

India set to oppose World Bank's new conditions for project loans

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Written by [Amitav Ranjan](#) | New Delhi | Published: November 3, 2015 2:54 am

India, one of the largest borrowers of the World Bank, will oppose the Bank's new pre-conditions for project loans saying that the proposed Environmental and Social Standards (ESS) are "more regressive" with the potential of making World Bank-assisted projects "unviable".

"The proposed framework envisages several new and more stringent provisions. These provisions may be quite onerous and burdensome for the project implementing authorities. It may end up increasing the cost of doing business with the World Bank significantly," a Finance Ministry document states.

The Bank's proposed ESS framework, which will replace the existing environmental and social safeguards, envisages new standards, mainly in respect of labour and working conditions, while making many environmental safeguards "more stringent".

"In short, the proposed framework in the present form has the potential to significantly raise the cost of implementing World Bank-assisted projects," the document quotes India's Executive Director to the World Bank as saying.

India is also against periodic project assessments that will be reviewed by the Bank to issue measures and actionable instructions to comply with the ESS. It wants the contours of these assessments to be clearly defined or else the reviews, it points out, will "impose extremely high and unreasonable costs on the project authorities".

At the third phase of consultations, scheduled to be held this week, it plans to highlight difficulties faced in ongoing projects even with a "less stringent framework" and argue that the proposed ESS "has the potential of making World Bank-assisted projects unviable".

India will argue that it has a very robust legal framework on environment and social issues which will be adequate to meet the Bank's concerns. The proposed ESS requires that every borrowing country align its social and environment laws with the World Bank system.

The ESS is based on the objective that development benefits are enhanced if project workers operate in safe and healthy working conditions. It, therefore, proposes a standard dedicated to the protection of workers in Bank projects.

It bans child labour and forced labour and promotes fair treatment, non-discrimination, and equal opportunity for project workers in recruitment and hiring, compensation, working conditions and terms of employment with a grievance mechanism to raise workplace concerns.

It builds on the existing commitment of borrower countries to international labour laws and conventions and expands on existing Environmental Health and Safety Guidelines which set out general and industry-specific guidelines on occupational health and safety.