

World Bank “Business Projects” in Developing Countries have Displaced 3.4 Million People

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At least 3.4 million people have been physically or economically displaced by World Bank-backed projects between 2004 and 2013, estimates an investigative report. The true figure is likely higher, because the bank often fails to count or undercounts the number of people affected by its projects.

Nearly all of the 3.4 million displaced people live in Africa or one of three Asian countries: Vietnam, China and India, said the report by the International Consortium of Investigative Journalists (ICIJ), The Huffington Post and more than 20 news organizations. The ICIJ analyzed World Bank records.

For more than three decades, the World Bank has maintained a set of “safeguard” policies that it claims have brought about a more humane and democratic system of economic development. It is claimed that governments that borrow money from the bank can’t force people from their homes without warning. Families evicted to make way for dams, power plants or other big projects must be resettled and their livelihoods restored.

However, the investigation found:

- # The World Bank-funded projects forced the displaced people from their homes, taking their land or damaging their livelihoods.

- # The World Bank has regularly failed to live up to its own policies for protecting people harmed by projects it finances.

- # The World Bank and its private-sector lending arm, the International Finance Corp., have financed governments and companies accused of human rights violations such as rape, murder and torture. In some cases the lenders have continued to bankroll these borrowers after evidence of abuses emerged.

- # Ethiopian authorities diverted millions of dollars from a World Bank-supported project to fund a violent campaign of mass evictions.

- # From 2009 to 2013, World Bank Group lenders pumped \$50 billion into projects graded the highest risk for “irreversible or unprecedented” social or environmental impacts — more than twice as much as the previous five-year span.

More than 50 journalists from 21 countries spent nearly a year documenting the bank’s

failure to protect people moved aside in the name of progress. Thousands of World Bank records were analyzed, hundreds of people were interviewed and report were collected from the ground in Albania, Brazil, Ethiopia, Honduras, Ghana, Guatemala, India, Kenya, Kosovo, Nigeria, Peru, Serbia, South Sudan and Uganda.

In these countries and others, the investigation found, the bank's lapses have hurt slum dwellers, hardscrabble farmers, impoverished fisherfolk, forest dwellers and indigenous groups — leaving them to fight for their homes, their land and their ways of life, sometimes in the face of intimidation and violence.

The report said:

The bank's commitment is to "do no harm" to people or the environment.

But the World Bank, the globe's most prestigious development lender, has broken its promise.

Over the past decade, the bank has regularly failed to enforce its rules, with devastating consequences for some of the poorest and most vulnerable people on the planet.

The investigation found:

The World Bank and IFC have also been boosting support for mega-projects, such as oil pipelines and dams that the lenders acknowledge are most likely to cause "irreversible" social or environmental harm.

The report said:

The World Bank often neglects to properly review projects ahead of time to make sure communities are protected, and frequently has no idea what happens to people after they are removed. In many cases, it has continued to do business with governments that have abused their citizens, sending a signal that borrowers have little to fear if they violate the bank's rules, according to current and former bank employees.

"There was often no intent on the part of the governments to comply — and there was often no intent on the part of the bank's management to enforce," said Navin Rai, a former World Bank official who oversaw the bank's protections for indigenous peoples from 2000 to 2012. "That was how the game was played."

In March, after ICIJ and HuffPost informed World Bank officials that the news outlets had found "systemic gaps" in the institution's protections for displaced families, the bank acknowledged that its oversight has been poor, and promised reforms.

"We took a hard look at ourselves on resettlement and what we found caused me deep concern," Jim Yong Kim, the World Bank's president, said in a statement.

Between 2004 and 2013, the World Bank and its private-sector lending arm, the International Finance Corp., committed to lend \$455 billion to bankroll nearly 7,200 projects in developing countries.

Over the same span, people affected by World Bank and IFC investments lodged dozens of complaints with the lenders' internal review panels, alleging the lenders and their borrowers failed to live up to World Bank and IFC safeguard rules.

Studies show that forced relocations can rip apart kinship networks and increase risks of illness and disease. Resettled populations are more likely to suffer unemployment and hunger, and mortality rates are higher. Cases involving evictions have drawn the most attention, but the most common hardships suffered by people living in the path of World Bank projects involve lost or diminished income.

Following are few cases:

Nigeria

In Lagos, Nigeria, the World Bank's ombudsman, the Inspection Panel, said bank management "fell short of protecting the poor and vulnerable communities against forceful evictions." Bank officials should have paid better attention to what was going on in Badia East, the panel said, given Lagos authorities' long history of bulldozing slums and forcing people from their homes. One year after the evictions, the bank loaned Lagos authorities \$200 million to support the state government's budget.

The World Bank said it was "not a party to the demolition" and that it advised the Lagos government to negotiate with displaced people, leading to compensation for most of those who said they'd been harmed.

India

On India's northwest coast, members of a historically oppressed Muslim community claim that heated water spewing from a coal-fueled power plant has depleted fish and lobster stocks in the once-fertile gulf where they make their living. The IFC loaned Tata Power, one of India's largest companies, \$450 million to help build the plant.

In India, the IFC's internal ombudsman found that the lender had breached its policies by not doing enough to protect the large fishing community living in the shadow of the coal power plant it financed on the Gulf of Kutch. With Kim's approval, IFC's management rejected many of the ombudsman's findings and defended the actions of its corporate client.

Albania

In 2007, residents of Jale, a tiny Albanian beach hamlet on the Ionian Sea, found themselves in the path of a coastal cleanup effort backed by a \$17.5 million loan from the World Bank. More than a dozen poor families lived in Jale, many in homes with add-ons and extra floors they rented to vacationers.

Albanian authorities had other plans for the seaside. They saw Jale as an ideal spot for a high-end resort to lure tourists to the country. They decided to use the coastal restoration project — which was managed by the son-in-law of Sali Berisha, Albania's prime minister at the time — as a vehicle for turning the plan into a reality.

Before dawn one April morning, dozens of police officers streamed into the beach community, heading for structures previously identified in photos taken during aerial

surveys paid for by the World Bank. The police roused residents from their beds and forced them from their homes. Demolition crews leveled entire houses or tore down additions that the government said had been put up without proper permits.

Sanie Halilaj cried as work crews pulled down half of the house she had shared with her husband for more than half a century.

“When you lose a loved one, someone consoles you,” the 74-year-old said in a recent interview. “But when you lose your home, there is no consolation.”

In Jale, most residents still haven’t received payment from the government for what they lost, even though the World Bank has covered their legal costs. At the bank, oversight remains weak.

Brazil

In a drought-haunted region of Brazil, farm families pushed aside by another World Bank-backed dam say that their lives haven’t been improved.

Thirty-five families live in a tiny, government-built relocation village called Gameleira, named after the dam and reservoir that forced them to leave their homes along the Mundaú River.

In their old homes, they could take water from wells and the river itself, but the relocation village has no fresh water source. A World Bank report acknowledged a delay in getting water access for the new village, but said the village’s water issues had been solved by late 2012.

The villagers say that’s not true. They are still waiting, four years after they were forced to relocate, for local authorities to keep their promise to build a small pipeline to draw water from the new reservoir to the relocation village. Meanwhile, water from the reservoir is being piped to urban areas.

A well in the village produces salty water and, even with desalination equipment, each family is limited to 36 liters of water a day. Families supplement their supply by buying from commercial vendors, sometimes spending as much as a third of their modest incomes.

These purchases provide them enough water to irrigate small gardens of yuca, beans and corn. If they want to plant cash crops — such as cashews — they have to wait for rain, which hardly ever comes.

“We feel that we are suffering so that people from the city can have water,” 39-year-old Francisco Venílson dos Santos, a farmer and father of four boys and two girls, said. “They abandoned us here.”

In a written statement, the World Bank said it is satisfied the village was provided an adequate supply of water “both in terms of quantity and quality.”

Ethiopia

The mass evictions of the devoutly Christian Anuak people from Ethiopia were enabled by money from the World Bank, former officials say.

In Ethiopia, the World Bank's Inspection Panel found the bank had violated its own rules by failing to acknowledge an "operational link" between a bank-funded health and education initiative and a mass relocation campaign carried out by the Ethiopian government. In 2011, soldiers carrying out the evictions targeted some villagers for beatings and rapes, killing at least seven.

Peru

Victor Mendoza, the president of a farming co-op near the sprawling Yanacocha gold mine in northern Peru, with his 10-year-old son. The mine, built two decades ago with the financial backing of the International Finance Corp., the private-lending arm of the World Bank, is deeply unpopular in this region. Farmers like Mendoza claim it is polluting their water supply and threatening the health of their families and livestock. Ben Hallman / The Huffington Post

Promise to do "better"

"We must and will do better," said David Theis, a World Bank spokesman, in response to the reporting team's questions.

Yet even as it promised reforms to its procedures, the bank has proposed sweeping changes to the policies that underlie them. The bank is now in the middle of a rewrite of its safeguards policy that will set its course for decades to come.

Some current and former World Bank officials warn that the proposed revisions will further undermine the bank's commitment to protecting the people it was created to serve. The latest draft of the new policy, released in July 2014, would give governments more room to sidestep the bank's standards and make decisions about whether local populations need protecting, they say.

"I am saddened to see now that pioneering policy achievements of the bank are being dismantled and downgraded," said Michael Cernea, a former high-ranking bank official who oversaw the bank resettlement protections for nearly two decades. "The poorest and most powerless will pay the price."

Many bank managers, insiders say, define success by the number of deals they fund. They often push back against requirements that add complications and costs.

Daniel Gross, an anthropologist who worked for the bank for two decades as a consultant and staff member, said in-house safeguards watchdogs have "a place at the table" in debates over how much the bank is required to do to protect people. But amid the push to get projects done, they're frequently ignored and pressed to "play ball and get along," he said.

In an internal survey conducted last year by bank auditors, 77 percent of employees responsible for enforcing the institution's safeguards said they think that management "does not value" their work. The bank released the survey in March, at the same time that it admitted to poor oversight of its resettlement policy.

"Safeguards are irrelevant for managers," said one staffer who was surveyed for the report.

A 2014 internal World Bank review found that in 60 percent of sampled cases, bank staffers failed to document what happened to people after they were forced from their land or

homes.

Seventy percent of the cases sampled in the 2014 report lacked required information about whether anyone had complained and whether complaints were resolved, indicating the bank's mechanisms for dealing with grievances were "box-checking" exercises that "existed on paper but not in practice," the in-house reviewers wrote.

These "sizeable gaps in information" indicate "significant potential failures in the bank's system for dealing with resettlement," the report said. "The inability to confirm that resettlement has been satisfactorily completed poses a reputational risk for the World Bank."

Since 2004, World Bank estimates indicate that at least a dozen bank-supported projects physically or economically displaced more than 50,000 people each.

Kim in the system

In July 2012, an unconventional leader took over as the World Bank's new president. Jim Yong Kim, a Korean-American physician known for his work fighting AIDS in Africa, became the first World Bank president whose background wasn't in finance or politics.

Two decades before, Kim had joined protests in Washington, D.C., calling for the World Bank to be shut down altogether for valuing indicators like economic growth over assistance to poor people.

Human rights advocates and bank staffers working on safeguards hoped that Kim's appointment would signal a shift toward greater protections for people affected by World Bank projects.

In March, Kim said he was concerned about "major problems" in the bank's oversight of its resettlement policies. He announced an action plan calling for greater independence for the bank's safeguards watchdogs and a 15 percent funding boost for safeguards enforcement.

But while Kim and other bank officials have acknowledged general shortcomings, they have consistently denied that the bank shares blame for violent or wrongful evictions carried out by its borrowers.

Kim said that while "we could have done more" to help the evicted communities, the bank was ultimately not at fault.

United Nations human rights officials have written World Bank President Kim to say they're concerned that the growing ability of borrowers to access other financing has spurred the bank to join a "race to the bottom" and push its standards for protecting people even lower.

In both Ethiopia and India, the World Bank Group declined to direct its clients to fully compensate the affected communities.

In response to complaints about the Badia East evictions in Nigeria, the World Bank embraced a shortcut that fell short of its promise that people affected by projects will be fully compensated for their losses.

Internal emails obtained by ICIJ indicate that by early 2014, the Inspection Panel's chair,

Eimi Watanabe, was already pushing to make sure that the panel would not investigate the World Bank's role in the case.

"Pl[ease] issue notice soonest before it unravels," Watanabe wrote on Feb. 6, 2014.

Watanabe's directive didn't immediately kill the investigation, but over the following months the panel made it clear that it didn't want to dig deeper into the World Bank's actions.

Watanabe did not respond to ICIJ's questions about the Lagos case.

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