

## Compliance with World Bank Environment and Social Safeguard Policies; a Case Study of Madhya Pradesh, India

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**Abstract:** The World Bank (WB) environmental and social safeguard policies are the foundation stone of the Banks' support to sustainable infrastructure development and poverty reduction in Indian perspectives.

The safeguards intend at avoiding and mitigating undue community damage and their environment in all the development process. They provide guiding principles for the bank and borrowers in the identification, preparation, and execution of programs and projects. Compliance with the safeguards by the bank and the borrower is one of the challenges of their effective implementation.

The main purpose of the paper is to assess the effectiveness of complying with WB safeguards. The paper reviews the safeguards and examines the challenges of implementing them in context of Madhya Pradesh.

**Key words-**Environmental and Social Safeguard Policy, World Bank, Madhya Pradesh, Water supply, Sewerage network.

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### I. Background

The significance for social and environmental safeguards emerged in the 1980s following the criticism that surrounded several major World Bank projects in India. During this period, projects were designed and implemented with seemingly no attention to their consequences on local self communities, native societies, natural resources and the environment.

The locally affected communities were also not informed and did not involve in the project developments. The public had less facts and knowledge about how the World Bank operated and project documents typically was also not publically disclosed. The limited public participation led to negative social and environmental impacts of the Bank's projects. As a result of the above concerns, the World Bank developed social, environmental safeguard and information disclosure policies to prevent and mitigate undue harm to people and their environment in the development process in the decade of 1980 to 1990.

### Madhya Pradesh - World Bank support in water supply and sewerage network development

Madhya Pradesh (MP) is geographically the second biggest, fifth most densely inhabited, and eighth most urbanized state in India. Urbanization in MP has seen sprouting of new urban settlements across the state, more often close to existing cities. The last decade (2001-2011) has seen a 20% increase in the number of urban centers, including a 50% increase in census towns, compared to a 6% increase in the previous decade (1991-2001). Due to the ongoing urbanization and faster growth of the urban population in the state, almost cities and towns are facing problems such as a inadequate social services and infrastructure, poor water, sanitation, health and educational services and high levels of toxic waste. The increased demand for water from the growing population can place added stress on already stretched resources. In and around cities, water is commonly in short supply and subject to increasing competition by different users. Urban growth leads to increasing demand for water for industrial and domestic use, which conflicts with agricultural demands. The provision of water and sanitation services to growing urban settlements, peri-urban and slum areas presents critical challenges.

In Madhya Pradesh most of the urban local bodies have no sewers at all, which affects rich and poor alike. This is true of many cities with a million or more inhabitants, as well as smaller cities and towns. It is critical to provide water and sanitation services to deprived urban areas and the poorest slums areas. Many people in these areas still live without access to safe potable water and proper sanitation facilities. Even where adequate water supplies are available, sanitation and wastewater disposal are often inadequate or missing in ULBs. Pit latrines and septic tanks are the usual methods for human waste disposal but they have limited capacity and are not always adequate to cope with the quantity of waste produced by many people living close

together in high dense population areas. Overflowing latrines and septic tanks contaminate surface water and create a serious health and environment risk to entire urban life.

To respond to the few of above described challenges of urbanization, Government of Madhya Pradesh (GoMP) undertook an ambitious program under the aegis of the Urban Development and Housing Department (UDHD). This program focused on accessing urban sector central schemes, and setting-up three state missions to respond to the needs of towns not covered under the GoI central schemes. In this context, GoMP opted to reach out to the World Bank to help them with institutional development and strengthening Madhya Pradesh Urban Development Company (MPUDC) that will manage the implementation of these projects and support sustainable critical urban infrastructure investments like water supply project and sewerage treatment plans in participating ULBs. The development objective of the Madhya Pradesh Urban Development Project (MPUDP) supported by The World Bank is to enhance the capacity of the relevant State-level institutions to support ULBs in developing and financing urban infrastructure. MPUDC is a Govt. Company dedicated to improve the over dignity, health and environment of communities through delivering clean safe and efficient Services.

### **The Rationale of the Safeguards Policies**

The policies play numerous roles in achieving sustainable development of the development projects. These include: evaluation and management of impacts and risks; provision of mechanisms for integration of environmental and social issues into decision making process; provision of a set of specialized tools to support development processes and participatory approaches; transparency and provide a platform for the participation of stakeholders in project design hence building ownership between local community. In addition to providing guidance on measures to improve and sustain operations in specific areas, most safeguard policies provide that (a) potentially adverse environmental impacts affecting the physical environment, ecosystem functions, human health, heritage and physical cultural resources, as well as specific social impacts, should be identified and assessed early in the project cycle; (b) unavoidable adverse impacts should be minimized or mitigated to the extent feasible; and (c) timely information should be provided to stakeholders so that they have the opportunity to comment on both the nature and significance of impacts and the proposed mitigation measures.

### **The World Bank Safeguard Policies in a Nutshell**

Constructions of water supply and sewage treatment plant will attract various kind of Impact Assessment requirements of Government of India (GoI) and also require Environmental clearance from the Ministry of Environment, Forest and Climate Change (MoEF&CC) / State Environment Impact Assessment Authority (SEIAA). The following National and State level World bank operational policies and environmental and social Acts, laws may applicable on the basis of nature of projects

The World Bank has major social and Environmental safeguards Operational Policies are applicable in such infrastructure development projects. These are: Environmental and Social Assessment, Environmental Assessment (OP 4.01), Involuntary Resettlement (OP/BP 4.12), Physical Cultural Resources (OP 4.11), indigenous people assessment (OP/BP 4.10) and World Bank Policy for Projects on International Waterways (As applicable) And Few significant national and State level Acts, laws are including Environment (Protection) Act, 1986 which is an umbrella Act of Government of India and applicable for the mostly project, Water (Prevention and Control of Pollution) Act of 1974, Rules of 1975, and amendments, Air (Prevention and Control of Pollution) Act of 1981, Rules of 1982 and amendments, Child Labour (Prohibition and Regulation) Act, 2000, The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RTFCLARR Act 2013), The Street Vendors (Protection of Livelihood and Regulation of StreetVending) Act, 2014: Requirements under this Act will be applicable during construction., Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013., Construction and demolition waste management Rules, 2016 and Guidelines On Environmental Management Of Construction & Demolition (C & D) Wastes (Prepared in compliance of Rule 10 sub-rule 1(a) of C & D Waste Management Rules, 2016)

There are other policies which are important in development projects and they support the effectiveness of the major safeguards. These include: the Disclosure of information policy 2002; Poverty Reduction (OP 1.00) Water Resources Management (4.07) and Gender and Development (OP/4.20) The WB safeguard policies contain measures that are designed to protect the environment and the people from the negative effects of development projects funded by the bank.

### **Compliance with the World Banks Safeguards**

The compliance with the safeguards is at two levels. The first one is at the banks' level which requires the banks to comply with their own safeguard policies and procedures when funding development projects. The second is at the borrowers' level which also requires them to comply with the banks policies when executing the projects.

The banks have independent mechanisms through which people who believe that they are likely to be adversely affected by a project financed by the Bank group submit their request to the banks group to comply with their own policies and procedures. The World Bank has the Inspection Panel for ensuring the policy compliances

At the borrowers' level, the world Banks monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations. Safeguard requirements, such as those in an Environmental Social Management Plan (ESMP) and Resettlement Plan (RP) must be incorporated into the project contract documents, its operating or credit regulations, as appropriate, setting out as necessary milestones, timeframes and corresponding budgetary allocations to implement and monitor the plan during the course of the project. Safeguard indicators, as appropriate, must be clearly defined in the results framework, followed up in project monitoring reports and reviewed in mid-term reviews and project completion reports.

### **Issue and Challenges of Compliance with Safeguards**

There are several challenges that affect the compliance with the safeguard policies. These challenges are faced by both the banks and the borrowers'. The banks' challenges on one hand include: limited enforcement mechanism of the Panel. The Panel investigates and at times, monitors compliance and implementation of Bank policies and procedures. However, it cannot compel the bank to abide by their decisions. The Banks also do not have sufficient monitoring and evaluation (M&E) process of implementing the safeguards especially the implementation of involuntary resettlement policy.

The borrower countries challenges on the other hand include: financial, technical and institutional constraints which limit their capacity to comply with the safeguards. There is also political interference in issues related to protection of the environment and establishment of development projects. This exacerbated by lack of civil awareness to question decency of controversial projects.

### **Use of Country Systems**

Since the late 1990s, the World Bank safeguard policies have been criticized for supposedly being too cumbersome, and for making Banks' projects too expensive. As a result, the WBis now pursuing a new framework for addressing the social and environmental impacts of the projects they finance called the "country systems" approach rather than the Banks' own safeguard policies for project implementation.

The Country Systems approach would enable the Banks to rely entirely on the borrowing government's environmental and social systems (e.g. a country's relevant national, sub-national, or sectoral implementing institutions and applicable laws, regulations, rules, procedures, and track records) rather than its own safeguard policies for the projects the Bank finances.

Although Bank projects have always been required to comply with national laws and regulations in addition to the requirements of Bank policies, under the Country Systems approach, Bank environmental and social safeguard policies would no longer directly apply. Instead, national systems would be evaluated against a simplified set of Bank safeguards and, if judged "equivalent," would be used for project preparation and implementation.

India has a stringent and elaborate system of checks and balances with legislative framework, multiple authorities, professional bodies, committees, scientists and other professionals, and institutions, all of them identifying, appraising, assessing, and monitoring environmental and social impacts. However, internal contradictions within the government, and the machinations of external vested interests, have made this elaborate system unproductive, and often dishonest.

### **II. Conclusion**

To fully understand the significance of the Safeguards, one needs to look beyond projects and take into account the epistemic authority the Bank came to wield in national and international development discourses and policy making. The effectiveness and development impact of projects and programs supported by the Banks have substantially increased as a result of attention to the safeguard policies. The policies provide a mechanism for integrating environmental and social concerns into development decision making. They provide a platform for the participation of stakeholders in project design and have been an important instrument for building transparency.

However, their effective implementation is affected by the Banks' limited monitoring, evaluation and supervision of the safeguards after the project preparation and planning stages. This is in addition to the borrowers' limited financial, technical and institutional constraints. There is also political interference in issues related to protection of the environment and establishment of development projects, which is worsened by the lack of civil awareness to question the propriety of controversial projects.

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