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Challenges IFIs Face and are Likely to Face in Implementing their Safeguard Policies

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Principles Common to IFIs' Safeguard Policies



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- Avoiding and/or minimising Environmental and Social Impacts
- Mitigation of adverse environmental, social and economic impacts
- Addressing causes and consequences of climate change
- Access to grievance mechanism for affected persons
- Public reporting and accountability



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Generic Challenges

(1) Political Considerations



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- IFIs owned by many shareholders who may all have different views (especially between borrowing and non-borrowing countries) ,
- National governments view their sovereignty as 'supreme' and do not want to be 'dictated to', especially with respect to issues such as gender equality and protection of marginalised groups
- National political expediencies can hamper implementation especially compensation for more marginalised groups.
- Project affected people can use projects and the IFIs for their own political means so at times grievances may have a political motive

(2) Legal Frameworks



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- Each IFI has its own policy and specificities which is a challenge to borrowers/clients who work with more than one of the IFIs
- Each country has its own legal frameworks and processes
- Many country legal systems do not make provision for issues in our policies eg. Compensation for people with no titles



(3) Presumptions



- IFIs make presumptions about :
 - good governance
 - knowledge of clients/borrowers
 - constancy in land values
- Borrowers can make presumptions about IFI's intentions (words vs actions)
- Project Affected People make presumptions about IFIs

(4) Prioritisation



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- Competing issues and interests
- Many challenges still not yet addressed
- IFIs' and Clients' priorities vs the wider stakeholders' expectations

(5) Common issues - large projects

- EIA exemptions
- Extended permitting processes
- Lack of stakeholder engagement on siting decisions
- Lack of SEA or inconsistencies with national development plans
- Lack of cumulative impact assessments
- Lack of social assessment – general descriptions with a lack of analysis and application of mitigation hierarchy (avoid, Minimise, replace, compensate)
- Stakeholder engagement solely limited to Statutory Public Hearings that focus on the provision of information rather than meaningful stakeholder engagement (and often no gender responsive)
- Project benefits lost amongst the noise



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Specific Challenges

(1) Labour : The challenges



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- Lack of proper expertise for audits
- Supply chains and risk of forced /trafficked labour in 2nd/3rd tier
- Voice of workers
- Trade unions



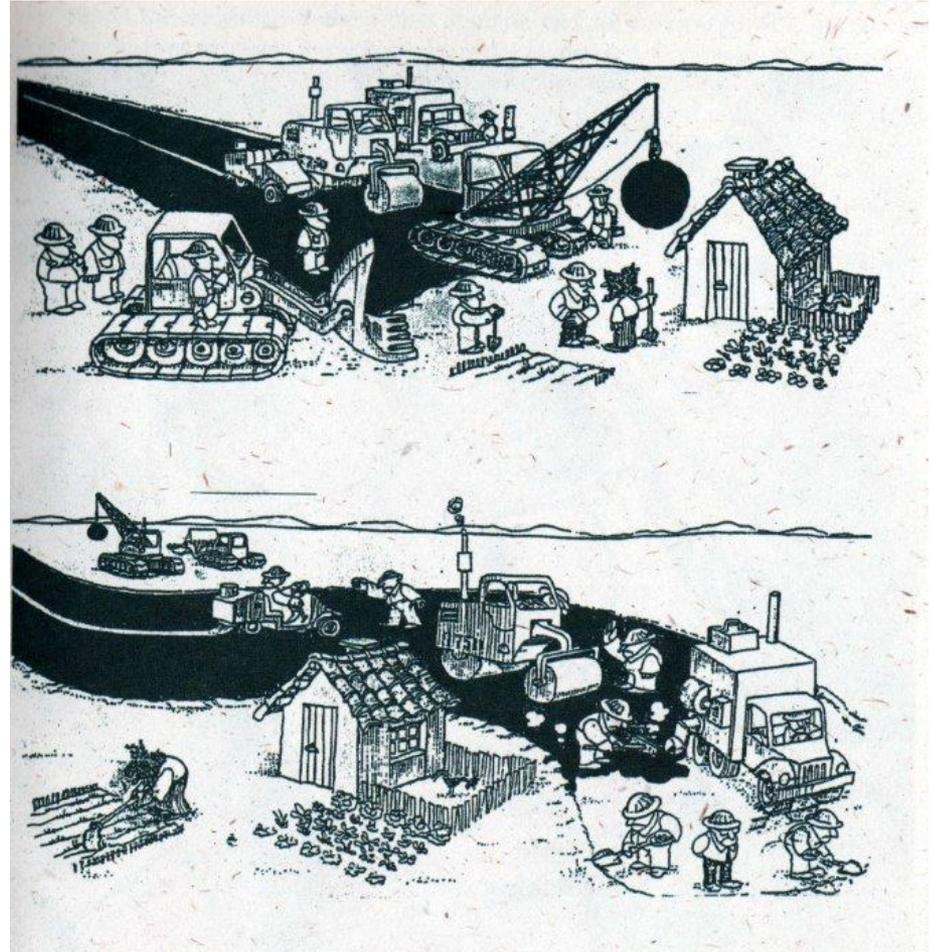
- Contractor management
- Clients believe they can discharge their liabilities / Banks expectations through a contract – **it needs ongoing monitoring!**

(2) Implementing Resettlement Policies – the challenges



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1. Process and timing
2. Requirements for consultation
3. Characteristics of borrower/client
4. Legal frameworks
5. Data on Land Use
6. Political considerations
7. Presumptions



(3) Human Rights - challenges in Implementation

Civil and political rights	Economic, social and cultural rights
Right to life, liberty and security of person	Right to an adequate standard of living – housing, food, water
Right to non-discrimination and equality	Right to non-discrimination and equality
Freedom from torture or cruel, inhuman or degrading treatment or punishment	Right to rest and leisure
Right to an effective remedy	Right to social security
Freedom from arbitrary arrest, detention or exile	Right to a family life
Right to privacy	Right to education
Right to own property	Right to freely participate in the cultural life of the community
Right to freedom of thought, conscience and religion	Right to work – just and favourable conditions at work
Specific standards	Core labour standards
Indigenous Peoples' Rights	Freedom from child labour
Children's rights	Freedom from discrimination in employment/ occupation
Women's Rights	Freedom of association and collective bargaining
International Humanitarian Law	Freedom from forced or compulsory labour

(4) Environmental Requirements – the Challenges



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- Lack of awareness of environmental issues
- Lack of ownership
- Enforcement of implementation of environmental requirements at project level.
- EIA often just a permitting procedure with little emphasis given on the management plan
- Associated facilities
- Resource Efficiency – moving beyond energy efficiency



(5) Stakeholder Engagement



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- Appropriateness of communication
- Adequacy of grievance mechanisms – paper vs practice
- Language of Disclosure



(6) Inadequate Data



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- Land cadastre not up to date
- Land titles not redeemed (transition economies)
- Difficult to obtain relevant socio-economic data
- Baseline conditions – Noise and air quality,
- Biodiversity baseline
- Stakeholder identification and consultation



(7) Private Sector – Specific challenges

Positive aspects of working with the private sector

1. It may take a long time to negotiate a ESAP /RAP but once negotiated, generally it will be carried out.
2. There are resources- both human and financial
3. Incentives
4. More interested in the outcome
5. View it as a financial risk if not carried out properly

Challenges with working with the private sector

1. Limited access to ‘social infrastructure’
2. Can be vulnerable to political pressures
3. Risk of duplication of services or developing parallel services

How to contact us



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