



**BANK INFORMATION CENTER**  
Amplifying Local Voices to Democratize Development



# Annual Report 2016



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# BIC's DNA



## Our Vision

The Bank Information Center envisions a world in which people and the planet are at the center of development.

## Our Mission

The Bank Information Center advocates for social, ecological and economic justice by amplifying local voices and democratizing development finance.

## The Opportunity

Every year, multilateral development banks (MDBs) deliver roughly \$100 billion in investments that should help countries better serve their people. Although on paper these banks value social and environmental sustainability, experience has shown that their investments often fail to serve the poor or the planet. Instead, these public institutions often serve an elite few or prop up corrupt governments. MDB investments can also harm communities and the environment, or lead to further marginalization of women and minorities.

For development to be truly sustainable, people and the planet must be placed at its center. MDBs play an important role in ensuring the informed and active participation of local communities. The size of the banks' investments and the global leadership that they offer have the power to improve the living conditions of millions of people and protect the environment.

The Bank Information Center exists to put people in charge of the development process and bank investments, and ensure they receive redress when investments produce harm.





## Our Core Values

BIC's work is guided by our belief in:

- **Human Rights:** We uphold the principles of human rights standards that shape our mission, and we make sure the ways in which we work and the kind of work we do are consistent with those principles.
- **Independence:** While we always seek to build bridges, our engagement never comes at the expense of our independence. This independence is reflected in our relationship with officials in financial institutions, governments, our CSO partners, and our donors.
- **Transparency, Engagement, and Accountability:** As we work to achieve change in the international development finance agenda, we recognize the importance of ensuring this process is transparent, participatory, and accountable to those affected by international development finance.

## What we do:

BIC seeks to serve communities affected by development finance and those who should benefit from investments. Toward this end, BIC develops partnerships with local, regional, and international civil society organizations who also seek justice from development finance institutions.

## We leverage our unique ability to:

- Understand the “plumbing” of development finance institutions, including otherwise opaque aspects of development bank policies, functions, and processes;
- Cultivate and leverage trusted relationships within these development finance institutions;
- Use our knowledge of the development finance institutions and relationships within these institutions to serve as a strategic interlocutor and translator between these institutions and a diverse range of civil society groups;
- “Connect the dots,” and facilitate coordinated CSO advocacy efforts from the grassroots to the global level.

## These services contribute to:

- Development policies that better serve people and planet;
- Accountability at banks in the execution of these policies;
- Greater, more effective engagement between local CSOs, communities, and development banks, so that they can ensure investments serve their needs.



## Celebrating 30 Years

In 1987, environmentalists from around the world gathered in Washington to explore ways to stop the destruction of rainforests by the World Bank. International civil society leaders had been shocked by the damage to the Amazon caused by the disastrous World Bank-funded Polonoroeste highway in Brazil. It became increasingly clear that the World Bank was central to funding projects around the world with harmful impacts on communities and ecosystems. At the conclusion of this conference, the Bank Information Center was born.

BIC was designed to serve as the Washington, DC support team for environmental and social struggles underway at the local level, with a mission to bring marginalized voices directly to the headquarters of international institutions.

### A civil society “embassy in Washington”

Soon, BIC emerged as a critical link between impacted communities in the Global South and Washington institutions.

In the case of Polonoroeste, for example (see Emblematic Projects, page 7), BIC assisted in bringing members of the Kayapo indigenous community to Washington to present their case

directly to the president of the World Bank. Likewise, in the case of the Sardar Sardovar dam on the Narmada River in India, BIC worked with local activist Medha Patkar to facilitate advocacy in Washington, where she spoke directly with the World Bank Board of Directors on behalf of her community.

In a time before the internet, BIC served as an embassy for advocacy organizations from the Global South as they sought information about large scale development projects and brought their concerns to Washington institutions. By bringing a human face to the disastrous consequences of World Bank investments, BIC also helped spark serious internal debate within the Bank about reckless investments.

BIC and our partners learned quickly that the World Bank was not designed to routinely interact with local community leaders from the countries in which it operates. Importantly, the World Bank did not release vital information concerning its projects, and there were no formal avenues for advocates to object to a project or make a case for change. In these early days, personal networks and proximity to decision-makers in Washington were essential, and BIC played the vital role of obtaining information and passing it along to

# BIC's History

“For over thirty years, BIC has been a leader in development finance reform, serving as an important resource for both local communities and decision-makers in Washington. In fulfilling its mission of promoting social, economic and environmental justice, BIC plays a key role in democratizing development finance and in providing a meaningful voice to the millions of people in communities around the world served by international financial institutions.”

House Democratic Leader  
Nancy Pelosi

colleagues in-country. Meanwhile, our partnerships with groups in the Global South provided evidence that development finance policy reform was necessary to achieve positive development outcomes.

### A growing movement

In the late 1980s and 1990s, the international development community was consumed with controversy surrounding a development paradigm known as the Washington Consensus. Civil society around the world became concerned with the emphasis on privatization, fiscal austerity, and trade liberalization in the Global South supported by the World Bank, International Monetary Fund and other Washington-based development institutions.

Opposition to the Washington Consensus became a rallying cry for a movement of people who felt that their interests and well-being were not being prioritized by mainstream international development efforts.

BIC contributed to this conversation



by serving as a bridge and maintaining constructive dialogue between international activists and Washington institutions. In the growing community of civil society organizations working on issues relating to the multilateral development banks (MDBs), BIC fulfilled a unique need as a Washington-based interlocutor and convener, bringing together diverse groups to develop cohesive strategies and advance the agendas defined by the broader community.

### Creating institutional change

The pressure created by the movement against the “Washington Consensus” helped position BIC to

shift its focus from singular projects to broader institutional reform at the Bank. In addition to working with partners to press the World Bank directly, BIC also brought these issues to the attention of lawmakers and officials in the U.S. government, which held a leadership position at the Bank. The “Pelosi Amendment” serves as one of the most important of these institutional changes. In 1989, the U.S. Congress passed the law as a result of pressure from BIC and civil society colleagues in Washington about environmentally and socially harmful projects, such as Polonoroeste and Narmada. The amendment conditions U.S. support for MDB projects on whether project-affected

### 1987: The Bank Information Center is Born

A coalition of international environmental groups discovered that a road through the Brazilian rainforest, known as Polonoroeste, was funded by the World Bank. The coalition held a conference on the impact of World Bank finance on rainforests, coinciding with the World Bank’s Annual Meetings in Washington. Following the conference, civil society leaders acted on the clear need for an organization devoted to advocating for environmentally and socially sustainable practices at development finance institutions. The Bank Information Center was born.

### 1993: Founding of the World Bank Inspection Panel

In the wake of disastrous projects like Narmada and Polonoroeste, pressure began to grow from BIC and its allies for institutional change at the Bank. In response, the World Bank’s Board of Executive Directors created the Inspection Panel. This independent complaints mechanism is intended to provide people and communities with a path to accountability and recourse when they are or may be harmed by a World Bank project. To this day, the Inspection Panel remains the preeminent accountability mechanism at the World Bank.

### 1989: Pelosi Amendment

The Pelosi Amendment sought to address the power imbalance at the multilateral development banks by conditioning U.S. support for projects on whether affected communities had an opportunity to understand and participate in the development process. BIC worked closely with U.S. government leaders to craft and support this key piece of legislation.

communities have an opportunity to understand information about the project and voice their concerns. These were new and innovative methods to enhance development transparency and accountability, and would set the bar for international best practice across development finance institutions for decades to come. To this day, the Pelosi Amendment continues to guide U.S. engagement at the MDBs.

Civil society advocacy surrounding problem projects also manifested itself in permanent institutional change through the establishment of the World Bank Inspection Panel in 1993. The Inspection Panel is an independent accountability mechanism that receives complaints from communities who have been, or believe they will be, harmed by World Bank funded projects. Since its creation, BIC has worked to ensure that project affected communities can access this important instrument for social, economic and ecological justice.

## Raising standards beyond the World Bank

While BIC has maintained a strategic focus on the World Bank for much of its history, it has also actively sought to raise standards at other multilaterals by pressing for “upward harmonization” of standards set at the World Bank. BIC helped promote the establishment of safeguards and independent accountability mechanisms at other multilateral development banks, including the Interamerican Development Bank (IDB) accountability mechanism, which was established in 1994 in large part due to pressure from BIC and civil society allies relating to the Yacyretá Dam (see Emblematic Projects, page 8). The Asian Development Bank (ADB) was quick to follow, establishing their own independent accountability mechanism in 1995. Other MDBs have also closely followed and adopted World Bank policies, including social and environmental safeguards and information disclosure.



### 2010: World Bank approves new Access to Information Policy

The World Bank Access to Information Policy, significantly expanded information request mechanisms and routinely disclosed information at the World Bank, thereby greatly enhancing transparency and setting a progressive example for other multilateral development banks. This revision of the Bank’s existing “information disclosure” policy, was an outcome of a lengthy review process involving close collaboration with civil society organizations. BIC led civil society advocates in pressing for greater transparency, an effort that was successfully reflected in the new policy.

### 1998: International Financial Corporation (IFC) adopts World Bank safeguard policies

While the first safeguard policy was put in place in 1989, requiring environmental assessments of Bank-funded projects, the World Bank’s environmental and social safeguards were not considered a coherent set of policies for the first decade of their existence. As a result of civil society pressure following the disastrous Biobio project, the IFC became the first institution to comprehensively review and adopt all of the World Bank’s safeguard policies together as a unit. While the IFC later adopted their own different set of environmental and social performance standards, this was the first time the safeguards were dealt with as a set of policies rather than on an ad hoc, individual basis.

### 2016: New Safeguards

In the summer of 2012 the World Bank formally kicked off its first-ever comprehensive review and revision of its safeguards policies. This review represented an unprecedented opening to strengthen the policies, broaden them to address more of the World Bank’s portfolio, and address issues that had otherwise not been covered by the existing policies. BIC coordinated a global, four-year campaign that included the voices of hundreds of civil society groups and sought to strengthen the safeguards. In the end, the new policies include a number of major wins, particularly on issues related to social inclusion and disadvantaged groups. But they also represent an important shift away from a bedrock “do no harm” approach, and towards a more flexible approach that blurs the lines between Bank and borrower responsibility. This ambiguity makes the work of bankwatchers like BIC more important than ever.

Continuing to demand higher environmental and social standards across MDBs, BIC led civil society pressure to advance these issues at the International Finance Corporation (IFC). When IFC funding for the Biobio River dams in Chile (see Emblematic Projects, page 8) threatened to destroy the ancestral lands of the Mapuche, BIC supported an Inspection Panel claim that resulted in the IFC's adoption of the World Bank's safeguard policies and a new information disclosure policy. As a result of continued advocacy, the IFC established the Compliance Advisor/Ombudsman (CAO) in 1999, which serves as an independent accountability mechanism to address complaints from people impacted by IFC-financed projects.

### Encouraging transparency and "letting the sunlight in"

During the late 1990s and 2000s, BIC was a leader in demanding that the MDBs make information available to the people who are impacted by their operations. The rationale was simple: improved transparency leads to better development impact. BIC's experience accompanying communities around the world served as powerful evidence that

the banks' stated objectives could be easily undermined if projects operated under a cloak of secrecy.

In response to BIC's advocacy, World Bank disclosure policy shifted to become more transparent. Project documents were increasingly disclosed online, stakeholders were able to request translations, and the Bank began taking responsibility for making documents accessible to project affected peoples. Stronger access to information policies at the Bank led to proactive disclosure, making documents more easily accessible to all stakeholders without having to file time consuming access to information requests. This drastic change in disclosure practices has made it more straightforward for communities and organizations to learn about projects that impact them, even if local project operations seem opaque or intimidating.

In recent years, BIC has continued to draw upon its vision of a world in which people and planet are at the center of development. As this year's report illustrates, our commitment to this mission has been reflected in our work to advance the World Bank's environmental and social safeguards over the past four

years. BIC has also drawn attention to the importance of maintaining high standards for people and the planet among new actors in development finance, including at the Asian Infrastructure Investment Bank (AIIB) and other institutions.

### The next 30 years

For 30 years, BIC has spearheaded the movement for environmental and social policy and practice, accountability, transparency and citizen engagement at the MDBs. Looking ahead, BIC's mission is more important than ever. Vast new multilateral infrastructure investments are emerging, while the degree to which these investments serve people, especially the most vulnerable, remains unclear.

Multilateral banks are moving into increasingly difficult environments, even as civic space is closing; and the emergence of new banks threatens to precipitate a "race to the bottom" as banks are pressured to lower standards and move money faster. It is in this context that BIC continues working to amplify local voices, democratize development, and advance social, ecological and economic justice.



In July 2016, BIC bid farewell to Executive Director Chad Dobson. Chad served as BIC's Executive Director for the past nine years, as well as having originally founded the Bank Information Center in 1987 and served as its first Executive Director until 1996. He then founded and directed the Consumer's Choice Council to protect labeling systems (including labeling for organic, fair trade, the Marine Stewardship Council, and the Forest Stewardship Council) during the initial development of the World Trade Organization. In 2003 Chad joined Oxfam America as Director of Policy, where he developed the organization's Fair Trade campaign, extractive industries policy, and advocacy relating to humanitarian relief.

Chad re-joined BIC as its Executive Director in 2007. Over the past 9 years, Chad has led BIC in advocating for stronger transparency, accountability, and environmental and social safeguard policies at the World Bank. Chad is currently enjoying well-deserved retirement by pursuing his interests in classical music, art, and travel.



Throughout its history BIC has supported local civil society and community groups to monitor socially and environmentally destructive projects. In many cases, BIC's work has helped communities learn about and respond to development projects that affect them, and obtain redress for harms they have suffered. Focusing on projects also illustrates the need for institutional reforms that can help ensure investments better serve people and planet.

## Key projects in the movement for development finance reform

### The Sardar Sardovar Dam

The severe human rights and environmental impacts caused by the World Bank-funded Sardar Sardovar dam on India's Narmada River sparked global outrage in the late 1980s. The dam's construction led to the eviction of hundreds of thousands of people, including tribal groups, without adequate compensation, and destroyed these communities' access to sacred sites and farmland.

For the first time, the struggle of local activists to defend their homes, livelihoods, and culture grew to a mass movement demanding greater attention to environmental and social issues at the World Bank. The movement brought together local organizations and international activists to call on the World Bank to end its support for the project, and to assume responsibility for its part in contributing to egregious environmental

destruction, forced displacement, and damage to communities' traditional ways of life. This global mobilization ultimately resulted in the cancellation of World Bank loans for the project in 1994. Nevertheless, the national-level struggle against the dam and its impacts continues to this day.

### Polonoeste

Like Sardar Sardovar, the Polonoeste highway is widely regarded as one of the most infamous MDB projects. The highway's construction through the Brazilian Amazon in the 1980s led to an influx of tens of thousands of settlers to the rainforest. Settlers invaded indigenous peoples' lands and devastated the area's natural resources through intensive mining and logging. International environmental groups spearheaded a high-profile battle to protect the rainforest from further decimation, and prompted important environmental reforms at the Bank.

# Emblematic Projects: Then & Now

### Arun III Hydroelectric Project

Had it gone forward, Arun III would have led to the displacement of indigenous populations and irreversible destruction of one of the last remaining intact forests in the Himalayas. Fortunately, the Sardar Sardovar experience galvanized a coalition of civil society organizations at both local and international levels who documented how the Bank had violated its own policies on economic evaluation, information disclosure, environment, and indigenous people during the preparation of Arun III. In 1994 communities presented their evidence in the first-ever complaint submitted to



the World Bank's newly-formed accountability mechanism, the Inspection Panel. Under intense international scrutiny and a high degree of politicization, the World Bank withdrew its support for the project in 1995. The case helped define the role of the Inspection Panel, as well as emphasize the importance of transparency and accountability at the World Bank across its operations.

### Yacyretá Hydroelectric Project

In the 1990s, the World Bank and Inter-American Development Bank joined together to fund the large Yacyretá dam and hydroelectric power plant on the Paraná River. But the project failed to address the dam's effects on human rights and the area's biologically unique forests and fisheries. As a result, the dam displaced thousands of urban poor, Mbya indigenous peoples, and peasant

fisherpeople without adequate compensation. It also caused serious health concerns by contaminating the drinking water of nearby communities. Local communities and Washington-based organizations resisted the project and filed complaints to both the Inspection Panel and the IDB's accountability mechanism in 1996. Civil society from the North and South coordinated effectively to bring the problems associated with this project to the highest levels of the World Bank, resulting in resettlement and compensation damages for local fisherpeople and brickmakers.

### The Biobio River Dams

The IFC financed a series of dams on the Biobio River in Chile, despite biodiversity concerns and threats to Mapuche ancestral lands and livelihoods. The dam threatened the very existence of the Pehuenche, a part of the Mapuche indigenous peoples, flooding their land and disrupting religious and spiritual relationships with land, rivers, and forests. At the time, the IFC had little capacity to address environmental or social issues.

International environmental and human rights civil society groups advanced the struggles of Pehuenche indigenous activists with the U.S. government, ensuring a response from the IFC, and supported local groups in filing an Inspection Panel claim in 1995.

As a result of the Panel investigation and high-profile controversy surrounding this project, the IFC adopted the World Bank's safeguards and a new information disclosure policy. The aftermath also contributed to the establishment of the IFC's Compliance Advisor/Ombudsman

in 1999. Unfortunately, IFC reforms came too late to contribute significantly to justice for the Pehuenche, most of whom were not meaningfully compensated for their losses.

### China Western Poverty Reduction Project

This "population transfer" project sparked a global campaign in defense of the nomadic Tibetans and Mongols who were to be displaced by new settlers and intensified agriculture. After learning about the project, international activists focused on Tibet turned to development finance advocates for information on the project and expertise on the World Bank. BIC worked closely with the growing campaign to facilitate advocacy with World Bank management, Executive Directors, and the U.S. government. The Chinese government's intolerance of domestic dissent made international support essential in resisting the project.

The large and diverse movement gained widespread popular attention around the world, tarnishing the World Bank's public reputation. This high level of public opposition and political pressure, along with a 1999 Inspection Panel claim, led to the cancellation of the project in 2000.





# Projects in 2016

**“By bridging the gap between international financial institutions and those impacted by development projects, BIC has been a key actor in promoting more transparency, participation and accountability at the IFIs, especially the World Bank.”**

**- Ray Offenheiser, President,  
Oxfam America**

## **Tata Mundra**

The IFC-funded Tata Mundra coal-fired power plant in India’s Gujarat state threatens national parks, wildlife sanctuaries, and biosphere reserves, and will generate high levels of CO2 emissions. Moreover, the plant jeopardizes the livelihoods, wellbeing and cultural sites of villagers and their children living near the site. Despite serious questions about its risks and cost effectiveness, the project continues to receive support from the IFC.

Communities want the project halted. BIC has worked with these communities, together with its Indian partners to monitor the project’s impacts over several years. In 2016, this monitoring work continued, and BIC contributed to a lawsuit in U.S. federal court by fishing communities and farmers challenging the IFC’s immunity for the harms done to them. The lawsuit is now on appeal.

## **Uzbekistan Rural Enterprise Support Project**

The World Bank-funded Rural Enterprise Support project ostensibly supports the diversification of Uzbekistan’s agricultural sector, helping the country to move away from its dependence on the cotton crop. Regrettably, project funds still reached the cotton sector, which

is synonymous with government sponsored forced and child labor. Thus, the Bank was actually helping to perpetuate a system of labor abuses. In response, BIC helped communities file a complaint with the Inspection Panel in 2013. The Panel ultimately determined that there was a potential connection between the Bank financing and forced labor, and gave Bank management the opportunity to address the harm. The Bank took the unusual step of asking the International Labor Organization (ILO) to monitor the project going forward. In 2016, BIC continued to work with its local partners to monitor the project, and engage the Inspection Panel to ensure that any new projects address the risks identified previously.

## **Titan Cement**

For years residents of the Wadi al-Qamr neighborhood in Western Alexandria Egypt have been exposed to harmful emissions and dust from the the IFC-funded Titan cement plant. In addition to the harmful health effects, environmental pollution has also damaged the livelihoods of the communities, which has been compounded by the plant’s discriminatory employment practices.

In 2016 the Compliance Advisor/Ombudsman (CAO), the IFC’s independent accountability

mechanism, released a compliance appraisal report in response to a complaint from local community members that BIC supported. The report found that there are significant concerns as to whether IFC complied with its environmental and social standards, particularly with regard to labor conditions and environmental protection. The CAO will conduct a full compliance investigation, which BIC will continue to follow closely.

### Giza North Power Project

In 2016, BIC continued its monitoring of the Giza North Power Project, which includes a natural gas-fired power plant, pipeline, and electrical transmission line. The project's location poses serious risks by occupying scarce agricultural land and significantly impacting the water supply on which local fishing communities and farmers depend.

The project was the subject of a 2013 **Inspection Panel case**, which resulted in almost all complainants being compensated for harms they experienced. Throughout 2016 BIC maintained contact

with complainants through an Egyptian partner organization. In accordance with the Management Action Plan that resulted from the Panel case, BIC is specifically focused on ensuring that the project level grievance mechanism established by the plan was accessible for local community members.

### Mining Infrastructure Investment Support (MINIS) Project

The MINIS project funds feasibility studies that could ultimately lead to financing for large dams on the Selenge and Orkhon Rivers in Mongolia, which stand to **negatively impact** agricultural productivity for the communities living in the affected river basins as well as affect water levels in Russia's Lake Baikal, a UNESCO World Heritage Site. On February 10, 2015, representatives from communities in Mongolia and Russia submitted a **complaint** to the Inspection Panel. The Bank and the Mongolian government continue to negotiate the details of the project, and BIC remains in close contact with local civil society.



In 2016, BIC held meetings with the Inspection Panel, Executive Directors' offices, and U.S. Treasury to follow up on the status of the complaint on the MINIS project, and continue to emphasize the concerns of local partners.

### Oyu Tolgoi Mine Project

The Oyu Tolgoi project is a copper mine located in the Gobi desert, funded by the IFC and the European Bank for Reconstruction and Development (EBRD). In 2016 BIC and its partners **released a report** which found that a proposed new mine could cause irreversible damage to terrain and deprive water from some of the world's last remaining nomadic herding groups. The project is the subject of an active complaint at the CAO.

BIC has supported local groups to engage with the mining company around sensitive issues of water resources, resettlement and compensation, by carefully monitoring the IFC's document disclosure, providing analysis of audit reports, and convening meetings with project staff. BIC will continue to connect our partners in the region with actors and processes in Washington to ensure that critical environmental and social concerns are addressed.



## Kosovo Energy

The IDA-funded Lignite Power and Technical Assistance Project aims to rehabilitate existing coal-fired power plants and construct a new plant that would burn lignite, the dirtiest and highest polluting type of coal. Over the ten years that this project has been under consideration, the World Bank has been under scrutiny by the Inspection Panel twice. In the **latest investigation**, the Panel found the Bank failed to apply its own policy on involuntary resettlement.

The World Bank has given little consideration to more sustainable alternatives in Kosovo, and throughout 2016 BIC continued to monitor the project, supporting local partners and communities in raising their concerns, and to advocate for the use of alternative energy in Kosovo.



## BIC's World Bank Environmental and Social Safeguards Campaign in 2016

In 2016, BIC concluded its 4-year campaign to strengthen the World Bank's **environmental and social safeguard policies**, coinciding with the Bank's comprehensive review of these policies.

First instituted in the late 1980s and 1990s, the safeguard policies were designed to mitigate adverse impacts of World Bank projects on people and the environment. The safeguards review was intended to update these policies, and concluded with the adoption of a new Environmental and Social Framework (ESF) in August 2016.

Although as a whole the new safeguards framework represents a **shift in the way the Bank has approached safeguards** for thirty years, BIC was successful in achieving several improvements to the current safeguards system, particularly pertaining to disadvantaged and vulnerable groups and disclosure requirements.

BIC played a lead role in coordinating and organizing civil society's response to the World Bank's multi-year review. Prior to approval of the final version of the new framework, BIC coordinated advocacy with civil society partners, met with Executive Directors and World Bank management, and conducted rigorous policy analysis to illustrate the importance of strengthening the proposed social and environmental protections. BIC organized dozens of meetings among partners, governments, and bank officials, including a high profile public consultation with the World Bank and U.S. government that covered important issues of concern to BIC's programs, including labor, biodiversity, climate change, vulnerable groups, resettlement and accountability, among others.

Going forward, BIC will remain deeply engaged in monitoring the implementation of the new environmental and social safeguards, especially by helping to ensure communities themselves have the power to drive investments.



## Uganda Transport Sector Development Project

In 2014, one of BIC's close partners in Uganda, Joy for Children, alerted BIC that high numbers of girls were being sexually harassed, exploited, and abused by project workers constructing the Bank funded **Kamwenge-Kabarole roadway**, part of the World Bank-funded Uganda Transport Sector Development Project (TSDP). Many teenage girls became pregnant, contracted HIV/AIDS or dropped out of school as a result of this exploitation. Efforts by the community and Joy for Children to seek assistance from the police, the Ugandan government, or the project contractor were rebuffed and led to no change.



In December 2014 BIC helped the community contact the Bank for help. The Bank's initial response to the community's concerns was sluggish and willfully negligent in addressing the serious failures of policy that led to the harm to local girls. Only after significant pressure from BIC and its partners, including the submission of an **Inspection Panel case** in September 2015, did the Bank recognize the gravity of the harm done and begin to take action. Ultimately, the Bank took the unusual step of **cancelling the project** entirely in December 2015.

Over the course of nearly 3 years, BIC has worked closely with Joy for Children and the **community** in order to ensure that affected girls received the services and support they needed. Because of this advocacy and the Panel's engagement, the Bank has begun to institute remediation measures in the community, including providing support to the girls and their families. The case has also had broader impact on the Bank as an institution. In addition to seeking remedy for the affected community, BIC also engaged in sustained advocacy with World Bank Executive Directors, and the U.S. Government, to press for institutional reforms that would prevent such harms in the future.

Following the Inspection Panel investigation, referred to by the Panel's chair as "[p]erhaps, the most serious case in the Panel's history" the Bank put together an extraordinary document titled "**Lessons Learned and Agenda for Action.**" This document went beyond the typical "action plan" that accompanies Inspection Panel cases and examined the systemic issues that needed to change in order to prevent similar cases in the future. The document examines staffing levels, staff training and capacity to recognize and address sexual violence, and procurement related issues. If fully implemented, the measures contained in the document have the potential to reorder the way the Bank implements projects across its portfolio and relate to issues far beyond sexual exploitation.

The Bank also prepared a new guidance note on addressing risks related to an influx of project workers, and created a **Gender Based Violence (GBV) Task Force** to provide recommendations on how to prevent GBV in Bank projects. At the national level, the Bank has engaged substantially with the Ugandan Government to build capacity to implement World Bank safeguards and to pressure the Government to enact reforms aimed at reducing corruption and improving child rights. BIC continues to engage heavily around this issue to ensure that all the changes recommended in the wake of the horrific project are fully implemented in a manner that is responsive to the needs of communities, and adolescent girls in particular.

**"BIC's unwavering commitment to amplifying local voices is more important today, in light of closing civic space, than ever before."**

**Manish Bapna, Executive Vice President and Managing Director, World Resources Institute**

# Social Inclusion and Accountability



BIC's Social Inclusion and Accountability (SIA) Team works to ensure that marginalized groups share equally in the benefits of development, and are not harmed or further impoverished due to the downside risks of development projects. In 2016 the SIA team worked to further the rights of persons with disabilities, children and women by advocating for measures in the World Bank safeguards to address the unique impacts of Bank projects on these groups (see box, page 11). The team engaged with Bank management and Executive Directors' offices in an effort to strengthen the provisions related to marginalized groups in the final policies.

## Promoting protections for vulnerable groups

The SIA team began the year by investing significant time in the **third phase of consultations** around the review of the safeguard policies. At these consultations, BIC drew from its recent work in Uganda (see page 12) to counter the Bank's narrative that the flexibility of the newly proposed safeguards would better benefit communities. Toward this end BIC led a session at the U.S. consultation to "road-test" the **Uganda Transport Sector Development Project** and imagine how it could have played out differently under the proposed safeguard policies. BIC illustrated how the flexibility of the new safeguards may have led to even more harm to local communities

BIC also worked to advance the interests of children and persons with disabilities in the context of the safeguards review. For example, BIC provided the Bank with in-depth red-line versions of the draft safeguards to identify how to integrate disability. The **submission** during the final round of consultations received over 100 signatures from disability organizations around the world.

To strengthen its case, BIC also partnered with organizations in Peru and **Uganda** to examine the impact of World Bank projects on persons with disabilities. This research has set the stage for future work to address the need for an **adequate environmental and social assessment** looking at the unique impacts on persons with disabilities.

In addition to our child rights work in Uganda, BIC focused on the need for project assessments to consider the unique impact of World Bank projects on children. As part of this work, BIC **convened an expert meeting** with the Child Protection in Crisis Learning Network at Columbia University



## BIC's Work at the Frontiers of Development Finance: AIIB Advocacy

In 2016, BIC launched advocacy work on the world's newest multilateral development bank, the **Asian Infrastructure Investment Bank (AIIB)**. The AIIB, which was established in 2015, aims to transform development finance with its emphasis on establishing a "lean, clean, and green" institution. Given BIC's historical role in addressing social and environmental issues at traditional development finance institutions, BIC launched its AIIB work in recognition of the importance of similar engagement with new actors.

In 2016, BIC actively participated in civil society's efforts to encourage the AIIB to operate as a transparent and accountable institution, held to high international standards rather than a "race to the bottom" on environmental and social protections. BIC was a member of a small civil society delegation that attended the AIIB's first annual meeting in Beijing in June 2016 and has set a strong foundation for collaboration between local, regional, and international civil society organizations to monitor the impacts of AIIB's initial investments.

In alignment with BIC's long-standing role as an advocate for access to information at MDBs, BIC held an event in Myanmar on the AIIB Public Information Interim Policy, which was attended by over 60 civil society representatives. BIC and the Centre for Law and Democracy also submitted comprehensive **comments** on the public information policy, highlighting inconsistencies with the practices of other international financial institutions. To work towards accountability as well as transparency, BIC helped to coordinate the first civil society meeting with the newly-hired head of the AIIB's environmental and social safeguards mechanism, and **encouraged** the AIIB to establish an independent mechanism aligned with international best practices. As the AIIB began to develop its energy sector strategy, BIC coordinated a **submission** on behalf of UK civil society groups which emphasized the importance of supporting client countries to transform their energy sectors in line with the Paris Climate Agreement and the Sustainable Development Goals.

The AIIB approved financing for nine infrastructure projects in seven countries in 2016. In December, BIC organized a workshop in Bangkok, Thailand to bring together activists from across Asia, Europe, and the US to discuss concerns and coordinate future action. As the Bank continues to establish its place in the development finance landscape, BIC will continue to work with civil society to encourage the AIIB to develop strong policies and ensure that its investments do not harm people or the planet.



to bring together academic experts to discuss indicators for a quality child impact assessment. The Director of the World Bank's Social, Urban, Rural and Resilience (SURR) Global Practice joined the second day of the meeting to hear the recommendations of the experts, expressing agreement to pilot these ideas in future Bank projects.

## Successes and setbacks in the safeguards

The SIA team's campaigns on child rights and disability were successful in ensuring that these two issue areas, never before included in World Bank policy, were addressed under the new safeguards framework. The safeguards policies themselves included significantly expanded provisions regarding social impact assessments, creating an "umbrella policy" to address social issues around Bank funded projects. The new policy included a non-discrimination principle, stating that these social assessments look at the unique impacts of projects on disadvantaged and vulnerable groups, and take steps to prevent and mitigate impacts on these groups.

Yet in the final draft of the safeguards all language defining disadvantaged and vulnerable groups, as well as any reference to specific groups, was **removed from the draft and placed into a "directive."** As the impact of this directive on the implementation of the safeguards remains unclear, BIC will continue to monitor and advocate to ensure that the needs of vulnerable groups are evaluated and addressed across Bank lending.

# Rights and Environmental Sustainability



BIC's Rights and Environmental Sustainability team promotes ecological and social justice by ensuring development finance protects and does not harm people and the natural resources they depend upon for their livelihoods.

In 2016, BIC's RES team and its partners focused on investments that impact forests and exacerbate climate change. At the heart of our work was the promotion of the rights of local communities to manage and control their land, forests and resources, especially in light of the World Bank's review of its environmental and social safeguards (see box, page 11).

### Climate: New safeguards, narrower application

BIC and its partners achieved an important objective in 2016 by ensuring that the new environmental and social framework includes a binding climate policy requiring that the Bank accounts for its projects' greenhouse gas emissions. The new climate policy sets the World Bank on an improved path towards ending loans that exacerbate climate change, and will most likely be introduced by other development banks as they review their own project safeguards.

While the World Bank's new binding climate policy in the safeguards represents an important success for BIC and its partners, the new safeguards policy will only apply to the Bank's investment loans, just 60% of the Bank's total loan portfolio. In 2014, \$24 billion of the Bank's annual budget was disbursed to client governments in the form of development policy loans, which are excluded from the scope of the ESF and thus fall outside the scope of the new climate policy.

To address this gap, BIC worked with local partners to analyze the World Bank's Development Policy Loan (DPL) portfolio in the context of climate impacts in four countries, Indonesia, Mozambique, Peru, and Egypt. **BIC research found** that policy loans are being used to enable subsidies to some of the country's most destructive fossil fuel activities.

In 2016, BIC established a strong coalition of CSOs to **use this evidence** to push the Bank to overhaul its DPL safeguard policies and put an end to fossil fuel subsidies. The coalition, including some of the largest international organizations working on environmental and social issues in development, has



## Launching BIC's European Office

For many years, BIC's partnership with European civil society and work with European Executive Directors at the banks has been critical to the organization's mission. In recognition of the role of these partnerships, BIC officially launched a new European office in Amsterdam in 2016.

Europe holds 8 seats at the World Bank, comprising over 30% share of the vote. Traditionally, European Executive Directors at the World Bank have provided a progressive voice on issues such as human rights, climate change, forests and transparency. European voices are similarly important at the new Asian Infrastructure Investment Bank, especially since dominant voices like the US and Japan are not members of the world's newest multilateral bank.

Recognising this key role of Europe in the IFIs, BIC seeks to contribute to an informed and engaged movement in Europe on the IFIs, with a focus on the World Bank and the AIIB. BIC seeks to play a facilitating, convening and coordinating role with civil society in key constituencies; as well as engaging directly with European governments and Board members of the World Bank and AIIB, to hold European shareholders accountable.



met with Bank representatives and Executive Directors' offices to discuss research and advocate for DPL safeguards, drew attention to DPLs among government representatives, organized large sign on letters to the president of the World Bank, and produced and submitted a **Climate Model Policy** to the Bank as part of the Bank's safeguards review process. So far, BIC and its partners have earned the support of several World Bank Executive Directors on the need to introduce stronger policy lending safeguards.

## Forests: Integrating Protection Across World Bank Investments

BIC also advocated strongly for greater protection of forests and forest dependent communities throughout the safeguards review. While the World Bank's new safeguards represent a **worrying dilution** of current requirements to protect forests, BIC's forest program is committed to monitoring the implementation of the policies and their implications for forest communities and forest protection.

## The World Bank's Forest Action Plan

In April 2016, the World Bank released its Forest Action Plan (FAP), which is intended to guide World Bank Group forest and non-forest sector operations during FY2016-20. BIC played a key role in influencing the nature of this plan, and helped ensure that the Plan incorporated crosscutting themes of participation and rights, institutions and governance, and climate change and resilience. During the World Bank Group's Spring and Annual Meetings in 2016, BIC brought together World Bank officials and members of civil society to discuss the FAP, and how its implementation could be

strengthened to address threats to forests and forest peoples.

To illustrate the importance of protecting forests throughout the development project cycle, BIC finalised several **case studies** illuminating the impacts of World Bank-funded projects on forests around the world. These case studies highlighted World Bank projects in Cambodia, Brazil, and globally. The reports provided a blueprint for better implementation of the Forest Action Plan by improving outcomes for forests and forest peoples.

## Forests in IDA

The IDA replenishment process provides a platform for donor





several strong recommendations from participants for future development assistance, and commitments from senior Bank staff to follow up on specific cases.

### Financial intermediaries: exposing the World Bank's hidden forest and climate footprint

In 2016, BIC supported and co-published ground-breaking research by Inclusive Development International on the IFC's support to financial intermediaries, such as commercial banks or private equity funds. The IFC now channels most of its investments through these financial intermediaries. Yet the **research** showed how little control IFC exercised over the environmental and social outcomes of the sub-projects funded through these channels. Like Development Policy Lending (see above) the Bank's support to Financial Intermediaries results in largely hidden impacts that fall outside the application of safeguard protections. BIC was instrumental in mobilizing civil society and bringing partners from India and The Philippines to confront the Bank's Board and management on the hidden forest, climate and human rights impacts of these investments.

By highlighting how these investments undermine the Bank's own climate and forest commitments, BIC attracted the attention of senior Bank management, including a promise from the head of IFC to study the IFC's exposure to coal. The reports also attracted extensive media coverage, including in Der Spiegel, **AFP** and **Al Jazeera**, as well as coverage in host countries where the projects are going ahead, including **India** and the **Philippines**.



governments to advance development policy reforms both at the World Bank and across the development finance landscape more broadly. Throughout 2016 BIC and its allies advocated strongly for **inclusion of forest protection language** in the IDA 18 replenishment. Specifically, BIC urged that the final IDA18 agreement must explicitly address the link between land use, climate change, and poverty reduction. Ultimately, this advocacy helped to increase the World Bank's commitment to support countries' Paris climate commitments from 5 to 10 countries.

### Putting Rights at the Heart of Forest Protection

BIC seeks to ensure that development finance institutions put people's rights at the heart of the forest protection agenda. Towards this end, BIC worked with Oxfam, Forest Peoples Programme and Rights & Resources Initiative, to convene senior Bank staff, an Executive Director, US government representatives, and a wide range of CSOs for an **event** on forests, land rights, and climate change in October 2016. Partners from Peru, Mexico, Cameroon, and Kenya had the opportunity to bring their cases directly to these key decision makers. The event resulted in

# Community Voice in Development

BIC's Community Voice in Development Team convenes and coordinates MDB-focused advocacy from the grassroots to the global levels. In 2016, BIC focused its regional work on building partnerships and capacity in the Middle East and North Africa (MENA) in order to help counter the closure of civic space in the region.

## Equipping CSOs to influence World Bank projects

In keeping with BIC's longstanding role building expertise in multilateral development finance, BIC released a new manual designed to help communities monitor projects. The new manual, currently **available in Arabic**, leverages BIC's experiences by developing a methodology to set up local monitoring systems. The manual lays out this process in a user-friendly manner, and addresses fundamental questions on the purpose and benefits of project monitoring for affected communities.

## Grassroots experience leads to global policy reform

Importantly, BIC's work in the Middle East and North Africa not only led to change in individual projects; it also contributed to important policy gains that flowed directly from the demands of BIC's local partners.

Fostering local civil society action BIC helped nurture the organic development of civil society networks such as "The Egyptian Coalition on the World Bank." These networks seek to leverage the civic space - however limited - provided by the Bank's policies for civil society to influence development policies and projects in their country. The Egyptian

Coalition on the World Bank monitored World Bank's projects, and submitted three complaints to the accountability mechanisms of the Bank (see Titan, page 9). Similarly, the work of the Coalition on Giza North project (See "Giza North," page 10) led the Bank to pilot a grievance mechanism at the project level. This pilot grievance redress mechanism was later incorporated into the Bank's Environmental and Social Framework as a mandatory requirement for any World Bank funded project.

Based on the model provided by this Egyptian coalition, and following many regional workshops organized by BIC for civil society partners in the MENA Region to exchange expertise and lessons learned, a number of civil society organizations from different countries are in the process of developing a protocol for a regional network to coordinate their work monitoring different projects and programs funded by International Financial Institutions in the MENA region.

## Safeguarding Stakeholder Engagement and Information Disclosure

In order to enable more effective engagement between the World Bank and civil society and protect civic space, BIC and its partners around the world worked to ensure that the World Bank's new Environmental and Social Framework requires **stakeholder engagement** and **information disclosure** in the context of its projects.

Despite pressure from several quarters to eliminate or water down these protections towards the end of the safeguards review, BIC rallied partners and U.S. Government allies to protect them.



The resultant Environmental and Social Standard on Stakeholder Engagement represents an important win for our community.

### Building Civil Society Capacity to Drive Bank Investments at the Country Level

The World Bank's investments in a given country are guided by an overall 4-6 year strategy that the Bank calls a "Country Partnership Framework." But even though these strategies have enormous impacts on the development projects prioritized, affected communities are not always consulted in a meaningful way.

As a result of an organized campaign led by BIC among its global partners, the World Bank finally mandated public consultations in the development of those strategies. In 2016 BIC worked with partners in Egypt, Tunisia, and Peru to ensure that the poorest and most marginalized communities were incorporated into the planning process.

### Monitoring the World Bank's Role in the Refugee Crisis

In 2016, as millions of refugees fled Syria and Iraq, the World Bank established a new fund, called the **Global Concessional Financing**



**Facility**, to help countries host the new arrivals. Through this initiative, large sums will be quickly disbursed to address the refugee crisis, raising concerns and questions regarding how the Bank will meet its commitments to citizen engagement and its Environmental and Social Framework.

In late 2016, BIC began working with civil society groups in Jordan and Lebanon, providing them with simple, easy to understand information about this new facility, the projects it finances, ways to monitor the implementation and be engaged throughout the process. The objective is to contribute to an accountability system that will help ensure that this important channel of finance actually benefits people fleeing from violent conflict.

### Closing space for civil society in India

Repressive measures by the Indian government forced the suspension of BIC's work in India in 2016. The suspension was a disappointing example of the alarming trend towards decreasing civic space around the world. Nevertheless, dedicated activists and professionals have continued the work under new initiatives and through new partnerships. Such efforts will ensure continuity in project monitoring and capacity building endeavours, including bringing together dozens of local Indian civil society organizations to monitor national banks, International Finance Corporation (IFC) projects including Tata Mundra, and new Asian Infrastructure Investment Bank (AIIB) projects.

Despite closing space for civil society in India, the strengthening of locally-driven organizations represents a positive outcome. BIC looks forward to working with Indian civil society as they continue to monitor problem projects and lead advocacy efforts relating to multilateral development banks in India.





## Highlights from BIC Press Coverage in 2016

**[World Bank cancels funding for Uganda road amid sexual assault claims](#)**

The Guardian  
January 12, 2016

**[The World Bank Should Champion Human Rights](#)**

The New York Times  
June 27, 2016

**[World Bank Revamps Lending Rules. Mindful of Human-Rights Abuses](#)**

Wall Street Journal  
August 4, 2016

**[World Bank Forms Task Force to Tackle Rape, Other Abuses at Its Projects](#)**

Wall Street Journal  
August 11, 2016

**[World Bank accused of funding Asia 'coal power boom'](#)**

Al Jazeera  
October 3, 2016

**[Adani coalmine covertly funded by World Bank says report](#)**

The Guardian  
December 22, 2016

**[World Bank draws fire with changes to lending rules](#)**

The Financial Times  
August 4, 2016

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