

World Bank's sham 'consultation' to review of its environmental and social safeguards shut down in Bangalore

About 25 activist representatives, researchers, environmental specialists, policy analysts, lawyers and health professionals from a wide range of social and environmental action groups, peoples networks and movements of Karnataka, forced the closure of The World Bank's 'consultation' on the review of its environmental and social safeguards in Bangalore today (08/04/2013). The 'consultation' was slammed as a 'complete sham' which 'must be denounced by anyone genuinely concerned about the nature of democracy and broad based public interest, and committed to the principle of Free, Prior and Informed Consent (FPIC), climate justice, sustainable development through democratic decision making and the Principle of Intergenerational Equity'. Moreover it was made into an occasion to denounce the various projects that have destroyed the environment and various communities, and to demand the World Bank to quit India.

Stephen F. Lintner, Senior Advisor, Operational Policy and Client Services of The World Bank had flown in from Washington DC (USA) to hold the 'consultation' at Hotel Atria in Bangalore, along with Preeti Kudesia, Senior Operations Officer of the Bank. The meeting was supposed to have been facilitated by Anubrotto Kumar (Dunu) Roy, Honorary Director of Hazards Centre, New Delhi.

Of those invited by the Bank, about 5 represented various civil society and research organisations, and a dozen or so officials represented various agencies of the Karnataka and Andhra Pradesh governments. The consultation was held barely a stone's throw from the Karnataka Legislative Assembly, and yet, shockingly, not one Parliamentarian, Legislator, Municipal Councillor or Panchayat member from anywhere had been invited. This amply demonstrated what a mockery of democracy the exercise was.

The invited gathering of about 20 odd 'representatives' of 'civil society organisations' and Governments of various Central and Southern States of India were probably invited by the Bank to accord a certain legitimacy to the review exercise. Were it not for the intervention of progressive social and environmental action activists, this charade of 'consulting' the 'public' would probably have been passed off as a successful process, and the exercise possibly used to legitimise the weak safeguards of the Bank.

Clifton D' Rozario of the Alternative Law Forum read out a detailed statement (attached) which strongly critiqued the World Bank's 'consultation' process and also its investment policies. He attacked the Bank's double-speak on claiming belief in democratic decision making, when, in fact, all it does is talk to an elite section of society and claim such opinion gathering held in classy hotels as peoples' sanction to the Bank's investment policies. He also reminded the World Bank of its responsibility in regard to the devastation heaped on the lakhs of adivasis and farmers in the Narmada Valley due to Sardar Sarovar dam, which it fails to own up to even today. He also decried the so-called 'knowledge production' by the World Bank as methods to monetise and commodify all resources and even relationships.

Leo Saldanha of Environment Support Group criticised the flawed process of the Bank's consultation mechanisms and said it amounted to ritualising the FPIC Principle. He demanded that the Bank cancel the charade being passed off as a 'consultation' as it was against the jurisprudence that had evolved in India which required deep application of FPIC Principle in decision-making. The current process seriously compromised people's right to know and participate in decisions that affect them and exposed the Bank's vacuous claim of being a 'change maker' in developing progressive environmental and social safeguards.

Kshitij Urs of Action Aid slammed the Bank for being satisfied by this charade of a 'consultation' held amongst selected 'stakeholders' that especially excluded elected representatives. He said the Bank had over the decades succeeded in creating a perception of being progressive, when in fact it had structurally damaged national economies and devastated communities everywhere it lent. The Bank's interests were too strongly aligned with imperialist designs of the US and other Northern economies and this was seriously compromising India's sovereign power to decide its developmental process. Quoting Obama, he said, 'Enough is Enough', and asked the World Bank to please leave.

Speaking on behalf of the Janaarogya Andolana Karnataka (JAAK) Akhila Vasan said the World Bank's policies have fragmented and progressively weakened the public health system through introduction of various forms of contractual

arrangements. Under the influence of the Bank's 'universality' policies, Karnataka is aggressively pushing numerous insurance schemes and 'managed care' models that are leaving people to the mercy of the exploitative, predatory private health sector, and resulting in further impoverishment and destitution. 'User fee', introduced by the Bank's investment policies, is blatantly anti-poor, and an unscientific policy that has its roots in the larger structural adjustment process initiated by the World Bank. She accused the Bank of arm-twisting governments into pursuing several privatization models, including Public Private Partnerships, which enabled Corporate/for profit agencies to enter the 'health care' market in various ways with disastrous consequences on livelihoods and survival of several communities.

Madhu Bhushan of Vimochana in an impassioned intervention said the World Bank's policies and lending patterns have deeply affected the lives of women in India and particularly the poor women. As a Bank it can only perceive every relationship as an economic transaction – women are commodified and reduced to being consumers and led towards greater indebtedness. New vulnerabilities have resulted as a consequence, she said, which not only increased violence in private and public spaces but also greater social and economic violence. The classic example of this is the microfinance project of the Bank – supposedly initiated as a means to increase self-reliance and reduce the dependence on exploitative local money lenders amongst rural and poor women. The number of documented cases of suicides of women who are unable to repay has dramatically increased wherever the Bank promoted 'self-help group' loans, and caused divisiveness within rural communities, Bhushan said. "If this is not an agenda of Genocide, what is?" she enquired. Reacting strongly to Lintner's intervention that these facts would be taken on record, she asked him to stop patronising by offering to take concerns on record, thus reducing people to mere footnotes in a Bank document.

Vinay Sreenivasa of Alternative Law Forum perturbed by the Bank holding the consultation in Bangalore when no effort whatsoever was made to communicate in local languages demanded the 'consultation' must immediately be abandoned and the process revisited only after all the policies were translated to local languages and effectively disseminated publicly. He pointed out not one of the Bank's officials knew any of the languages spoken in the region, and yet the institution had the gall to hold a 'consultation' in South India claiming it was an opportunity for local people to engage with proposed revisions of the critical environmental and social safeguards.

Rajendra Prabhakar of the Campaign Against Water Privatisation attacked the Bank as an agent of neo-liberal colonisation. The so-called development programmes of the Bank were undermining democracy as it created debt traps, that attacked the very idea of sovereignty, citizenship and genuine progress of people, he said. Bhoga Nanjunda of CIEDS Collective joined issue and said the Bank was not in India to promote genuine people's development, but to pursue its business of lending. He asserted that India is not a market for promoting the World Bank's business.

Bhargavi Rao of Environment Support Group presented a nuanced analysis of the careless disregard the World Bank cultivated for its own environmental and social standards. She attacked the International Finance Corporation, the private sector lending arm of the World Bank, of massively financing the expansion of the West Coast Paper Mills in Dandeli (North Karnataka) even after it had been officially informed that the company had for decades violated all environmental norms and discharged its waste into the Kali river devastating its ecology and the lives of downstream communities. Bolstered by the Bank's lending and promotion of 'industrial farming' practices, the company was now colonising local forests with pulp-wood plantations on the dubious claim they were degraded.

Similarly, Nitin Rai of the Ashoka Trust for Research in Ecology and Environment (ATREE) presented his experience of the World Bank's Global Environmental Facility funded Eco-Development Project implemented by the Indian Ministry of Environment and Forests, which he said was done without any adherence to the Bank's social and environmental safeguards. He expressed his deep shock and dismay that the World Bank had chosen to hold a 'consultation' in such an intransparent manner.

Arati Choksi of People's Union of Civil Liberties attacked the World Bank's 'pro-poor' policies as reeking of a plan to make profit out of the poverty alleviation programmes. What is particularly worrisome, she said, is the insidious and coercive manner of World Bank in implementing the ten point agenda of the Washington Consensus, of not just fiscal profit, but placing its own partner stake holders firmly in control of all public sector enterprise and resources - water,

energy, transport, health, and education – for continual and perpetual financial extraction.

Despite repeatedly being urged to speak, not one of the officials representing various Government agencies chose to speak. Mr. S. M. Jamdar, a senior bureaucrat of the Karnataka Government who recently retired, also did not speak. He, however, spoke to media persons where he is reported to have said that he shared all the concerns being aired, and said it is critical that these messages reached senior politicians and bureaucrats of the Government who were complicit in perpetuating such systemic problems.

In the face of such informed criticism of its actions, policies and 'consultation' procedures, Stephen Lintner decided finally that the 'consultation' had ended without any adherence to the Agenda the World Bank had proposed.

The organisations that participated were Peoples Union for Civil Liberties – Karnataka, Environment Support Group, Alternative Law Forum, Peoples' Campaign Against Water Privatisation, Janaarogya Andolana – Karnataka, Vimochana, CIEDS Collective, CIVIC Bangalore and various others in their individual capacity.

Environment Support Group
1572, 36th Cross, Ring Road
Banashankari II Stage
Bangalore 560070
Tel: 91-80-26713559 ~ 61
Voice/Fax: 91-80-26713316
Email: esg@esgindia.org
Web: www.esgindia.org

Alternative Law Forum
122/4, Infantry Road,
(Opposite Infantry Wedding Hall)
Bangalore 560001
Tel: 91-80-22865757/22868757
Email: contact@altlawforum.org
Web: <http://www.altlawforum.org/>

JOINT STATEMENT

PEOPLES MOVEMENTS AND ENVIRONMENTAL AND SOCIAL ACTION GROUPS SLAM THE WORLD BANK'S SHAM CONSULTATIONS ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS REVIEW

The World Bank (which includes the International Bank for Reconstruction and Development, International Development Association, International Finance Corporation and Multilateral Investment Guarantee Agency, amongst others) claims to be conducting around the world, "consultation meetings... announced with as much advance notice as possible to facilitate informed participation from a diverse set of stakeholders" *to review and update its environmental and social safeguards policies*. The World Bank (Bank) further claims that once these consultations are concluded, the "Bank will consider these areas (for reform) through internal dialogue and consultations with shareholders, as well as through a global series of dialogues with external experts".

It is clear that the Bank is in no way is doing anything different from that which it has done in past decades. Many such reviews have been conducted, thousands of groups and individuals have participated with the hope of seeing genuine reform and perhaps even democratization of the institution, only to be utterly disappointed. The current exercise, therefore, is yet another charade to mask the true intentions of its major shareholders: France, Germany, Japan, the United Kingdom and the United States, who are grappling with serious economic downturns and are conveniently using the Bank to force open global investment opportunities with scant regard to environmental and social impacts.

If indeed the Bank were seriously concerned about the impacts of its investments, then the best test would have been the demonstration of sensitivity in the investments made through its various lending operations. In India, the International Finance Corporation (IFC), the Bank's private sector lending arm, is complicit in massive human rights and environmental violations in the mega \$4 billion Tata-Mundra 4000 MW power project in the ecologically sensitive Kutch region of Gujarat. This massive coal based project would greatly increase global warming emissions and yet has applied for and got Clean Development Credits under the United Nations Framework Convention on Climate Change. A Wikileaks story quoted US embassy officials saying that, Bank funded big hydropower projects such as Allain Duhangan and Rampur projects in Himachal Pradesh have also been registered to get millions of dollars of free doles under the same fraudulent CDM scheme for projects that are neither sustainable nor additional. The World Bank, in its wisdom, has further endorsed such environmental crimes by offering a \$1 billion loan to the building of the Fifth Power System Development Project, which essentially is a transmission line for Tata-Mundra and three other large coastal power projects. Participating in such a manner, the Bank conveniently escapes any blame for the disaster and yet benefits from claims that it is financing 'development projects'.

Some years ago, the IFC played down its intention to finance the expansion of the notorious West Coast Paper Mills (WCPM) in Karnataka, a company that had worked without any functioning environmental safeguards for decades, resulting in ecological devastation of the biodiversity rich Kali River. But this dastardly act of WCPM has now been rewarded by the IFC with 17 equal half-yearly loans of approximately Rs. 150 crores since 2011.

The Bank's Policy on Piloting the Use of Borrower Systems for Environmental and Social Safeguards has in the past decade been a mantra to pave the way for promoting investment at any cost. Over a decade ago the World Bank funded the Indian Ministry of Environment and Forests' Environmental Management Capacity Building Project. The result was a massive dilution of India's environmental and social safeguard norms. Worse, the processes that resulted from this capacity building lent voice to those within the administration and industry who were crying hoarse that the carefully evolved rigour of forest and environmental clearance standards in India was thwarting economic growth. Now again the Bank is offering to lend USD 1 Billion for the Ganga Action Plan following the same infrastructure-centered, governance-ignoring model that has failed over the past 25 years, while at the same time funding river-destroying hydropower projects such as the Vishnugad Pipalkoti project upstream. The Bank's funding to the project of THDC Ltd. (Tehri), known for its poor track record, has been challenged before the Bank's own Inspection Panel, but the Bank is engaging in propaganda against project critics rather than withdrawing from the project. None of the affected people from this, or any other ongoing, or past Bank funded project, or those working with affected peoples, have been invited to these consultations.

Many such examples can be cited to prove beyond any reasonable doubt that the so-called environmental and social safeguards of the Bank are a veneer to mask the true aims of this dangerous financial institution: to increase the profitability of its key shareholders at any cost.

The World Bank is extremely inventive in producing documents and jargon that sound good, feel good, and are often genuinely trusted by many. It relies heavily on maintaining a good reputation and positive image with governments and wider society, especially the media, in advancing its objectives. The current consultation exercise is a part of this theatre. But the proof of the Bank's intentions is in the pudding, and clearly evident from its refusal to say "NO" to many investments that have disastrous consequences, such as the Tata-Mundra, Rampur, Luhri and Vishnugad Pipalkoti projects. Not only has the World Bank financed such projects, but it has also aggressively defended such investments as necessary components of the globalization paradigm that it actively propagates. And when asked why there is so much world-wide criticism of the Bank and its so-called development agenda, it has famously quipped in its FAQ that "this occurred because we did not explain the Bank's mission or our work very well". The current round of consultations is part of the systemic rhetoric that the Bank repeatedly uses to avoid facing up to the real impacts of its operations and ideology.

Even if we were to assume for a moment that the current exercise of consultations is a genuine effort by the Bank to consult "stake-holders", documents accessed on the range and depth of these consultations reveal that they are highly segregated and sectoral, and participants have been carefully selected to largely include those who will say more or less what the Bank wants to hear. There is nothing public about such exercises, held as they normally are, in highly secure and luxurious venues in major cities around the world, with little or no prior information to the public. Further, World Bank officials typically consult bureaucrats and 'experts,' and do not engage with elected Legislators or Parliamentarians.

The best indicator of the shallowness of the Bank's consultations is the fact that communities grievously hurt and suffering from the Bank's lending and investment policies are not invited to these consultations. Consider this: globally, the only complaint that the IFC's Compliance Advisor/Ombudsman has processed for Compliance Audit against a Financial Intermediary lending is from a project in India -- IFC lending to IDFC and IIF -- which in turn used that money to fund a destructive thermal power project of the notorious GMR Energy. Despite a formal complaint pending review against this investment, the Bank, its bureaucracy and its consultants have not invited the complainants and affected communities to the current consultations, thus revealing the sham and mockery that the current review process is!

Exactly two decades ago the Bank had to get out of the Narmada Project, which was a historic development brought about by peoples' struggles. But the outrageous human rights violations and environmental destruction that the Bank's early involvement left behind in the Narmada valley is impossible to clear, with lakhs of people suffering while the project still far from being completed. The Bank clearly seems to have learnt no lessons from this disastrous experience. Rather than conduct this charade of consultations, Bank officials should study and follow recommendations of the World Commission on Dams, which they conveniently ignores.

Former World Bank employee, India's Prime Minister Dr. Manmohan Singh and former IMF employee, Planning Commission Vice Chair Montek Singh Ahluwalia, have repeatedly stated their opposition to genuine and democratic decision-making about environmental issues. India's Finance Minister P. Chidambaram has even infamously stated that the Government of India is "willing to tolerate debate, and perhaps even dissent, as long as it does not come in the way of 8 per cent growth". The Bank is in effect involved in the business of financing the anti-democratic aspirations of these top politicians. In such a political climate, the World Bank's environmental and social safeguards review is mere window dressing, as has been proven by its weak adherence to safeguard policies in many of its past investments and operations.

It took peoples' movements, grassroots networks and allied organisations across the world more than 30 years to pressure the World Bank Group to formulate, re-formulate and have in place mechanisms that would safeguard the social, environmental, cultural and traditional interests of communities and peoples affected by the World Bank Group's financing of so called development projects across the world and in India. However, it took the Bank, in particular the IFC, only one stroke of destructive imagination to bring in the new model of 'Financial Intermediary (FI) Lending' that wiped out all mandatory requirements posed by environmental and social safeguard principles on lending, as they are not bound by such standards. At a time when the FI model of lending in India by the IFC and the World Bank are expected to cross the halfway mark of their collective investments, it makes no sense for the World Bank to be conducting reviews of their environmental and social safeguards; they simply do not matter at all to the actual practice of the World Bank and its member agencies.

The current 'consultations' are a complete sham and must be denounced by anyone genuinely concerned about the nature of democracy and broad based public interest, and committed to the principle of Free, Prior and Informed Consent (FPIC), climate justice, sustainable development through democratic decision making and the Principle of Intergenerational Equity.



