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Mr. Hartwig Schafer
Vice President
Operational Policy and Country Services
The World Bank Group

RE: The first draft of the Environmental and Social Framework

Dear Mr. Schafer,

I would like to thank you and your safeguards team for regular updates and engagement on the safeguards review, and look forward to continuing this work with you beyond the public consultations phase. Before this phase comes to an end, I would like to convey the feedback on the proposed draft of the Environmental and Social Framework (hereinafter referred to as ESF) that I received from my authorities in Moscow.

While my authorities favor modernization and optimization of existing safeguards policies, the current draft of the ESF raises a number of concerns that they would like to share with you at this stage.

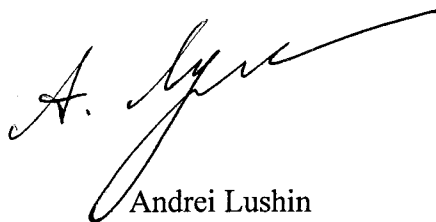
1. The proposal significantly increases coverage of environmental and social issues that were not previously part of safeguards policies and procedures. We are particularly concerned about the expanded list of social risks spelt out in para 4(b) on page 9, including threats to human security, risks for disadvantaged and vulnerable groups, and any prejudice and discrimination towards individuals and groups. Taking all these risks into account will not only require a significantly new level of capacity and expertise but may also unreasonably lift expectations that any socio-political problems could be solved through Bank projects.
2. The new ESF shifts the burden from the Bank to the borrower by creating legally binding obligations that would be part of the loan agreements. We are concerned about some of the new requirements for the review and modification of the Borrower's own ES Framework (para 18 and 19 of the ESS1 and para 24 and 25 on page 13), project preparation (para 15-17 of the ESS1) and project implementation (para 35, 38-41 of the ESS1), including additional monitoring and reporting obligations of the borrower (para 49-55 of the ESS1).

3. The new ESF will significantly increase the cost, time, and human resources required for the project preparation and implementation. For instance, under the new ESS 10 para 13 and 14 the borrower has to identify individuals and groups affected by the project, develop and implement a stakeholder engagement plan, as well establish and maintain a grievance redress mechanism, including an appeal process. All of these measures will require additional financial and human resources (for example, full time staff working on grievance redress for each project). Moreover, the proposal does not cover a potential abuse of consultations and grievance redress mechanisms by individuals or groups and possible mitigation measures.
4. Some of the proposals of the new ESF could be viewed by many borrowers as interference in domestic affairs of sovereign states, and lead to a perception that the Bank goes beyond its Articles of Agreement. Such situation might include the requirements to change or adapt laws and regulations, reporting obligations, the requirements of ESS 2 para 4 for government civil servants, as well as the new language on 'prejudice and discrimination' that could give space to different interpretations and abuse. In some instances the Bank may even find itself in situations when its requirements would directly contradict national laws and regulations of its clients.
5. On ESS 6 we disagree with the provisions of para 29 that stipulates that "the Borrower may implement harvesting operations conducted by small-scale producers under community forest management or by such entities under joint forest management arrangements". In Russia all forest resources are owned by the Federal government, and local and municipal governments do manage or take any decision pertaining to these resources. Moreover, we view the requirement on the small-scale producers as limiting, since most forestry producers in Russia are considered to be middle or large scale under definition of Russian law.

Overall, my authorities are concerned that the new version of Environmental and Social Standards and Procedures might actually significantly slow down and complicate project preparation and implementation, while missing an opportunity to streamline and simplify it.

I kindly ask you to consider the above suggestions in your deliberations, and reflect them in the next version of the ESF that would be presented to CODE and the Board.

Sincerely,



Andrei Lushin