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Subject: Dilution of Environmental & Social safegurads - as in the present draft - will be disastrous

To

Mr. M. N. Prasad,
Executive Director (Bangladesh, Bhutan, India, Nepal)
World Bank

Dear Mr Prasad,

It is with grave concern that we are writing to you - on the "leaked" draft's dilution of safegurads on ESS5 on Land Acquisition, Restrictions on Land Use and Involuntary Resettlement, as these threaten to significantly increase the risk of Bank-financed projects impoverishing people and exacerbating inequality -- completely countering the stated objectives of developmental finance. Being a representative from the south-Asian region, you are surely aware that even some of our national legislations (though contested) are much stronger, and we earnestly request you to resist this dilution of WB safegurds on ESS5.

Major dilutions of the current policy that are proposed in the draft framework include:

- 1. The removal of the key objective, which was in line with the Bank's goal of shared prosperity, that "resettlement activities be conceived and executed as sustainable development programs, providing sufficient investment resources to enable the persons displaced by the project to share in project benefits."** The renewed emphasis on compensation for lost assets in the draft ESS5 is a significant regression in the Bank's approach to resettlement, going against 30 years of empirical research, much of which has been commissioned and endorsed by the Bank, that shows that compensation without sustained development support cannot prevent impoverishment.
- 2. The dilution of the policy's scope to exclude land titling/regularization activities, regulation of land use on regional or national level, and all other activities resulting in displacement that are "directly and significantly related" to Bank-assisted projects, which are currently covered by OP 4.12, para 4.**
- 3. Inadequate requirements to assess alternatives, with full participation of affected people, in order to avoid or minimize physical or economic displacement impacts, and the failure to ensure that projects supported by the Bank that result in displacement have a legitimate public interest/general welfare value in accordance with the requirements of international law.** The draft Environmental and Social Framework (ESF) contains none of the requirements, currently found in BP 4.12, that the Bank task team must work together with the Borrower to explore alternative project designs to avoid or minimize displacement and to satisfy itself that such alternatives have been adequately considered.
- 4. The removal of the requirement for comprehensive household baseline data and other socio-economic studies (currently required in OP 4.12, Annex A), which are indispensable to resettlement planning, monitoring and evaluation and to ensuring that affected people receive full restitution for all impacts suffered.**

5. **The removal of the requirements in OP/BP 4.12 that the Borrower submits a comprehensive resettlement planning instrument, including all relevant censuses and baselines studies to the Bank, and that the Bank conducts an extensive review of the resettlement instrument and satisfies itself that it conforms to Bank policy prior to submitting the project for approval.** The new framework allows the Bank to move forward with financing projects that uproot people from their land, homes and livelihoods, and relinquish the vast majority of its leverage to protect the rights of affected people, with nothing more than a vague commitment from borrowers to comply with the ESS in a completely open-ended manner and with no details on how they intend to do so. This gutting of resettlement appraisal requirements represents the single most dangerous dilution and abdication of Bank responsibility in avoiding and mitigating adverse impacts from displacement caused by Bank-supported projects.

6. **The dilution of requirements for information disclosure, consultation and participation of displaced persons regarding resettlement planning, implementation and monitoring.** The new draft removes any reference to informing displaced persons about their rights pertaining to resettlement. It significantly dilutes the language in OP 4.12 regarding the provision of choices among resettlement alternatives to affected people, apparently leaving the displaced to choose only between cash compensation or alternative housing.^[1] There is also no requirement in ESS10 to actually take the views of affected people into account; borrowers are only expected to “incorporate feedback, where appropriate.”^[2]

7. **The complete gutting of current policy requirements that all sub-projects involving resettlement must comply with Bank safeguards.** Under the new framework, only sub-projects involving resettlement that are classified - by the Borrower - as *High Risk* must comply with ESS5. This means that projects that are classified as having *Substantial Risk* need not comply with ESS5 but only national regulations. Under the current policy, the Bank requires that a satisfactory resettlement plan, including baseline socioeconomic survey information, be submitted to the Bank for approval before the subproject is accepted for financing. Under the new framework, there is no requirement for borrowers (which may include financial intermediaries) to submit resettlement plans to the Bank for prior approval, even for *High Risk* projects.

8. **The significant dilution of Bank supervision responsibilities.** The four paragraphs on supervision of resettlement in the current BP 4.12 have been reduced to three sentences in the draft ESP and two sentences in the new OP 10.00, which are extremely vague, not specific to resettlement, and based primarily on a review by the Bank of self-reporting by the Borrower.

We request you not to support the dilution of the safeguard policies, but insist on upholding and improving the existing policies. Any weakening of policies will be in direct contradiction to the Bank’s mission and goals, as a result of major substantive policy dilutions and a wholesale abdication of Bank responsibility for ensuring compliance with the policy.

Humanly Yours

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1. Bharat Jan Vigyan Jatha - BJVJ (translates to - India people's science campaign)
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