

The World Bank Environmental and Social Framework: Critical Analysis and Cases from India

- Rahul Das*

ABSTRACT: The paper discusses the World Bank Environment and Social Framework introduced in 2018, and provide recent examples of its functioning in India. The objective is to briefly explain the history, workings, and current status of the framework and find evidence for critical evaluation in the structural dimension. The results from the literature indicate several shortcomings in the judicial and structural domain of the framework, based on Human rights violations, Gender Issues, and other imperfections. However, several programs under the framework are currently active and have provided quality financial support in the infrastructural and developmental space in India.

Keywords: Environment and Social framework, Development, Environment policy, social assessment

INTRODUCTION

The most concerning issues of the current century are relating to Climate Change and Social Inequality in several underdeveloped and developing countries. As the population is expected to expand for the next few decades, mitigating climate change is expected to be one of the biggest challenges of humanity. Low-income economies face a more intensified constraint in this process, due to rising incidences

*Symbios School of Economics, Symbiosis International
(Deemed University), Pune (Maharashtra), India
&
Alumni, Economics, The Heritage College, Kolkata (2016-19)

of poverty and disparity in terms of civil rights, freedom of speech, and use of social services by all communities of people. Several international organizations (IO) such as the World Bank, United Nations, International Monetary Fund, etc. have collaborated immensely to reduce such problems. However, several studies have pointed out the disruption created by certain project proceedings of IOs as a result of human rights violations.

The World Bank Environmental and Social Framework (ESF) works towards ensuring environmental and social inclusion to all groups of people, based in any community, to be protected under their Investment Project Financing (IPF). The ESF was active as of October 2018 and applicable to all member nations. The World Bank ESF aims to achieve a sustainable development trajectory using policy instruments, a structured financing mechanism, and a properly administered monitoring technique to ensure reduced poverty and prosperity in the long run.

History

Since its establishment, the World Bank has always operated as (and only) a 'lender for infrastructural projects', due to the lack of any normative role assigned to it. The Bank used to provide funds to borrower nations, which then initiated the programs based on their laws and standards. This practice was, however, changed after the introduction of the 'Safeguard Policies' in the 1980s [1]. The entire structure of these policies was to diffuse investments of borrowing nations and advise them to be sensitive towards the spill-over effects they may create on certain communities. The ESF replaced these 'Safeguard Policies', which were used as protection from the Bank's harmful impacts of projects financed through investment. These sets of policies attempted to "safeguard" people from some of these impacts and created a trend of transformation in the Bank's ideas of IPF.

The new ESF, whose reform framework was presented in 2016, was

highly acknowledged by several countries like the US, as well as emerging powers such as China and India [1]. Several developing nations have shown immense support for several controversial policy issues focused on by the ESF, ranging from climate change, labour protection, sustainable livelihood, indigenous population, etc. The ESF is an improved version of the 'Safeguard Policies', which now has active participation from civil society organizations (CSOs) from all around the world.

Workings

The ESF works on the primary vision, based on the Bank's aspiration to achieve 'environmental and social sustainability'. The ESF includes a simplified policy structure known as the 'Environmental and Social Policy for Investment Project Financing', and a set of working principles known as the 'Environmental and Social Standards (ESS)'. Each borrowing nations must abide by the norms set under the policy structure and carry out assessment and identification of impact areas as a result of projects supported under the IPF. The ESS form a plan of action for the work that must be executed to achieve the goals of the framework.

The broad nomenclature of the ESS have been provided (Image 1).

The World Bank is the parent organization of two lender banks that provide the major finances for such development projects; The International Bank for Reconstruction and Development (IBRD) and The International Development Association (IDA). All finances that are provided to borrower nations are on a percentage-share basis, based on their ability and socio-economic status.

Current Status

Any project under the IPF must abide by the ESF structure, and borrowers are required to follow all rules and obligations related to the same. Since the early years of its inception, there have been several

projects that have been initiated at the global and national levels such as river management, landscape management, housing sector programs, etc. and very recently the health system preparedness projects designed to combat the COVID-19 pandemic. Currently, there are around 50 active development projects of the World Bank in India, of which a majority of them are under the IPF. Several grants are issued under IPF and they are divided into sector-specific projects, with proper implementation and monitoring plans to ensure proper accountability and good governance.

CRITICAL ANALYSIS

The Bank's ESF has been highly appreciated by several leaders around the world, however, certain shortcomings must be mentioned concerning the policy structure.

Human Rights Violation

While there remain problems relating to implementation at the grass-root level, the World Bank and several IOs have always been at the forefront while ensuring social and environmental protection and proved significantly their achievements in global development ideas. However, in several instances, they have faced heavy criticism and specifically in one domain: Human Rights. The World Bank has always remained silent about the aspects of human rights when lending regulations are concerned. Though the Bank has agreed to conform with international laws and agreements relating to climate change, marginal or no mention has been made regarding International Human Rights Law [2].

The Coalition for Human Rights in Development (CHRD), in 2016 indicated that several civil society recommendations were not included in the ESF, where labour policy was included but was inconsistent in any mention of international standards for the rights of workers. The Bank's policy only asked borrowing countries to provide basic workers' rights and a proper working environment in IPF by the Bank [3].

Several critics argued the Bank's possibility to dilute the 'safeguard' policies and human rights standards but it failed to do so. Indigenous communities, LGBTI groups have been adversely affected due to human rights violations. For instance, in several incidences, indigenous people are unable to benefit from the increased commercial use of the resource they own and are dependent on for their subsistence. Also, the term "Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities", is highly confusing in the sense that several governments do not acknowledge the term 'indigenous people' and no international agreement mentions any special emphasis to the Sub-Saharan local community [3].

Gender Issues and Standards

The ESF has also not acknowledged the inclusion of several marginalized communities especially women, in the IPF. The Gender Justice Women's Rights, indicate that the first review draft of the ESF has no or a very low-frequent mention of terms relating to gender standards [4].

Using quantitative and qualitative analysis, Zuckerman (2014), indicates the frequency of such terms is found to be very low. The study indicates that in a 110-page consultation draft, the word 'gender' is mentioned 19 times only, with 'women' and 'men' even less, and no reference of terms like 'boy' and 'girl'. Also, there is no mention of aspects relating to 'sexual orientation' in the draft, indicating the probable gender issues. The latest document on the ESF, 2017 has a reduced appearance of just 11 times when the term 'gender' is mentioned.

There are several critical points to believe that the ESF is highly discriminatory in terms of discussion relating to women; the distinctive health and medical problems faced by men and women, the percentage of land held by the world's women population, and their increasing importance in biodiversity and ecosystem protection.

While mentioning the structural deficiency in terms of gender disparity

it must be mentioned that the entire ESF structure is divided into 2 groups; mandatory 'safeguarding policies', and operational policies, neither of which have included any gender monitoring indicators, even after repeated suggestions from civil society groups [4]. The lack of such indicators may result in the increased vulnerability of 'women' and 'girls', as compared to 'men' and 'boys' in environmental risks (say a natural disaster) as indicated by ESS1. The criticism can even extend to the lack of recognition for women, who are usually the first responders to provide safe shelter to abused women and children, first-aid and health care during a natural calamity. The ESS2 mentions labour working conditions but very briefly discusses those women and child are more vulnerable to trafficking. Such discriminations may lead to under-utilization of the women's labour force potential. The only relevance of gender sensitivity is in terms of the 'indigenous people', where certain gender-relevant terms have been mentioned more frequently than in the other ESS.

Thus, gender-based criticisms can be made on every ESS, and several reports indicate that not only in the ESF but even before that, the World Bank has been highly insensitive towards gender issues [5].

Policy Issue in High-Risk Projects

The Bretton Woods Project, 2018 criticized that the agreement of shareholders of the Bank based on General Capital Increase (GCI), led to the bank approving several high-risk projects, and undertaking comparatively riskier funding in "fragile and conflict-affected states" [6]. Several commentaries have been forwarded to the World Bank relating to the effects of high-risk projects, concerning the environmental and social risk assessment. CSOs around the world have shown deep concern for the ESF policies relating to such projects. The policy norm under the ESF indicates a 'risk-based management' system, in which hazards relating to environmental and social status will be addressed only when they appear in the process of implementation and not before that.

There are several incidences when CSO activists have faced personal risks while they engaged in protests relating to high-risk projects. In Indonesia, during a Civil Society event, individuals complained about the presence of military police when there were discussions relating to IPF, which raised fear of retaliation if protests were made [6]. The World Bank Geothermal Project in Indonesia was also highly criticized when CSOs claimed that environmental and social assessments were improperly and inefficiently conducted.

The entire confusion is relating to the accounting structure and decisions on the exact cost (externalities) of a high-risk project based on no prior information due to the lack of proper assessment documents.

Other Structural Deficiencies

Other than the major issues mentioned previously there are a few structural, financial, and policy loopholes present in the ESF as indicated by various sources.

Civil Society Recommendations: More than 60 CSOs had recommended suggestions during the initial draft reviews, relating to the issues of gender discrimination which remained ignorantly unacknowledged by the Bank [4]. Civil Society groups around the world play an important role in critically analyzing and suggesting policy improvements due to their stakeholder engagements. Several reports have questioned the accountability aspect of the Bank and the ESF due to their reduced engagement with CSOs.

GCI Repercussions: The World Bank's capital increase in early 2018, was expected to increase its lending by a huge extent and reduce inequality on the environmental and social front. However, the convergence of this capital increase with the ESF has created several accountability issues [7].

ESS Thresholds: Several studies suggest that the thresholds required for project approvals are based on only a few specific project-based

ESS, rather than all the standards. These thresholds determine the capability of the borrower to use the finances efficiently related to a project. For example, dam construction or a landscape management project is not only required to comply with ESS1 but indirectly with all the other standards. Thus, a project must be approved when it fulfils norms relating to all the standards under ESS.

Land Resettlement: Land Displacement and Resettlement has also created several issues that create negative externalities during certain projects. CSOs have advised the Bank to avoid displacement of communities whenever possible and ensure livelihood restoration for communities impacted through the downstream effect of dams and land-based management projects. However, ESS1 does not mention any such proposition, rather lacks the possibility of including an income and livelihood restoration scheme in ESS5.

Carbon Reduction: The Bank's ESF revised drafts were available to the public after the initial drafts (in 2015) of the United Nations Framework Convention on Climate Change (UNFCCC) Paris Agreements and must have included aspects of carbon threshold based on the recommendations of the Agreement. However, the final draft, 2018 neither mentions the Agreement nor indicates norms for reporting of a threshold above 25,000 metric tons of GHG emission (CO₂ equivalent) every year at the facility level as recommended by the Agreement. Such norms relating to climate change must be stern especially for developing economies such as India, which have a major contribution to world carbon emission.

CURRENT SITUATION IN INDIA

In the last few decades of growth and prosperity, India has emerged as a global power. While the country has achieved high economic growth, there remain constraints relating to the environment and social sustainability in the country, especially with the low-income groups. The population has been rising at a steady rate, with rising unemployment, incidences of poverty, and adverse climatic

conditions. The World Bank and several IOs have shared their ideas to reduce the increasing disparity in the country. The ESF and IPF have been serving to ensure equitable and sustainable livelihood standards for the last few years for a considerable population.

Meghalaya Community-Led Landscape Management Project (MCLLMP)

The state of Meghalaya has around 70 per cent of its landscape under mountains and forest, out of which 40 per cent has been degraded due to adverse environmental practices. Landscape management projects are highly important in such regions with such conditions and a high population density. This project aims to strengthen the rural communities and their structural use of certain land areas in the Meghalaya state so that they can maintain proper natural resource management (NRM). The entire project was funded on an 80-20 percentage share (Total Fund; US\$ = 60 million), where 80 percent of the funding was from the IBRD and 20 percent from the recipient, i.e., Meghalaya Basin Development Authority, Govt. of Meghalaya [8].

The project was successfully approved in May 2018 and has a duration of 5 years. The project works in conformity to the ESF standards and focuses on the Forestry and Public Administration sectors, ensuring that the theme of Environment and NRM is sustained.

As of August 2020, US\$ 4.24 million has been disbursed for the program and the program has received a Project Development Objective (PDO) rating of 'Satisfactory' as of 15 June 2020 [8].

The Components of the Project have been mentioned (Image 2).

The latest Implementation Support Report on 25 November 2019 indicated that the ESF has been integrated with the CNRM Plan, and district teams have been created for the provision of proper social and environmental guidelines during the implementation of CNRM [9].

Integrated Project for Source Sustainability and Climate Resilient Rain-fed Agriculture in Himachal Pradesh

This is a very recent project undertaken by the World Bank in the state of Himachal Pradesh (HP), which was approved in February 2020. The objective of the project is to ensure improved upstream watershed management for better productivity using agricultural water [10].

The project has been divided into components and sub-components which focus largely on sustainable land and water management (SLWM) training, targeted-intervention in specific Gram-Panchayats, climate-smart technological innovations, and improving the Himachal Pradesh Forest Department. The entire project has approved funding of US\$ 100 million, of which 80 million will be provided by IBRD and the rest by the Govt. of HP. The project has a sector-specific intervention in Forestry, Livestock, Irrigation and Drainage, Agriculture, and Public Administration [10].

The program's procurement plan documents indicate very clearly the mention of ESF standards that must be met during the implementation of the program.

Recent reports indicate that the program is expected to benefit more than 4 lakh farming households in the state, under 428 selected Gram Panchayats of 10 districts [11]. Such investments usually help farmers who depend primarily on irrigational projects and are environmentally and socially sustainable in the long run.

India COVID-19 Emergency Response and Health Systems Preparedness Project

The project is co-financed, where the Asian Infrastructure Investment Bank (AIIB) has collaborated with the World Bank to combat the recent pandemic and strengthen the national health system in the country. The project was approved in April 2020 with a fund approval of US\$ 1000 million; however, the World Bank does not indicate any disbursements that have been made [12] to date.

The project was introduced to work in line with the COVID-19 Containment Plan introduced by the MoHFW and has received acknowledgment from the World Health Organization (WHO).

The project is divided into 6 components and all investments under them must be consistent with the World Bank's ESF, in terms of transport, handling, and disposal of any infectious waste material. The MoHFW has also agreed to follow all advisories of the WHO and created an Environment and Social Commitment Plan (ESCP) and Stakeholder Engagement Plan (SEP), based on the project [13].

The ESCP for this project indicated that the program must be implemented following all ESS, and be time-bound at every procedural action taken.

The Components of the Project have been mentioned (Image 3).

Accountability: The MoHFW, National Center for Disease Control (NCDC) and the Indian Council of Medical Research (ICMR) are responsible for the implementation of the program however, the Govt. of India must be responsible for any violation of the ESF norms. One of the major components of the entire ESCP is Regular reporting (Quarterly) of ESF, and performance based on environmental, social, health, and safety (ESHS) standards [14].

Organizational structure and Instruments: The MoHFW must create a Program Management Unit (PMU) at different levels to access the risks and impacts of the project implementation particularly for severely vulnerable and disadvantaged groups. The Biomedical Waste Management Plan under the ESCP must also undertake infrastructural constructions to increase capacity and mitigate any adverse effects as a result of waste disposal. The labour management norms under ESS2 will also apply to health care workers serving under the IPF.

The ESCP is a very detailed report indicating the units and organizational structure under each ESS and the responsible entities

and timeframe for progress submissions.

Other than the exemplary programs mentioned above there are several IPF programs that are currently active in India, ranging from road development to municipal operations. Some of the other recent examples can be of the Tamil Nadu Housing Sector Strengthening Program, and the West Bengal Irrigation and Flood Management Project. All such projects have provided great infrastructural and developmental support to the nation.

CONCLUSION

The 'Safeguard Policies' of the World Bank ESF had received immense competition from several IOs, who showcased an improved structure of the environment and social assessment as compared to the World Bank. This led to stiff competition between Multilateral Development Banks (MDBs) and their financing instruments. The new ESF, 2018 was a remarkable improvement in this regard. Despite criticism, certain norms and regulations have been established which were not present in investment mechanisms earlier.

Several improvements can be made with the ESF structure relating to Human Rights, Gender Issues, and Structural Issues. The issue of structural deficiencies relating to project approvals in Environmental Impact Assessments (EIAs) was addressed following the recommendations of Oxfam in March 2015, however, there remain issues relating to Human Rights violations. The ESF could be made more robust if an ESS indicating gender sensitivity and mandatory gender standards is included or integrated with the existing ESS. Also, the ESF should be expanded to other lending instruments such as Development Policy Financing, and not limited to the IPF only.

Bibliography

[1]	P. Dann and M. Riegner, "The World Bank's Environmental and Social Safeguards and the evolution of global order," <i>Leiden Journal of International Law</i> , vol. 32, pp. 537-559, 2019.
[2]	CHRD, "The World Bank Safeguards Review: A Critical Human Rights Issue," <i>Coalition for Human Rights in Development</i> , 2017.
[3]	CHRD, "Coalition for Human Rights in Development," 8 August 2016. [Online]. Available: https://rightsindevelopment.org/release-world-bank-leaves-holes-in-safety-net/ . [Accessed 19 September 2020].
[4]	E. Zuckerman, "Gender Review and Recommendations on the: World Bank Environmental and Social Framework," <i>Gender Justice Women's Rights</i> , 2014.
[5]	C. Lauterbach and E. Zuckerman, "Assessing the effectiveness of World Bank investments - The gender dimension," <i>UNU - WIDER Working Paper No. 2013/017</i> , 2013.
[6]	Bretton Woods Project, "Civil society apprehensive as World Bank launches new Environmental and Social Framework," 2018.
[7]	K. Horta, "Reform gone wrong," 12 October 2018. [Online]. Available: https://www.dandc.eu/en/article/world-banks-social-and-environmental-standards-have-been-weakened-significantly . [Accessed 20 September 2020].
[8]	The World Bank, "Meghalaya Community-led Landscapes Management Project," 13 March 2018. [Online]. Available: https://projects.worldbank.org/en/projects-operations/project-detail/P157836 . [Accessed 20 September 2020].
[9]	Meghalaya Basin Development Authority, "Third Implementation Support Mission: November 25, 2019," Govt. of Meghalaya, 2019.
[10]	The World Bank, "Integrated Project for Source Sustainability and Climate Resilient Rain-fed Agriculture in Himachal Pradesh," February 2020. [Online]. Available: https://projects.worldbank.org/en/projects-operations/project-detail/P165129 . [Accessed 20 September 2020].
[11]	reliefweb, "OCHA Services," OCHA Services, 18 February 2020. [Online]. Available: https://reliefweb.int/report/india/new-world-bank-project-benefit-over-400000-farming-households-himachal-pradesh-india#:~:text=The%20Integrated%20Project%20for%20Source,farmers%2C%20women%20and%20pastoral%20communities.. [Accessed 20 September 2020].

[12]	T. W. Bank, "India COVID-19 Emergency Response and Health Systems Preparedness Project," May 2020. [Online]. Available: https://projects.worldbank.org/en/projects-operations/project-detail/P173836 . [Accessed 20 September 2020].
[13]	AiIB, "India: COVID-19 Emergency Response and Health Systems Preparedness Project," February 2020. [Online]. Available: https://www.aiib.org/en/projects/details/2020/approved/India-COVID-19-Emergency-Response-and-Health-Systems-Preparedness-Project.html . [Accessed 20 September 2020].
[14]	MoHFW, "ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)," Government of India, The World Bank Group, 2020.
[15]	Oxfam, "Oxfam Comments on Second Draft of World Bank Environmental and Social Framework," 2015.
[16]	C. MARKOWITZ, "INFRASTRUCTURE AND IMPACTS: STRENGTHENING ENVIRONMENTAL AND SOCIAL SAFEGUARDS," <i>South African Institute of International Affairs</i> , vol. Policy Insights 54, 2018.
[17]	T. W. Bank, 8 September 2020. [Online]. Available: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/208411599573011543/india-south-asia-p165129-integrated-project-for-source-sustainability-and-climate-resilient-rain-fed-agriculture-in-himachal-pradesh-procurement-plan . [Accessed 20 September 2020].
[18]	The Bretton Woods Project, "World Bank general capital increase to be formalised in October," 27 July 2018. [Online]. Available: https://www.brettonwoodsproject.org/2018/07/world-bank-general-capital-increase-formalised-october/ . [Accessed 20 September 2020].

Endnotes

¹ Indigenous people are termed as First Peoples, First Nations, Aboriginal Peoples or Native Peoples or autochthonous people. For example, in Australia for any Human Rights Violation relating to Aboriginal Australians, the Native Title Act is operated.

² Roughly 2 percent of world's titled land [4].

³ Indian example can be of the Chipko Movement, 1973.

⁴ July, 2018 Spring Meetings of the World Bank indicate US\$ 13 billion increase in capital from IBRD and IFC after shareholder's agreements [18].

⁵ Civil Society Policy Forum event on the ESF during the World Bank and IMF Annual Meetings in Bali in October, 2018

⁶ Deforestation, Mining and Jhum cultivation

⁷ Community NRM

⁸ The document can be found at [17]

⁹ Ministry of Health and Family Welfare.

¹⁰ Dated March 27, 2020

¹¹ The Oxfam Comments mention several deficiencies and suggestions with relation to the ESF draft presented in early 2015.

ENVIRONMENT AND SOCIAL STANDARDS

- ESS1: Assessment and Management of Environmental and Social Risks and Impacts
- ESS2: Labor and Working Conditions
- ESS3: Resource Efficiency and Pollution Prevention and Management
- ESS4: Community Health and Safety
- ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
- ESS8: Cultural Heritage
- ESS9: Financial Intermediaries
- ESS10: Stakeholder Engagement and Information Disclosure

Fig. - 1 : Components of the ESS

Fig. - 2 : Components of the MCLLMP



Fig. - 3 : Components under the COVID-19 Response Project