also include potential ‘spoilers’ – those who seek to undermine attempts to achieve peace because of a belief that it threatens their interests – they may escalate fragility, conflict and violence dynamics, directly or via other parties.
- **ESS10, Paragraph 8, Page 93:** ‘The nature, scope and frequency of stakeholder engagement will be commensurate with and proportionate to the nature and scale of the project and its potential impacts on affected communities, *especially in FCS where project impacts can interact with and exacerbate fragility, conflict and violence dynamics*’
- **ESS10, Paragraph 11, Page 94:** ‘The information will be disclosed in local language(s) and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project because of their status, *particularly where their vulnerability is a result of fragility, conflict and violence*’
- **ESS10, Paragraph 19, Page 95:** ‘~~Where appropriate~~, the consultation will also include, beyond the project-affected communities, any groups or individuals who have been identified as other stakeholders’

¹² World Bank Draft Framework (July 2014:1).

¹³ International Alert (2014) *Fragile Reforms: World Bank and Asian Development Bank financing in Fragile and Conflict-Affected Situations*, London: International Alert.

¹⁴ World Bank Draft framework (July 2014:93). Beyond “project-affected communities”, the draft framework acknowledges “other stakeholders” including “those not directly affected by the project but that have an interest in it. These could include national and local authorities, neighboring projects, or nongovernmental organizations”. This extended definition does not indicate the sensitivity of stakeholder engagement in FCS.

5) Independent Oversight and Bank-led Supervision

Independent oversight and bank-led supervision of projects and project information receives little attention in the draft framework; this is a serious gap if the bank is going to ensure that bank-financed activities uphold environmental and social safeguards, especially where Borrower government capacity is lacking. Without explicit statements on the form and frequency of independent oversight and bank-led supervision required in different circumstances, the new safeguards framework will lack mechanisms to ensure effective operationalisation.

Recommendations:

- The framework should explicitly require an independent review of information provided by the Borrower.
- The Bank must commit its own resources (human and financial) to provide independent oversight and bank-led supervision of projects
- **ESP, Paragraph 32, Page 15:** *'~~Depending on the potential significance of environmental and social risks and impacts, the Bank will determine whether the Borrower will be required~~ Where significant environmental and social risks are identified, the Bank will require the Borrower to retain independent third party specialists to assist in the ongoing assessment of environmental and social impacts.*
- **ESS1, Paragraph 23, Page 26:** *'~~Depending on the potential significance of~~ Where significant risks and impacts exist, the Borrower will ~~may~~ be required to retain independent third party specialists to prepare ~~or~~ and review all ~~or part~~ of the assessment.'*
- **ESS1, Paragraph 49, Page 31:** *'~~Where appropriate, In countries impacted by fragility, conflict and violence, the Borrower will engage stakeholders and third parties, such as independent experts, local communities or NGOs, to independently complement ~~or~~ and verify its own monitoring activities'~~*
- **ESS1, Paragraph 31, Page 28:** *'For projects that are High Risk or contentious, or that involve serious multidimensional environmental or social risks or impacts, including those that take place in situations impacted by fragility, conflict and violence, the Borrower ~~may~~ will be required to engage one or more internationally recognized independent experts. Such experts may, depending on the project, form part of an advisory panel or be otherwise employed by the Borrower, and will provide independent advice and oversight to the project.'*

6) Gender

The commitment to gender equality and to non-discrimination, with its specific reference to both gender and sexual orientation, articulated in the draft framework, is to be welcomed. Supporting equal participation of all members of society is especially important in fragile and conflict-affected contexts, where fragility, conflict and violence affect different men and women in different ways. It is however a concern that this gender lens is not applied across the whole ESP and ESS, particularly in ESS1, 3, 4 and 5. Despite references to gender and gender inclusiveness in the ESP and ESS, these are almost always in relation to vulnerability and to indigenous peoples.

Furthermore, reliance on Borrower country systems to uphold the principle of non-discrimination is unlikely to be effective where national law contravenes the principle of non-discrimination. Exclusion or marginalisation of individuals based on gender or sexual orientation contributes to violence and conflict, and can exacerbate tensions in already fragile environments. Not enough consideration is given in ESS2, ESS5, ESS7 and ESS10 in particular, for a process of action the Bank must take when a country's

laws on gender, women or SOGI are discriminatory and where the country's institutional capacity and demonstrated track record on these issues is the subject of contestation.

Recommendations:

- **ESS1, Paragraph 22, Page 26:** 'The environmental and social assessment will include *participatory, gender- and conflict-sensitive* stakeholder engagement as an integral part of the assessment, in accordance with ESS10.'
- **ESS2, Paragraph 9, Page 37:** 'Where national law is inconsistent with this paragraph, the project will ~~seek to~~ only carry out project activities *when it is possible to do so* in a manner that is consistent with the intent of this paragraph ~~to the extent possible~~ without contravening national law. Any project activities that are not consistent with the intent of this paragraph because of constraints imposed by national law will not be pursued under bank-financed projects.'
- **ESS5, Paragraph 14, Page 60 refers to footnote 16:** 'The consultation process should ensure that *the diverse perspectives of different men and women* ~~perspectives~~ are obtained and their interests factored into all aspects of resettlement planning and implementation.'
- **ESS10, Paragraph 7, Page 93:** 'Stakeholder engagement will involve, ~~as appropriate,~~ the following elements: stakeholder identification and analysis, stakeholder engagement planning, disclosure of information, *gender- and conflict-sensitive* stakeholder consultation and participation, grievance acceptance and ~~response redress~~, and ongoing reporting to project-affected communities.'

7) Climate Change

While the framework deals with environmental and social risks as separate issues, there is a need for the Bank to consider how each affects the other and articulate a deeper understanding of, and response to these interactions throughout the framework. A lack of sensitivity to environmental risks in social development initiatives can undermine any environmental gains and vice versa. Any interventions must therefore be climate sensitive i.e. address the impacts both of projects on future climate change, and long-term climate change on projects. Additionally, assessing interactions between environmental and social risks will allow for consideration of the potential conflict risks associated with climate change impacts.

The Vision states that 'inclusion encompasses policies to promote ... infrastructure, affordable energy, employment, financial services and productive assets'. All of these need to be climate sensitive and must not inadvertently undermine long-term climate resilience. Any erosion of climate resilience can contribute to ongoing fragility, conflict and violence. This entails going beyond environmental impact assessments to address the impacts of current and future climate change on interventions and vice versa.

Recommendations:

- **Vision, Paragraph 5, Page 6:** '~~Ensure Address~~ project-level support is in place to increase climate resilience and address project-level impacts on climate change'
- **ESP, Paragraph 2, Page 8:** Needs to go beyond design to 'avoid, minimize or mitigate adverse environmental risks' to also assess the implications of an intervention in light of projected long-term climate impacts based on available down-scaled climate data.
- **ESP, Paragraph 3, part (c), Page 8:** 'Assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts associated with the project, *including an assessment of climate change impacts and how they relate to the project*'

- **ESS1, Paragraph 5, Page 22:** ‘To identify, evaluate and manage the environment and social risks and impacts of the project - *including impacts on long term climate resilience* - in a manner consistent with the ESSs’
- **ESS3, Paragraph 1, Page 40:** ‘To promote more sustainable use of resources, including energy and water, *and ensure that projects do not adversely affect equitable access to these resources in the future*’.

About International Alert

International Alert helps people find peaceful solutions to conflict. We work in more than 25 countries and are one of the world’s leading peacebuilding organisations, with nearly 30 years of experience laying the foundations for peace. We work with local people around the world to help them build peace and we advise governments, organisations and companies on how to support peace. We focus on issues that influence peace, including governance, economics, gender relations, social development, climate change, and the role of businesses and international organisations in high-risk places. International Alert has engaged with development banks (WB, AfDB and AsDB) on their work in fragile and conflict-affected situations since 2008, contributing to bank reform processes, policy dialogue and accompanying bank operations on the ground.

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