

NGOs Issue Paper

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Working for people – Reshaping the EBRD Environmental policy

The EBRD was set up “to foster the transition towards open market-oriented economies” and “to promote in the full range of its activities environmentally sound and sustainable development”. If the EBRD wishes to abide by its mission and encourage the transition of the former eastern bloc countries toward pluralistic democracy, market economies and sustainable development, it needs to promote a sound social environment as an *integral* part of its financed operations. Achieving this requires proper assessment of project impacts on the livelihoods of communities. In light of the forthcoming review of the EBRD Environmental policy, the adoption of clear and ambitious social safeguards is a key challenge for the EBRD.

Human rights

The EBRD operates – and is set to increase its operational focus – in the Caucasus and Central Asia region, one unfortunately well known for a widespread poor human rights record – including torture and ill-treatment in custody – abusive law enforcement authorities, a lack of independent judges and lawyers, and restrictions on freedom of expression. Human Rights Watch’s World Report 2006 provides evidence on all of these counts. Given such circumstances in the region, large infrastructural and sectoral restructuring could directly or indirectly involve the violation of fundamental human rights, as well as socio-economic and cultural rights as a result of forced resettlements, the expropriation of land and disregard for public opinion and freedom of information and expression.

The potential violation of basic human rights by individual EBRD projects should be considered in the framework of social and environmental impact assessment. This would require that a Human Rights Impact Assessment (HRIA) be elaborated within the scope of an Environmental and Social Impact Assessment (ESIA). HRIA would identify potential violations of human rights and propose prevention measures to be taken by project sponsors.

The EBRD should have a stated obligation to ensure that its clients abide by relevant international laws and norms and systematically consider risks to human rights at the project level, and take appropriate and effective steps to mitigate them. Such assessments and reports must be undertaken by reputable and independent third parties and not by the client itself; this should be a pre-condition of EBRD support for projects. Project-affected persons, communities and indigenous peoples have the right to participate in project assessments, reporting and human rights audits.

Gender

Currently the EBRD does not specifically acknowledge women as a vulnerable group that tends to disproportionately suffer the adverse impacts of financed projects. The EIAs of EBRD supported projects systematically fail to identify and mitigate gender-specific impacts, especially in the extractive and energy sectors. Gender specific impacts associated with EBRD financed projects vary from increased poverty, dependence on men, driven or forced prostitution, the spread of sexually transmitted diseases and sexual harassment.

However, negative impacts on women are observed in other sectors financed by the EBRD such as the retail stores sector. The abuse of the disadvantaged position of women within the labour market can take place. It is well known in all sectors that women employees are paid significantly lower wages even at the same occupation level and also that they are marginalised in management positions.

EBRD social safeguards should ensure that social management, community development and consultations reach out to women; they should also clearly distinguish between the different contributions and needs of both genders.

Labour rights

Sound relationships between workers and management is a key element to the prosperous development of any given project. Hence the EBRD should ensure that the Social Safeguards policy positively reflects the promotion and protection of workers' rights and the provision of safe and just working conditions by the investors.

The EBRD should explicitly adhere to all the relevant international labour standards and request recognition of the same standards from project sponsors. The EBRD should require that the analysis of sponsor observance of the specific labour standards be included in project assessment documents and also ensure that prevention measures are included in the project social assessment. Compliance with **all** core ILO labour standards should also be followed in the management and evaluation cycles of projects.

Indigenous people

The traditional livelihoods of indigenous communities and religious, ethnic and cultural minorities may be particularly vulnerable to the effects of projects financed by the Bank. Furthermore, the capacity of these groups to respond to adverse impacts is limited due to their social and economic marginalisation.

The EBRD should therefore seek to ensure respect for indigenous peoples' internationally guaranteed rights, including their rights of ownership over lands and resources traditionally owned or otherwise occupied and used, and only support projects that have the free, prior and informed consent of indigenous peoples arrived at through their customary decision-making processes and institutions subsequent to meaningful and good faith consultation and their informed and effective participation commencing at the earliest stages of project design, and agreement on benefits.

These customary decision-making processes should constitute culturally appropriate and collective decision-making in order to enhance indigenous peoples' self-development. All agreements between relevant parties should be reflected in the loan covenants of projects and be made publicly available.

Recommendations

The EBRD should adopt social safeguards during the Environmental policy review process. These social safeguards could exist as a significant addition to the Environmental Policy or, preferably, as a separate policy.

The establishment of a Social Safeguards policy should involve the clear laying out of what internationally recognised social standards the EBRD intends to adhere to in the fields of cultural heritage, involuntary resettlement, gender, human rights and labour. The EBRD should also specify to what extent it intends to observe such standards – whether in their entirety or just piecemeal and on an ad hoc basis.

The revised policy should ensure that clear procedures for social mainstreaming throughout the whole project cycle are set up. These should include: proper social impact assessment; the informed and inclusive participation of affected groups; prevention; adequate compensation and mitigation measures and; EBRD intervention in the case of infringement and evaluation. The process should be supported by a robust grievance mechanism.

Finally, the EBRD is advised to establish a separate process of categorisation of projects based on their potential social impact.

For more information:

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