

Upward Harmonization of World Bank Safeguard Policy Indonesian Context

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- Free Prior Informed Consent
- Free from intimidation?
- Free – self-selection of CSO participants
- Prior and informed: lack of information; materials; if materials provided, often at or very close to time of meeting, not in advance; often not in appropriate manner/language;
- Consent – implies the right to accept or veto

Indonesian Context

- On 21 and 22 March 2013, World Bank held a safeguards consultations in Jakarta as part of its 24 months Safeguard Policies Review process.
- One of the aims of this review, according to the Approach Paper being circulated to the invitees is *'... to put in place a New Integrated Framework which will build on the existing core principles of Safeguard Policies'* .

Safeguards Consultation Process

- Dilution of safeguards by focusing on “principles” instead of mandatory detailed implementation requirements.
- Dilution of safeguards by promoting “flexibility” at the expense of clear and mandatory safeguards?
- As stated also in the Approach Paper; “... WB will adapt to the changing needs of its borrower, it is ready to forge a renewed partnership with them ... The next generation of the Safeguard Policy would aim to support this partnership...”.

Concerns

KYC

- Private sector banks have mandatory strict “know your customer” due diligence requirements.
- For public sector financial institutions KYC would include an independent examination of the “customer’s” track record, including human rights, environmental and social safeguards implementation.

- Does “renewed partnership” with clients mean abandoning KYC due diligence? Or eliminating independent evaluation and turning over responsibility of KYC analysis to the borrower?
- This vague and ambivalent objectives should not be used to dilute existing safeguard policies;
- Re-affirm consistent mandatory application of clear and detailed safeguard requirements across entire portfolio of Bank, and strict safeguard due diligence.

More dilution?

Jakarta's consultation concerns:

- No multistakeholder meeting held (despite claims of "multistakeholder meetings")
- No CSO witnesses allowed at government and private sector meetings.
- Video recording only selected parts of meeting. Failure to fully record entire meeting.
- Great inaccuracies in CSO meeting minutes. Critical points eliminated, language changed and softened. Did not reflect CSO input; CSOs forced rewriting of first day's minutes which took 1 ½ hours of 2nd day.
- No trust in minutes of government & private sector meetings b/c no recordings, no videos, no outside witnesses.

Indonesian Forest Investment Plan (FIP).

- FIP criteria include a ban on FIP support for industrial logging in intact forests. Yet, the IFC's project under Climate Investment Funds / Forest Investment Program (FIP) endorsed by the FIP Subcommittee includes support for industrial logging in up to 700,000 hectares of natural forest.

- June 17, 2011 CSO statement indicated problems with consultations and information provision
- FPIC ignored. Lack of thorough consultations. Communities left out from decision-making related to land, forest, etc.

FIP Consultation Process in Indonesia

- CSO complaint for FIP (July, 2011) - Short notice invitation to CSOs for consultation. No clarity about criteria and process of selection of invitees, especially indigenous peoples and local communities.
- No clarity about the nature of consultations. For example, people only invited to consultation 1.5 days prior

Continued

- The tendency to invite primarily NGO groups which receive financial benefit from WB climate programmes and leave out those who have provided critical analyses of projects and programs.
- Insufficient documents made available for public in advance.

Repeated consultation pattern

- Must be mandatory
- Implementation measures must be detailed and must impose consequences
- Must apply to all Bank activities, including policy loans, and all forms of climate finance;
- It is important to ensure that safeguards are not further weakened which will provide opportunities for increased corruption and governance problems.
- IFC is not appropriate model for WB Safeguards.

Safeguards

The ultimate impact of potentially significant flows of international finance to Indonesia, is likely to depend upon whether sufficient attention is paid to the design, implementation, and enforcement of robust and stringent social, environmental, transparency and governance safeguards.

Conclusion