



Comments on the World Bank's Second Draft Environmental and Social Framework

March 13, 2016

The Center for International Environmental Law (“CIEL”) welcomes the opportunity to comment on the Second Draft of World Bank’s Environmental and Social Framework (the “Second Draft”), released on July 1, 2015. CIEL is a non-governmental organization based in Washington, DC and Geneva, Switzerland. For over 25 years, CIEL has advocated for strong environmental and social safeguard policies at international financial institutions (“IFIs”) and has worked to ensure accountability for communities harmed by development projects. Our comments draw on our past engagement in policy reforms at numerous IFIs, in addition to CIEL’s experience providing legal and technical support to communities that have brought complaints to the Inspection Panel.

We have provided a number of written submissions individually and jointly in the first and second phases of the World Bank Safeguard Review. Rather than replicating those comments, we will highlight several areas in the Second Draft we believe warrant particular attention and improvement. We will also build on discussions regarding crucial topics which were a part of deliberations during the U.S. Consultation Meeting held in Washington, DC from Feb. 22-24.

Accordingly, the scope of this submission is focused on:

- I. Adaptive Risk Management;
- II. Borrower Frameworks;
- III. Human Rights;
- IV. Chemicals;
- V. Climate;
- VI. Information Disclosure and Stakeholder Engagement;
- VII. Project Level Grievance Mechanisms; and
- VIII. Accountability and Ensuring Access to the Inspection Panel.

If not addressed, these issues have the potential to adversely affect the rights of project-affected communities.

I. Adaptive Risk Management

We remain concerned about the Bank's paradigm shift away from compliance-based standards. The need for clear, enforceable, and robust standards are necessary, given the Bank's increased appetite for risk taking, including in fragile conflict-affected States and through large transformational projects. While we recognize significant improvements from the first draft, the Second Draft still appears to abrogate much of the Bank's responsibility to the Borrower, providing insufficient clarity as to the obligations of the Bank. In place of clear minimum requirements, the Second Draft relies on open-compliance and much discretion and flexibility on the timing of appraisals and compliance. Under these provisions, projects will go before the Board with incomplete frameworks for risk management and mitigation.

Recommendations:

- **Until the Bank can demonstrate that the new policies are sufficient to protect the environment and the rights of affected communities, a more prudent approach to environmental and social risk would be to exclude “High” and “Substantial” Risk projects from deferral or delegation of risk appraisal or management,** either from borrower frameworks, common approach, financial intermediaries, or associated facilities.
- **It bears emphasis that the Environmental and Social Commitment Plan (“ESCP”) should be disclosed at the concept and appraisal stages to affected communities. In terms of content, the ESCP should fully disclose the material environmental and human rights risks of a project, as well as provide clear, time-bound plans implementation, supervision, and monitoring.** As presently envisioned, however, the ESCP will merely consist of a summary that “will be developed as information regarding potential risk and impacts become known.”¹ Thus, it would seem that full disclosure of the potential risks and impacts of the project is not required prior to project approval. This is highly problematic, as it will serve as a bar to affected communities’ timely and meaningful engagement in the development process.
- While the Second Draft and accompanying procedures state that “the Borrower will inform [affected communities] how [environmental and social] risks and impacts are being addressed and disclose an updated ESCP,”² **there should be explicit language that clarifies the process and timeline for input from affected communities where there are "material changes to the project that result in additional risks and impacts of concern to the project-affected communities."** Disclosure to affected communities should occur before the changes that may lead to additional risks and impact, to then be addressed in the ESCP. If this is indeed the full the meaning of ESS10. paragraphs 23-25, then perhaps the only clarification needed is in regard to the process and timeline.

¹ ESS1 -Annex 2. Environmental and Social Commitment Plan, para. 4 (emphasis supplied).

² ESS10 (Information Disclosure and Stakeholder Engagement), para. 22.

- Similarly, there should be an explicit requirement that any decision to downgrade the risk category of a project should be approved by the regional safeguard advisor and the Board, and communicated to affected communities. The Second Draft should make clear the timeline and process for this communication. Notably, enabling consultation with affected communities at the risk categorization level is consistent with the Bank's aim of increasing stakeholder engagement. Accordingly, this requirement should also be referenced in ESS10.
- Finally, we note with concern that the Second Draft fails to cover significant portions of the Bank's lending portfolio. **The Second Draft should also apply to Development Policy Loans (OP 8.60) and Program for Results (OP 9.00).** In this respect we welcome statements made during the U.S. Consultation expressing openness to this logical and necessary inclusion in the future.

II. Borrower Frameworks

We recognize that as part of the World Bank's vision for sustainable development it has focused on the improvement of legal frameworks in borrower countries for decades, not the least of this efforts being the *Initiatives in Legal and Judicial Reform*. As with any legal system, it cannot be valued in isolation, the capacities on the ground and overall track record of a country must be considered to fully assess if the legal framework is enforceable in practice. Again, we welcome statements made during the U.S. consultation in this regard by the Safeguards team describing how the bank will necessarily assess a borrower's framework at these three levels, by taking into consideration: (1) the policy framework, (2) the processes and authorities in place; and (3) the track record.

Additionally, CIEL and partners have been following the World Bank's new *Country Engagement Approach* in several countries. As a result of our observations we have presented a series of recommendations to be considered in refining the guidelines and procedures for the Systematic Country Diagnostic (SCD) and Country Partnership Framework (CPF). In this respect, the linkages being made by the Safeguards Team to the SCD and CPF as a means to assess the borrower's capacity at these three levels would seem a logical fit.

Nevertheless, we would caution that *this engagement in country is already underway without the goal of assessing borrower capacity within the context of the new ESF*. Consequently, **the Bank would need to revisit the Directive and Guidance on Country Engagement**, including any other operational materials to include a thorough assessment of the borrower's capacity through the ESF lens.

The following recommendations are meant to provide guidelines needed within the ESF to clarify how these alternative legal systems should be assessed and utilized:

Recommendations:

- **It is imperative that the Bank clearly define the standards and metrics by which the adequacy of borrower frameworks will be assessed. We recommend that the standard be “consistency with the objectives and requirements of the ESSs”.** This is in line with statements from Safeguard staff detailing how for country systems, not including co-financing or financial intermediaries, Bank staff may assess against “specific requirements of the ESSs” “depending on the nature of the risks and impacts of the project.” *Environmental and Social Procedure para. 40.*
- **Alternative systems must be measured against the substantive requirements of the ESSs, not just the Objectives.** ESS Objectives should not be utilized as the only benchmark for safeguard compliance. Even after revisions in the Objectives create the substance and specificity needed to guarantee the same outcome as the ESSs, neither should be used in isolation.
- **There should be clear policy language that states that where a borrower country’s laws and standards differ from the ESSs, the more stringent standard should apply.**
- **All “High” and “Substantial” Risk projects funded by the Bank must meet the ESSs requirements,** including those supported through borrower frameworks, common approach, financial intermediaries, or associated facilities. In addition, as noted below, the Framework should require that “High” and “Substantial” Risk projects are subject to increased due diligence. For instance, this could include independent funding for a community-led impact assessment, and impact assessment verification by an independent panel of social and human rights experts.

III. Human Rights

We welcome the explicit mention of human rights in the overarching Vision for Sustainable Development, but are nonetheless concerned that this statement is non-binding, unenforceable, and falls short of an explicit commitment to respect human rights. Moreover, the Vision Statement mischaracterizes the role of international law by suggesting that the Bank’s commitment to human rights is merely aspirational. Additionally, this statement fails to provide an adequate framework to ensure that the Bank’s operations will respect human rights.

Recommendations:

- **The Environmental and Social Policy should be amended to include: “The World Bank will respect human rights and take all necessary measures to ensure that the activities it finances or otherwise supports do not cause, contribute to or exacerbate human rights violations.”**

- **The objective in the Environmental and Social Policy should be amended to include: “To design and implement development activities in compliance with international law, including those under environmental and human rights treaties and conventions.”**
- **ESS1 (Assessment and Management of Environmental and Social Risks and Impacts) should include the following commitment: “The Bank will not finance any activity that contravenes the Borrower’s obligations under international law. The Borrower will identify any relevant treaty that is implicated and propose funding to ensure compliance with its obligations.”**
- **ESS2 (Labor and Working Conditions) should explicitly reference the International Labor Organization’s eight fundamental conventions.** The provision on labor rights omits the core International Labor Organization Standards (“ILO Standards”) of collective bargaining and freedom of association, and does not apply to contract or sub-contract workers, which is inconsistent with international law. By referencing ILO, the Second Draft takes steps to reflect the evolving jurisprudence on international labor law, thus preventing the policies from quickly becoming outmoded. Ordinarily, since ILO Standards are common knowledge and practice for many labor groups and Borrowers, specific references to these standards will prevent Borrowers from implementing conflicting standards thereby contributing to further harmonization of international standards.
- **Explicitly commit to non-discrimination and to advancing substantive equality within all Bank activities, including all forms of discrimination, as consistent with international law.** We welcome an explicit requirement to analyze discrimination, but the policies should explicitly include discrimination based on **political or other opinions**. To omit this reference is inconsistent with international law.

IV. Chemicals

The World Bank has an important role to play in helping borrowers in the development of sound chemicals management. As a member of the Inter-organization Programme for the Sound Management of Chemicals, the World Bank participates in the Strategic Approach to International Chemicals Management process (“SAICM”), the overarching goal of which is the achievement of sound management of chemicals throughout their lifecycle. Integration of chemicals management into development agendas is critical to SAICM implementation and the 2020 goal. Recognizing this,

SAICM emphasizes the importance of all stakeholders, including the World Bank Group, to take appropriate action for the “integrati[on of] chemicals issues into the broader development agenda.”³

Recommendations:

- **The objectives of ESS3 Resource Efficiency and Pollution Prevention and Management should include: “To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from activities throughout the project life cycle, with consideration of the risk to groups or populations that may be more vulnerable to, or stand to be disproportionately impacted by, exposure to chemicals or hazardous materials.”** An emphasis on populations particularly vulnerable to the exposure of chemicals is consistent with the objectives of SAICM.
- **The objectives of ESS3 should also include: “To eliminate the production, use and release of chemicals that pose unreasonable risks to the right to health or to the environment.”**
- **Borrower frameworks for the use of chemicals management should only be used if, both by letter and in practice, they are more stringent than Bank standards.** While necessary steps are being taken under SAICM to build capacity in developing countries, the overall capacity for sound chemicals management will remain inadequate in many borrowing countries for several years, if not decades. Before use of a borrower’s system, the Bank should require an assessment of the borrower’s laws and regulations, institutional capacity to implement and enforce its policies and regulatory framework for sound chemicals management, and finally the borrowers’ track record of practice. This assessment should be included at two levels--first, in the Systematic Country Diagnostic and Country Partnership Frameworks, in instruments such as a strategic environmental and social assessment, and secondly in the project-specific assessments. This assessment must include, for example, examination of whether systems are in place for disposal of chemicals and hazardous wastes, as well as mitigation and control technologies. After this full analysis, borrower systems should only be used if and when they are more stringent than the Bank’s standards.
- **The Bank should require borrowers to assess the risks of chemicals and hazardous materials on the human rights of communities for all projects and programs, as part of human rights due diligence.** An assessment of chemicals and hazardous wastes must also look at implications of exposure on the human rights of populations. Within the context of sound chemicals management, human rights due diligence should therefore include a health and safety assessment of populations that would be most vulnerable to chemicals exposure, bio-monitoring, pre-project baseline studies for chemicals and their metabolites,

³ SAICM GPA, para. 8.

and within a mitigation framework, an assessment of hazardous chemicals utilized by the project and potential waste generated, and alternatives to avoid those impacts. Assessment should also include examination of whether the area has a significant issue of historical pollution. This assessment should be participatory and enable communities—and particularly those who may be more vulnerable to the impacts of the project—affected by a project to have an opportunity to express their views when the use of a borrower’s laws are proposed in place of Bank standards and should provide opportunity for stakeholder consultation on this issue.

- **The language should be revised from “internationally disseminated technology” to “best available practices.”** The Bank should require the use of best available technologies that are most suited to avoid, or where avoidance is not possible, minimize the adverse impacts on human health and the environment. As we have noted in previous submissions, the terminology of “internationally disseminated technology” can open the door to the use of sub-par technologies. In this regard, the Bank—the premier public development finance institution— should hold itself and its clients to the highest standard.
- **The Bank should omit the use of qualifying language such as “technically and financially feasible” when referring to requirements on the borrower.** This leaves too much discretion on the part of the borrower.⁴ This approach would undermine the chemicals management policy directions issued by government and stakeholders in SAICM, enabling donors and borrowers under the guise of Bank funding to implement alternative, weaker approaches to chemicals management. This would also run counter to the Overarching Policy Strategy for SAICM, which does not condition risk reduction on financial or technical feasibility.⁵
- **Implement a “no go” list based on international best practice for use both at the project level and upstream, including in the Bank’s risk categorization.** Certain chemicals cannot be soundly managed and therefore the Bank should implement a “no go” list for use not only at the project level, but also in informing the project or program risk categorization, when scoping is conducted to determine the risk categorization (and therefore the level of due diligence required) for a project or program. The ChemSec SIN list⁶ comprises chemicals that have been identified as “Substances of Very High Concern,” in

⁴ Specifically, ESS3 provides that “[t]he Borrower will consider ambient conditions and apply *technically and financially feasible* resource efficiency and pollution prevention measures in accordance with the mitigation hierarchy.” Likewise, the Framework provides that “[t]he Borrower will implement technically and financially feasible measures for improving efficiency in its consumption of energy and water, as well as other resources and material inputs . . .”

⁵ SAICM, *Overarching Policy Strategy*, para. 14.

⁶ International Chemical Secretariat, SIN list, available at: <http://chemsec.org/what-we-do/sin-list>.

line with the criteria set forth by the European Union chemicals regulation REACH. Moreover, the Bank should also use and reference the Food and Agriculture Organization of the United Nations' list of Highly Hazardous Pesticides,⁷ including in reference to ESS4.

V. Climate

While we are cognizant of the decision not to include a Climate Safeguard within the new ESF, we would reiterate that the climate lens, which would be essential throughout the framework, is not fully achieved. In acknowledging the development of the Bank's Climate Action Plan we do not see an articulation with institutional goals or objectives, but rather failures in the Second draft to present a comprehensive vision and guidelines to address climate change throughout the project cycle.

*“We need to approach development differently. Climate change must be considered in all of our work”*⁸, we echo this statement and would hope that the momentum created by 195 nations at the COP21 in Paris would provide further impetus for the specificity needed within the ESF. The Paris Agreement recognizes the critical role of forests in the fight against climate change, and acknowledges the importance of ensuring the integrity of ecosystems. The World Bank's Forest Action Plan which is also under discussion should be developed hand in hand with the Climate Action Plan, as well as, the ESF and country engagement instruments such as the SCD and CPF.

Recommendations:

- **A specific quantification requirement for Greenhouse Gas (GHG) emissions must be reinserted into the text of ESS3.** Quantification requirements currently exist in national legislation and climate plans worldwide, and the Paris Agreement sets mitigation goals for peak global emissions and emission reduction, this is by no means an excessive norm but a global necessity. The bank should follow its global objective for climate action by setting a standard requiring the assessment and accounting of GHG emissions for all projects, which should take into account indirect emissions that may be associated with larger projects.
- **ESS3 should explicitly require the borrower to prioritize the use of renewable sources of energy, as both an objective and as part of the ESS requirements.** The use of

⁷ See: Food and Agriculture Organization of the United Nations, Highly Hazardous Pesticides List, at: <http://www.fao.org/agriculture/crops/thematic-sitemap/theme/pests/code/hhp/en/>

See also: PAN International List of Highly Hazardous Pesticides, June 2015, at: http://www.pan-germany.org/download/PAN_HHP_List_150602_E.pdf

⁸ Op-Ed by World Bank Group President Jim Yong Kim: Climate Action After Paris, available at: <http://www.worldbank.org/en/news/opinion/2015/12/17/op-ed-world-bank-group-president-jim-yong-kim-climate-action-paris>

“renewable or low carbon energy sources”⁹ should not be left as a footnote or as a mere suggestion with no obligation to the borrower.

- **ESS3 should explicitly require the borrower to present alternative more sustainable project options that include renewable sources of energy, including alternative project locations during the design phase.** Merely referencing the option for “*alternatives to refrigerants with high global warming potential; sustainable agricultural, forestry and livestock management practices; the reduction of fugitive emissions and gas flaring; and carbon sequestration and storage; sustainable transport alternatives; and proper waste management practices*”¹⁰ in a footnote is not enough.

VI. Information Disclosure and Stakeholder Engagement

We commend the Bank for stating that stakeholder engagement is a cornerstone to their increased monitoring and implementation of a project. ESS10. Information Disclosure and Stakeholder Engagement attempts to set out minimum requirements to ensure that stakeholder engagement is as inclusive as possible, promotes substantive equality, and enables groups that may be discriminated against or more vulnerable to project impacts, including women, people with disabilities, children and youth, migrants, and the LGBTQ community, to meaningfully participate in and inform decision-making during the design and implementation of the project.

However, to be truly meaningful, consultation must enable affected communities to make informed decisions and interventions at key moments in the project cycle. Unfortunately, the framework envisioned in the Second Draft is not completely conducive to this kind of meaningful consultation. Specifically, the absence of minimum requirements setting forth timelines for the disclosure of documents coupled with the variability of adaptive risk management, has the potential of making the commitment to stakeholder engagement in ESS10 hollow.

Recommendations:

- **Key project documents, including impact assessments, must be disclosed to affected communities before appraisal. The policy should set out clearly when and how key project documents are disclosed to affected communities.** Disclosure of key documents in a timely manner and in a form and language that is accessible is a precondition to affected communities and other stakeholders having a voice in decision-making and crafting development agendas.
- **Heightened due diligence measures, including third-party monitoring, should be required in higher risk projects.**

⁹ ESS3 footnote 10.

¹⁰ Idem.

- **The Bank should require a systematic assessment and articulation of the enabling environment for discrimination and marginalization, including obstacles to substantive equality, when analyzing the risks related to and the impacts of proposed projects.** Assessments should include measures to ensure that the environment enables affected communities and other stakeholders can participate freely in discussions. This participation should be ensured both upstream at the country level and at the project level, providing the freedom for communities and stakeholders to organize as they choose, without fear of reprisal or retribution. *This assessment should be included in the Systematic Country Diagnostic and Country Partnership Framework and should inform the Bank's decision for use of borrower frameworks.*
- **There should be timely disclosure, through the ESCP and other documents, of a comprehensive assessment of the environmental, social, and human rights impacts (both positive and negative) of the project or program, in an accessible form that enables people to make informed decisions.** Disclosed documents should include: sectoral or regional environmental and social impact assessments, strategic environmental and social assessments, strategic conflict assessments, the Environmental and Social Management Plan, and the Environmental and Social Management Framework. Disclosure of these documents would also be consistent with best practices in line with the UN/ECE Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (the "Aarhus Convention"), the aim of which is to ensure that project-affected communities have access to information, such as environmental, social, and human rights impact assessments, early in the decision-making procedure and in an adequate, appropriate, and timely manner so as to ensure their effective and meaningful participation.

VII. Project-Level Grievance Mechanisms

Similarly, we appreciate the Bank's efforts to increase access to remedy for communities through the addition of language requiring grievance mechanisms. However, again, the Bank must set out clear requirements to facilitate resolution of stakeholders' concerns and grievances. Below we briefly summarize suggestions contained in our joint submission, *Comments on the World Bank Draft Environmental and Social Framework – ESS10 and Implications on Accountability*. We will, however, reiterate that the Bank should provide clear guidelines and practical tools to support grievance mechanism implementation and borrower capacity. A functioning grievance mechanism should be provided at the early stages of the project and should be available throughout the project life cycle.

Recommendations:

- **The borrower should be required to inform project-affected communities of the existence of the Inspection Panel and its procedures, both through stakeholder**

engagement plans and through the project-level grievance mechanism. Information related to the existence and role of, and access to, the Inspection Panel, including brochures and other resources should be publicly available in the local language(s), including being distributed by the project grievance mechanism. This information should specify that accessing the Inspection Panel does not preclude filing of a complaint to the grievance mechanism, or vice versa.

- **ESS10 and accompanying Annex 1 should benchmark and cite the United Nations Guiding Principles on Business and Human Rights “effectiveness criteria for non-judicial grievance mechanisms”¹¹ in the requirements for design and implementation of project-level grievance mechanisms.** The effectiveness criteria of Principle 31 are legitimacy, accessibility, predictability, equitability, transparency, rights-compatibility, a source of continuous learning, and based on engagement and dialogue. We recommend that the World Bank reference and draw from its publication, *Evaluating A Grievance Redress Mechanism*,¹² which provides evaluative questions for the design and implementation of a grievance mechanism, based on the Guiding Principles effectiveness criteria.
- **Where the Bank is considering borrower frameworks, the Bank should require an assessment of the availability, credibility, independence and capability of local and national authorities to operationalize a grievance mechanism, which should then inform an action plan to implement/strengthen grievance capacity.** Relatedly, this assessment should also take into account and articulate the enabling environment for civil society.
- **The project-level grievance mechanism should provide meaningful opportunities for affected communities and beneficiaries to inform the design of the project-level grievance mechanism as part of a robust participatory consultation process** so as to ensure that the mechanism is culturally appropriate, sensitive and accessible to diverse members of the community, including to those who may face additional barriers to access, consistent with the recommendations of the Office of the Compliance Advisor/Ombudsman advisory note, *A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*.¹³ The community should be involved to identify key

¹¹ United Nations Guiding Principles on Business and Human Rights, *Implementing the United Nations “Protect, Respect and Remedy” Framework*, para. 31(a)-(h).

¹² World Bank, *Evaluating A Grievance Redress Mechanism*, available at: http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2014/09/08/000442464_20140908140819/Rended/PDF/903910WP0Evaluating0Box385311B00PUBLIC0.pdf.

¹³ The Office of the Compliance Advisor/Ombudsman, *Advisory Note: A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*, June 2008, at pp. 2-3 (discussing good practice markers for an effective grievance mechanism).

factors, such as the kind of disputes that could arise during the project cycle, the availability of local resources to resolve conflicts, and the methods by which people in the community would want to raise concerns.

- **Similarly, the Bank should require that stakeholders have an opportunity to participate in the design and implementation of a mechanism monitoring system.** We recommend that the Bank include a separate requirement stating that, as part of overall monitoring and evaluation efforts, affected communities shall be provided clearly communicated, periodic opportunities to submit feedback on the mechanism's performance.
- **The Bank must ensure that project-level grievance mechanisms must have the authority, resources, independence, and capacity necessary to be effective.** Grievance mechanism implementation, including budgetary allocation and capacity building, should also be included in the Environmental Social Commitment Plan.

VIII. Accountability and Ensuring Access to the Inspection Panel

Finally, it warrants emphasis that clearly delineated procedural requirements and responsibilities are needed to ensure accountability. The lack of clarity in procedural requirements, coupled with the Bank's constricted scope of responsibility, may make it more difficult for project-affected people to assess the Bank's involvement in a project.

Furthermore, a lack of time bound requirements make overall accountability much more difficult to assign and ensure. When communities are unable to answer: *What exact protections they are entitled to under a project? What should be expected of the Bank? Has the Bank violated its own standards?* we are creating deterrents to accountability. As previously stated, transferring responsibilities from the Bank to the Borrower impacts the ability of project-affected communities to seek accountability for harm caused by noncompliance, hindering their right to seek redress and remedy by accessing the Inspection Panel.

Having heard directly from the Safeguards Team that the ESF was not meant to abrogate the World Bank's responsibility and that clarification in language will provide the specificity and procedural requirements necessary to avoid ambiguity, we would look forward to seeing these amendments in the following draft.

To conclude we would like to acknowledge the efforts of the Safeguards Team in carrying out this work. We also welcome statements they made during the U.S. Consultation acknowledging the need to clarify key language in the Second Draft that would resolve many of the concerns we and many others have outlined throughout the consultation process.

Thank you for the opportunity to submit these recommendations and comments. If you have any questions or would like any clarification regarding this submission please contact me at cgarcia@ciel.org.



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