

For Immediate Release

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Proposed Policies at World Bank at Odds with Kim's New Vision:

Civil Society Fears that World Bank Social and Environmental Policies Will Be Weakened

TOKYO – As participants at the Annual Meeting of the World Bank wait for President Kim's announcement on major changes at the World Bank, civil society is concerned with key policy revisions already under way at the Bank. The Board of the World Bank is poised to approve, on October 25th, major changes to its so-called Investment Lending policies – the policies that apply to project finance. These changes, which the Bank calls reforms, threaten protections for people and the environment. Civil Society is concerned that a separate review of the Bank's environmental and social safeguard policies, expected to be launched today, will follow the same path. The safeguard policies are critical to protecting people, their rights and the environment, and ultimately the sustainability of Bank operations. A wide range of civil society organizations call on President Kim to recognize that both sets of policies are central to his goal to eradicate poverty.

According to Mark Rentschler of the Bank Information Center, based in Washington, D.C., "if the review of the investment lending policies is any indication, the safeguard review will weaken current environmental and social policies and procedures. The proposed revisions to Bank Investment Lending will significantly change requirements for the way projects are evaluated and supervised."

The World Bank asserts that the safeguards review is necessary because the current policies are too onerous. However, many are concerned that the real motivation for the review is to weaken the safeguards in order to remain competitive with emerging lenders that have no similar policies. Given this concern, members of civil society urge the World Bank to adhere to the following principles:

- *No Dilution.* President Kim should state specifically that the safeguard review will not lead to any dilution of existing safeguards but will instead result in stronger protections for people and the environment.
- *Upward Harmonization.* At a minimum, the World Bank safeguards should be consistent with international laws protecting human rights and the environment, avoiding a potential "race to the bottom." Current policies do not ensure respect for labor rights, women's rights, children's rights, rights of people with disabilities, and land rights.
- *Closing the Loopholes.* The current policies apply to a shrinking number of Bank activities. Safeguard should apply to all types of Bank-supported activities including, for instance, policy loans and technical advice to governments.
- *Full Implementation.* The Bank should ensure that Bank staff has the incentives, capacity, and skills to ensure effective safeguard implementation.
- *Accountability.* Safeguard policies and procedures should be binding and sufficiently detailed to allow the Inspection Panel – the World Bank's grievance mechanism – to review their implementation.

“Over the past thirty years, the World Bank has developed mandatory rules or ‘safeguards,’ however imperfect, designed to prevent harm to communities and their surrounding environment,” said Titi Soentoro from the Indonesian NGO AKSI, one of over 120 Indonesian organizations and individuals who wrote to the Bank President this week. “We must not forget that these safeguards emerged in large part as a result of pressure from communities suffering from negative social and environmental impacts of projects and programs funded by the World Bank and other international financial institutions.”

The World Bank’s Approach Paper to the safeguard review, which is expected to be released today, will give a broad overview of the topics to be covered and the process for consultation. Civil society is expected to release detailed comments elaborating on the above principles within a few weeks.

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