

Summary: Alert's Recommendations for the World Bank Safeguards Review

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 development.
- 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 IDA 17.
- 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”.

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.

The current draft of the new World Bank Safeguards Framework (July 2014) 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 FCS. The ‘aspirational’ rather than ‘requirements-based’ nature of the new safeguards framework is 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.

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:

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.

- 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 and how the safeguards will address this difference.

- 2) Grievance Redress and Accountability:** The draft framework is unclear on where Bank and Borrower responsibilities divide on providing grievance redress, which blurs lines of accountability and undermines the ability of project-affected communities to seek redress. The framework should therefore articulate clear lines of accountability showing how Borrower country-led grievance redress mechanisms relate to the Bank's own grievance redress mechanisms. The draft framework must also 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 explicit requirements to ensure equal and safe access to grievance redress should be set out. The draft should also articulate specific 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. International Alert welcomes the Bank's introduction of an intermediate-level grievance mechanism. 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.

- 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 the 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 situations. 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. 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.

- 4) Information Disclosure and Stakeholder Engagement:** The emphasis of stakeholder engagement in the draft 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. The draft should therefore 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.
- 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 institution is going to ensure that World 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.
- 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 framework, and that despite references to gender and gender inclusiveness, 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 to 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.
- 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; they must 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 draft must also set out ways in which both the Bank and the Borrower will ensure projects do not undermine long-term climate resilience, which can contribute to ongoing fragility, conflict and violence.