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The World Bank: Owning Global Safeguard Policy Norms?

By
Susan Park
Department of Government and International Relations
The University of Sydney
Sydney NSW 2006
Australia
Email: susanpark@usyd.edu.au

Abstract

This paper examines the World Bank's implementation and modification of environmental and social safeguard policy norms. Initially implemented as a series of ad hoc guidelines, environmental and social policies would become entrenched as appropriate "safeguards" for international development lending through the World Bank in the 1980s and 1990s. In the early 2000s the Bank has responded to competitive international development lending from private and public sources by attempting to bifurcate the fundamental norm of sustainable development from organising principle norms of environmental and social safeguards through its Middle Income Strategy thus reorienting what appropriate development assistance is for different types of Bank borrowers (Wiener 2008, 2004). Piloted in the early 2000s this enables middle income borrowers to use their own national policies when implementing Bank funded projects thus reopening points of contestation over operationalising sustainable development. This bifurcation highlights a damaging trend: the World Bank relinquishing policy norms for some World Bank borrowers thus problematising the Bank's ownership of global safeguard policy norms.

Bank management has identified ten key policies that are critical to ensuring that potentially adverse environmental and social consequences are identified, minimized, and mitigated. These ten are known as the "Safeguard Policies"…(World Bank 2008a)

The dialectic between social science knowledge, practical experience, and policy guidelines shows how policy formulation must be approached as a set of evolving norms and not simply as diktats from above (Cernea 1993)

Introduction

In the 1980s the World Bank became a lightning rod for environmentalists keen to challenge the link between international development and environmental destruction. The environmental challenge was pivotal in shaping the Bank's evolving policies and practices regarding the natural environment and the intersection between communities and economic development. Arguably, the World Bank is now a leader of how to do international development sustainably amongst multilateral development lenders and export credit agencies (Gutner 2002; Nielson and Tierney 2005, 2003; Park 2005). The purpose of this paper is to trace the arc of the *global safeguard policy norms* by examining their emergence, strength and possible decline within the World Bank in the 2000s. Locating this analysis the debate over whether the Bank is "green", the paper looks at the environmental and social safeguard policy norms instituted by the organization that seek to mitigate the negative impacts on the natural environment and communities during the development process. In 2005 the Bank responded to competition from private and public lending sources by attempting to bifurcate the "fundamental" norm of development from these "organising principles norms" of global safeguard policy norms through its Middle Income Strategy, thus reorienting what appropriate development assistance is for different types of Bank borrowers (Wiener 2008, 2004).

This bifurcation highlights a damaging trend: the World Bank's relinquishment of global safeguard policy norms as an expected and enforced component of development lending for *all* World Bank borrowers. This problematises the Bank's *ownership* of these policy norms in terms of advocating but no longer enforcing global safeguard policy norms within all of its loan contracts. This signals a shift in the role that safeguard policy norms play in middle income countries relationship with the World Bank and raises questions over the Bank's overall role in furthering sustainable development. The remainder of this paper is structured into four sections. First, the distinctions between fundamental and organising principle norms are elaborated within the context of the World Bank's greening and overall discussions of IO change. Second, the process of adopting and internalising environmental and social safeguard policy norms by the World Bank is documented. Third, the recent shift towards removing the requirement for the safeguard policy norms for middle income countries in place of equivalent national standards is discussed. Section four then questions the extent to which this represents a decline in the strength of the safeguard policy norms in international development lending. In doing so the paper argues that the Bank's attempts to make itself relevant to all development borrowers undermines its integrity in diffusing environmental and social safeguards, thus problematising the Bank's ownership of global safeguard policy norms.

The World Bank, Sustainable Development, and Environmental and Social Safeguard Policy Norms

The International Bank for Reconstruction and Development (World Bank) is the largest multilateral development institution in the world. It lends between $18-20 billion in project and program loans (Birdsall 2006) and provides technical assistance to developing countries (Stone 2003). This section provides an overview of how and why the World Bank introduced social and environmental safeguard policy norms into its lending requirements within the context of the overall greening of the World Bank. Much of what would become known as the greening debate over the World Bank's shift towards incorporating environmental concerns into its lending began in the 1970s and has continued to the present.

The basis for the debate is two-fold: first, to what extent has the World Bank become green and second, why has it done so. The extent the World Bank has incorporated concerns over the natural environment into its operations and identity has been measured in terms of the Bank's overall staffing of environmental specialists; the number and volume of separate environmental loans and environmental components of project loans; the extent to which the organisation's environmental impact has been monitored and evaluated; the extent that the Bank has mainstreamed environmental ideas throughout its operations; and the extent to which the decisions made within the Bank have been held to account when negative environmental impacts occur (on those who argue that the World Bank has become environmental see Gutner 2005, 2002; Nielson and Tierney 2005, 2003; Park 2007, 2005).[1]

Why the World Bank did so is also well documented. Scholars identify the social influence and pressure from environmental organizations and transnational advocacy networks independently and with member states' instigation of changes to World Bank operations (Bowles and Kormos 1999; Gutner 2002; Keck and Sikkink 1998; Nielson and Tierney 2003; Rich 1994; Park 2005). Examining the Bank's environmental shift has been a major concern for international organization (IO) scholars that question the ability and cause of IO change (Barnett and Finnemore 2004; Nielson and Tierney 2005). Cleavages between internal and external pushes for organizational change (and inertia) have been identified as have divisions between whether material strategic motivations or ideational and cultural concerns prompt organizational actions (for a good summary see Weaver 2007). Elsewhere I demonstrated how the social environment within which the Bank operates had a decisive influence in shaping the Bank's environmental shift, while recognising that this does not discount the role of material factors (Park 2005). The aim here is to delve deeper into accounting for the Bank's evolving environmental and social safeguard policy norms as a means of providing a more nuanced picture of the internal and external forces shaping a critical component of the Bank's environmental approach.

Central to the Bank's environmental shift has been the evolution and consolidation of environmental and social safeguard policy norms. The incorporation of the safeguard policies was seen to be imperative in preventing large scale, high profile, environmentally disastrous projects such as Polonoroeste, Narmada, the Indonesian transmigration plan, Kedung Ombo, Itarparica, Singrauli and others (Gwin 1994; Rich 1994; Wade 1997). Benedict Kingsbury argues that "the internal policies and

[1] On those who argue that the World Bank still has not incorporated environmental concerns sufficiently see Goldman 2005, Lawrence 2005; Rich 2002.

practices of international institutions" is an "important body of normative practice" that is under-examined in relation to international law including the World Bank's operational policies (1999: 323). Much of the scholarship on the environmental work of the Bank to date has been to focus on the period of consolidation of the safeguard policy norms in the 1980s and 1990s (Gutner 2002; Nielson and Tierney 2003; Park 2005). This paper examines how the safeguard policy norms emerged, evolved, were consolidated, and are now currently being selectively applied.

I therefore make a distinction between fundamental norms and organising principle norms as a means of narrowing the analysis to examine the Bank's safeguard "policy norms" rather than the broader institutional shift. Norms are defined as "collective expectations about proper behaviour for a given identity" (Jepperson et al 1996: 54; Finnemore and Sikkink 1998: 891). Constructivists recognize that there are different types of norms (Kratochwil 1989; Wiener 2004) which may influence their degree of validity, acceptance and contestedness. Using Wiener typology (2008) three different types of norms can be distinguished: fundamental norms, organizing principles and specific procedures. Fundamental norms are the overarching shared beliefs of a certain community. They signify what is mutually agreed upon in a specific issue area. Fundamental norms are characterized by a high degree of generalization, a low degree of specificity and a high level of contestation. At the international level fundamental norms may include human rights and democracy. In the context of development theory and practice the fundamental norm refers to the dominant understanding about what development is, which arguably now includes more than just economic growth to include other ideas such as poverty alleviation and ecological sustainability.

Adding sustainability to the fundamental development norm took place through interstate negotiations including UN fora such as the 1972 Stockholm conference on the Human Environment, the Brundtland Report *Our Common Future* in 1987 (Mikesell and Williams 1992: 264) and the 1992 Rio conference on the Environment and Development, which occurred as scientific and popular awareness of environmental degradation from industrialization increased (Bernstein 2001; Civic 1997-8; Park forthcoming). Thus, the fundamental development norm retains its high degree of generalization (development should be sustainable), a low degree of specificity (how should actors develop sustainably?), and a high degree of contestedness (between business, environmentalists and state policy makers). Within this framework, the World Bank took up sustainable development and translated it into international development project lending through an ecological modernization or market based approach (Stewart 2001; World Bank 1997, 1992).

The fundamental development norm therefore influences the overall international environment. This can be compared to second order, or lower level organizing principle norms. Organizing principles evolve through policy-making process (Wiener 2008: 15). They are less general than fundamental norms and therefore also less contested. They comprise more specific formulations of how to act in any given situation. The Bank's safeguards can be considered organizing principles in that they unpack what sustainability is for specific development circumstances: for international development projects such as infrastructure within specific ecosystems and communities (whether they be riverine, forested areas, natural habitats and so on). These are *policy norms* because they specify how to do development within forests or with dams gain enough currency within the Bank to become “actionable” or translated into specific Bank policies which, from their broad adherence, implementation and use come to constitute a policy norm. In this regard, ideas about how to protect the environment while undertaking development projects coalesced into a host of agreed upon procedures that were translated into World Bank safeguard policies. These then became the benchmark for how to mitigate negative environmental and social impacts by the World Bank, other multilateral development banks (MDBs), and, through the incorporation of the safeguard policies into the Bank’s loan agreements, with the Bank’s borrowers and contractors including the private sector and development non-government organizations (NGOs). Equally importantly, the safeguard policies would become an internal yardstick with which to assess the Bank’s operations; indeed the Bank would be investigated for its compliance by its own Inspection Panel after 1994.

These organizing principle safeguard policies are norms because they are seen as appropriate behaviour for international development institutions and because they are collectively legitimated and institutionalized, points that will be discussed further below. The fundamental development norm shapes the Bank’s understanding of sustainable development which feeds into how and when it established its safeguard policy norms. The fundamental development norm includes market based approaches to sustainability which informs the role the safeguards play in the Bank’s development operations. The third type of norm is standardized procedures. These are specific prescriptions or regulations that give precise directions how things have to be done such as voting rules in democracies for example (Wiener 2008). In the context of development policies in the World Bank this includes operational manuals, the project and loan cycle and specific procedures of program or project approval. These norms are very specific and once agreed upon are less contested. The focus for this paper is to examine the rise and possible decline of the Bank’s safeguard policy norms.

Global Policy Norms Ascendant: Safeguard Policy Norms in the World Bank

All World Bank practices are governed by the organization’s operational policies (OPs) which are derived, where relevant, from the Bank’s Articles of Agreement. The OPs cover a range of issues including its business products and lending instruments, fiduciary requirements, management practices, information disclosure and social and environmental protection measures. The Bank now has ten safeguard policies that are designed to prevent adverse effects on the natural environment and communities from World Bank development projects.[2] These include: Environmental Assessment, Natural Habitats, Forests, Pest Management, Physical Cultural Resources, Involuntary Resettlement, Indigenous Peoples, the Safety of Dams, International Waterways, and Disputed Areas (World Bank 2008b). As can be seen, the safeguard policies include both issue specific policies such as those protecting international waterways and processes such as environmental assessment. Environmental assessment is in fact, the

[2] In fact not all of the safeguards do pertain to the natural environment and concern for communities such as OP7.60 on Projects in disputed Areas (1994) and OP7.50 on Projects in International Waterways (1994). Rather, the “top ten” policies were called “the safeguards” and the name stuck within the Bank even though “the suite of policies never did fit together”, so that while the policies are heterogeneous they are mainly environmental and social policies. Robert Goodland, personal communication March 13, 2008. The norms of each safeguard policy are discussed further in the paper. The policy norm on Projects in Disputed Areas created in 1994 was seen as President Wolfensohn’s acceding to the US interests in furthering its foreign policy interests in fragile states through the World Bank (Mallaby 1994).

"umbrella policy" for the remaining safeguard policies and entails a process of determining the extent to which a project requires oversight. The type and depth of environmental assessment (EA) required for each project is dependent on whether the project is classified as a high environmental and social risk (category A), less risky (B), no risk (C), or pertaining to a project undertaken by a financial intermediary (FI). The classification is part of the environmental assessment process. In terms of the introduction of safeguard policy norms into the World Bank, these policy norms were introduced in three ways: from inside the institution, across the institution and most decisively from outside the institution.

First, processes and guidelines emerged organically within the institution. President McNamara noted in a speech to the UN Conference on the Human Environment in 1972, that the World Bank established environmental guidelines in 1970 in order to "devise appropriate safeguard measures which were then incorporated into project design and discussed with borrowers".[3] In addition to issuing guidelines, the Bank's Office of Environmental Affairs (also established in 1970) provided a comprehensive checklist of "typical" environmental issues as well as "several internal guidelines, handbooks, checklists and criteria…to assist staff and borrowing countries in the preparation of projects". Sector policy papers were published in specific areas including rural development in 1975, forestry in 1977,[4] agriculture in 1978 and fisheries in 1982 (Shihata 1991: 139). Checklists for industrial pollution, and occupational health and safety were also produced in 1975 (Wade 1997: 636). An Operational Manual Statement was prepared on the Safety of Dams in 1977 by Bank ecologist Robert Goodland (OMS 3.80). Many of the guidelines fit within the organizational culture of the World Bank based on its technical and apolitical nature, and at the time, the engineering model of the Bank (Miller-Adams 1999: 71). The guidelines were to fit within the standardized procedures of the Bank including the project cycle which is the vehicle for project delivery.

All of these guidelines were brought together under the rubric of an Operational Manual Statement (OMS 2.36) titled "Environmental Aspects of Bank Work" as a voluntary guide for Bank staff in 1984 (Shihata 1991: 138-9; Wade 1997: 634).[5] Stein and Johnson agree that the World Bank was the first lending institution to establish "criteria for evaluating the environmental impact of its investment projects" but that these very general (quoting the *Environmental Reporter* in Stein and Johnson 1979: 13, 14). This is reinforced by Wade's investigation of the Bank's environmental history which discovered that OMS 2.36 was silent on the shape, form and depth of EAs, which were to be left to the discretion of project officers (Wade 1997: 635). Yet the preparation of policy papers on Forests and Rural Water Supply helped build "new policy directions…around sound environmental practice" which were then "incorporated into the Bank's basic policy documents." Stein and Johnson continue to state that "the process of formulating these documents became an important means of expanding the Bank's environmentally oriented programs and thinking" (1979: 12-13). Additionally, the introduction of some internal operational practices came from

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[3] As noted elsewhere McNamara was influenced by wider debates over including the environment in development during this period (Park 2005).

[4] The forestry policy paper was the first of its kind (Wade 1997: 615). It was officially issued in 1978 (Kolk 1996: 222).

[5] All of the World Bank's policies and guidelines are found in its Operational Manual for staff. This is updated as policies are revised and guidelines redrafted.

staff themselves who brought their experiences with them upon joining the World Bank from other development agencies and from their professional specialisation.[6]

Second, environmental safeguard policy norms emerged across the World Bank and other institutions. The process of creating shared organizing principle policy norms took place amongst intergovernmental organizations (Mikesell and Williams 1992: 263) and from adopting the practices of member states. Environmental assessment was established by the US with the enactment of the 1969 National Environmental Policy Act (NEPA) requiring environmental impact assessments (EIAs) for federal projects (Lee and George 2000: 3; Linaweaver 2002; Le Prestre 1989).[7] The NEPA "has since provided a template for environmental assessment regimes the world over" (Holder 2004: 43). EA guidelines were established by UNEP in 1980 and the World Health Organization recommended them in 1982, both prior to the Bank's endorsement in 1984 (Holder 2004: 44). Also in 1980, the European Economic Commission, the World Bank, the UNEP, the UNDP and other MDBs signed the New York declaration "pledging the support of these institutions for the creation of systematic environmental assessment and evaluation procedures for all development activities" (Shihata 1991: 141; UNEP 1980).[8]

By the mid-1980s, bilateral development agencies such as those of the US, Canada, Finland and Germany had established their own EA frameworks and the "Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) arranged meetings of aid donors to share their experience with environmental analysis and coordinate their own EA guidelines" (Wade 1997: 633). This information sharing process continues today in the form of professional associations to which environmental assessment specialists are part,[9] but also in the form of a Multilateral Financial Institutions Working Group on the Environment that includes MDBs, bilateral and export credit agencies.[10] While the Bank now points to its leadership role on the use of EAs, in the mid-1980s it lagged behind bilateral development agencies (Wade 1997: 634).

Finally and crucially, the full suite of safeguard policy norms became fully established and institutionalized in the late 1980s as a result of external opposition over the Bank's failure to prevent environmental disasters irrespective of its guidelines (Danaher 1994; Rich 1994). Elsewhere I have argued that the World Bank

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[6] Lintner interview 2001, 2007. For example, Stephen Lintner is the Senior Technical Advisor for the Quality Assurance and Compliance Unit that assesses safeguard compliance within the Bank who brought his knowledge with him from USAID in the early 1980s.

[7] Environmental Assessment was defined by the US NEPA as "a systematic interdisciplinary approach which will insure the integrated use of the natural and the social sciences and the environmental design arts in planning and decision making which may have an impact on man's environment" (quoted in Holder 2004: 33). EAs here refer to all assessments and management plans of environmental impacts for projects as well as for policies, plans and programs. EIAs became mandatory in disparate states such as Canada, France, Thailand and the Philippines in the mid to late 1970s (Biswas 1997: 21). The EEC established EIA directives in 1985 and while the OECD had made recommendations to its member throughout the late 1970s it formally issued guidelines in 1986 (Holder 2004: 44-5; Civic 1997-8: f/n 54).

[8] The Asian Development Bank established voluntary EA policies in 1985 (Wade 1997).

[9] The International Association for Impact Assessment is a professional NGO that was created in 1980 to further the global use of impact assessments.

[10] The World Bank is the largest organization within this working group and tends to lead the discussions. Interview Stephen Lintner February 2007.

internalized sustainable development norms thus reconstituting its identity as a result of socialization by transnational environmental advocacy networks, which included the introduction of environmental and social safeguard policies (Park 2005). To recap, in the late 1980s the Bank was increasingly challenged over its operational record after an internal review, the Wapenhans report identified over a third of Bank projects completed in 1991 as complete failures (Weaver 2007). Environmental opposition to the Bank gained momentum with mass campaigns against the Polonoroeste project in Brazil and the Narmada Sadar Sarovar dam in India which lead to the first independent investigation of a Bank project (Caufield 1996; Rich 1994; Khagram 2004). The final outcome, the 1992 Morse Report documented that the Bank had failed to take a number of environmental and social considerations into account (Morse and Berger 1992).

In 1987 the Bank underwent a restructure under President Conable, during which environmental groups and prominent member states pushed for the Bank to introduce mandatory EIAs and action plans (Gwin 1994: 49). Pressure from environmentalists and Bank principals such as the US ensured that a steering committee within the Bank was established to produce Bank-wide procedures by 1988. Coercive pressure on the Bank came from US Treasury, advocating for the US Executive Director to ascertain that sufficient guidelines were in place to ensure the systematic environmental assessment of all projects. This occurred when US Congress, influenced by environmental advocates, was preparing to pass a law ensuring that all MDBs adopt EA principles and guidelines already used by UNEP, at the same time as considering requests for IDA contributions (Bowles and Kormos 1999: 217; Park 2005).

This led to the creation of a mandatory Bank-wide Operational Directive on the environment (OD) 4.00 to replace OMS 2.36 in 1989. Robert Goodland wrote the EA umbrella policy and the annex for dams and reservoir which had been downgraded from a stand-alone OMS policy in the process. Annexes were also added including Annex A on Environmental Assessment detailing the project screening system mentioned above. In 1990 Annex C on involuntary resettlement was added (OD4.30), with further annexes being reviewed in 1991 on agricultural pest management (draft OD 4.02), the protection and management of wildlands (draft OD4.04), principles to be applied to land settlement (draft OD4.31), indigenous peoples (draft OD4.20), and cultural property (draft OD4.25) (Shihata 1991: 143-147). OD4.00 was revised in 1991 to accede to US and environmental group pressure to include compulsory borrower information to be circulated to peoples affected by the project and local NGOs before and after consultations regarding the project, and to release the EA to the Bank's Executive Directors (Wade 1997: 686-7). This became OD 4.01 1991, a policy that remains in place today. The annexes would remain but the environmental areas concerned would also have separate subsequent safeguard policy norms created throughout the 1990s.[11] The next section details the emergence of the various safeguard policy norms.

Institutionalising 10 Safeguard Policy Norms

[11] Gloria Davis states that the concept of "safeguard" policies was first used by Bank management in relation to external pressure over negative environmental and social project impacts in 1997. Social policies were seen to be similar to environmental policies as they were both cross-cutting themes, relied on external moral and financial support, used similar strategies and tools, and attempted to mitigate negative Bank impacts while advocating for broader objectives (Davis 2004: 15-16, 24).

The late 1980s and 1990s was the zenith for safeguard policies in the World Bank, which also flowed on to other MDBs following the Bank's lead (Miller-Adams 1999: 21; Wade 1997). The safeguards incorporate both social and environmental issues and were initially housed in the strengthened Environmentally Sustainable Development (ESD) Department in 1987. In 1993 a Social Policy and Resettlement Division was established inside ESD. Within ESD "key figures such as Michael Cernea, Scott Guggenheim, Gloria Davis and Robert Goodland drove forward the introduction of environmental and social safeguard policies…" (Hall 2007: 162).[12] The consolidation of the safeguard policies then took place during President Wolfensohn's Strategic Compact restructure in 1997 where the Bank was restructured along thematic networks and regions. The Environmental Social Sustainable Development (ESSD) network was created at the Vice Presidential level demonstrating its raised importance both outside the Bank and for Bank management. Within ESSD social policies such as Involuntary Resettlement, Indigenous Peoples and Cultural Heritage were housed in the new Social Development Network testifying to their prominence from external critique as well as support from VP-ESSD Ismail Serageldin and President Wolfensohn (Davis 2004: 24-5).

Robert Goodland wrote a number of the environmental safeguard policy norms including as noted the umbrella Environmental Assessment policy norm.[13] Goodland stated that after drafting the policy, "the draft was returned saying explain how you got there, explain how to implement, [provide the] background, [and] perspective." The result was a "how-to manual for the brief actual policy itself" which ended up being the three volume EA sourcebook that remains the primary vehicle for explaining how to use the environmental safeguard policies. This then had to be followed up with training and information seminars over a six to twelve month period for Bank staff, a process that would be required for each safeguard.[14] Throughout the 1990s the safeguard policies would be implemented and updated as Operational Directives (see table one below). The creation of Operational Directives came from internal reviews of the OMS/OPN standards as a result of calls for comprehensive policy revision of the safeguards from environmentalists, inside environmental specialists and member states. The origin of the EA umbrella policy norm has been discussed, but the remaining safeguards demonstrate the ongoing intersection between internal reviews and external opposition leading to their institutionalisation within the Bank.[15]

For example, the Bank's first involuntary resettlement policy, OMS2.33 in 1980 was drafted by Bank sociologist Michael Cernea as a result of internal innovation (Cernea 1988; Miller-Adams 1999: 145; Rich 1994). This began from an informal sociological seminar series initiated in the mid-1970s "[U]nder Cernea's leadership, and with the assistance of David Butcher, an effort was initiated within the Bank to take a more responsible position towards those relocated" leading to the creation of OMS2.33

[12] Cernea's team included Scott Guggenheim, Dee Rubin and the newly appointed Robert Goodland. Gloria Davis would join the Bank later, Robert Goodland personal correspondence March 8, 2008.

[13] Robert Goodland, personal correspondence, March 8, 2008.

[14] Robert Goodland, personal correspondence March 8 2008. There are now source books for participation and involuntary resettlement as well.

[15] Both Stephen Lintner and Robert Goodland state that the various policy updates did not substantially change the content of the policies although pressure from environmentalists and member states aimed to improve both the policies and practices of the Bank. Stephen Lintner interview February 2007; Robert Goodland, personal correspondence March 13, 2008.

(Scudder 1997b: 675; Bebbington et al 2006: 14).[16] The World Bank "pioneered the application of what was largely academic research to Bank-financed projects" (Scudder 1997b: 668). An 1985 Operation Evaluation Department (OED) evaluation soon after stated that the policy "had an immediately beneficial positive impact on Bank-financed projects appraised during 1980-1982" (Scudder 1997b: 675; World Bank 1985). OMS2.33 was strengthened and revised in 1986 to become OMS10.08 Operations Issues in the Treatment of Involuntary Resettlement in Bank Financed Projects as a result of the OED review. However, data continued to suggest that it is "virtually impossible to restore the living standards of the majority" and that "there was little cause to believe that the overall record will improve" (Scudder 1997b: 668). Ongoing battles over the viability of involuntary resettlement as well as the specifics of the policy itself continued to make this a contested policy norm, leading to its update in the 1990s, discussed below.

Second the safeguard on indigenous peoples began with discussions in 1982 between Robert Goodland and environmental and indigenous rights groups such as Cultural Survival and Survival International which were central to the establishment of the OMS 2.34 "Tribal People in Bank Financed Projects" during the preparation of the Polonoroeste project in Brazil (Wade 1997: 630; Gray 1998: 270). The policy therefore came from inside the Bank as a result of engagement with external advocates (Miller-Adams 1999: 145; Bebbington et al 2006: 21). The updating of the OMS2.34 Tribal Peoples Policy was then examined in a five year implementation (desk) review which was completed in 1987 by the then Office of the Environmental and Scientific Affairs in the midst of massive external opposition to project such as Polonoroeste, Narmada and Indonesia's Transmigration Plan (Gray 1998: 283). The updated OD4.20 Indigenous Peoples incorporated the results of the review, Bank experience and "current international thinking on indigenous peoples rights" (Davis 1994: 80). Kingsbury states that the World Bank has been a leader amongst international institutions on adopting "normative operational policies on issues affecting indigenous peoples" which have since been emulated by the Asian and Inter-American development banks (1999: 323).

Robert Goodland also wrote the technical paper and the policy for the 1986 Wildlands policy with George Ledec and the technical paper and later policy on Cultural Property in 1986 with Maryla Webb. Goodland states that "identifying the need for a policy was relatively easy" as was drafting the policy and writing the technical paper outlining the reasoning for the environmental safeguard policy. The main obstacle was "persuading the Bank to adopt the draft policy" which was "always exceedingly difficult and time consuming." Strategies for getting the Bank to adopt environmental safeguards included "internal campaigns with distinguished outsiders," trying to "generate outside NGO pressure on the Bank" and to "get a VP [Vice president] or two to visit a horror story project in the field". Having few internal environmental allies meant the Goodland "tried any lever I could dream up."[17] After trying vainly Goodland failed to establish safeguard policies for the environmental impact of agricultural sub-sectors even though agriculture had been one of the earliest environmental policies within the Bank along with forestry and fisheries in the late

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[16] David Butcher was then in the FAO, personal correspondence Robert Goodland, March 8, 2008. Both David Butcher and Thayer Scudder were leading social anthropologists on involuntary resettlement.

[17] Robert Goodland, personal correspondence, March 8 2008.

1970s and was a major sector of concern in the Bank's work both its economic development and poverty alleviation mandates.

On dams, the first terms of reference within the Bank were established in 1972 with the early operations of the Bank's Environment Office (Dixon et al 1989: 7). This was formalised in 1977 with Goodland's OMS3.80 Safety of Dams. The Bank financed over 400 dams between 1970 and 1988. Widespread criticism of the negative environmental impacts of the dams in borrowing countries and within the Bank itself led to critical internal evaluations of Bank practices. These were presented at a Bank seminar in 1987 titled: "Dams and the Environment: Considerations in Bank Projects," (Mikesell and Williams 1992: 80) during the Indian Narmada dam campaign. The mass campaign against Narmada lead to an OED review and dams (Khagram 2004: 203). The outcome of the Bank's OED review on dams in turn lead to the creation of OP4.37 Safety of Dams in 1996 but this was a prelude to the an agreement with transnational anti-dam campaigners to create the World Commission on Dams which was created between 1997 and 1998 (Khagram 2004: 203-4). The WCD results fed into the updated policy in 2001 but were not seen to take key WCD recommendations into account thus contributing the assumption that the Bank was not following policy norms on dams that it helped create (McCully online?). As a result while there was agreement within the WCD towards stabilising and institutionalising a norm on the use of dams, the Bank shied away from its recommendations.

On forestry, the World Bank's early innovation with its 1978 sector policy paper remained in place until concern over rapid deforestation and forest fires hit international headlines in the 1980s, including the Bank's involvement in the Polonoroeste project in the Amazon (Rich 1994). The controversy was fuelled by the creation of the joint intergovernmental Tropical Forest Action Plan (TFAP) that included Bank participation and aimed to ensure the sustainable use of tropical forests, but was seen by environmentalists as a means of protecting the logging industry (Mikesell and Williams 1992: 131). In 1990 the Bank presented an approach paper on its 1978 forestry approach to its Board after industrialised Executive Directors requested a "distinct World Bank position." The approach paper noted the "changes which had taken place in both the perception and understanding of forests after 1978" even though the 1978 policy paper included incorporating environmental and social concerns into forestry projects (Kolk 1996: 222; World Bank 1991b). A full critical review was undertaken in 1991 by the OED covering forestry practices from 1949 to 1990 with emphasis on post-1978 which led to ongoing debates with environmentalists (Mikesell and Williams 1992: 133). A policy paper feeding into the subsequent establishment of the 1991 Forest strategy "reflected the changing perceptions of forests and stressed the particular significance of forest ecosystems for the global climate, a feature not yet considered in 1978" (Kolk 1996: 225; World Bank 1991c). This was later supported by the Bank's first new forestry policy since 1978 OP4.36 Forests in 1993. The policy would be revised again in 2002 on the basis of widespread discontent by foresters, environmentalists and borrowers (discussed below).

Overall, the safeguard policies would form a normative structure of compliance to ensure that the impact to ecosystems and communities from development would be minimised. While some of the policy norms remained contested they do represent best international practice in areas such as involuntary resettlement, indigenous peoples and EAs. The EA policy norm has spread to over 100 developing countries and are rapidly increasing amongst middle and low income countries (Lee and George 2000: 3; Linaweaver 2002: 12), which has been assisted by the World Bank's loan requirements, technical assistance and knowledge diffusion. Holder argues that while EA policies are not standardized that their global pervasiveness, including in the World Commission on Environment and Development, the Rio Declaration and Agenda 21, that they may constitute international customary law (2004: 56-7).

The safeguard policies would be further strengthened through the establishment of the Inspection Panel in 1993 (operational 1994) that aimed to ensure that the Bank adhered to its own policies (Fox 2000). Wright has called this a "compliance driven approach" to sustainable development on the basis of meeting detailed policies that the multilateral lender has implemented and that environmentalists hold the organisation to (2006). It would be this increasing sense of onerous obligation, combined with a backlash against the power of NGOs and a concern of the costs of compliance that would lead to a shift in how the safeguard policies would be used in future bank lending. The process of converting the safeguard policies throughout the 1990s is discussed next.

Global Safeguard Policy Norms in Decline? The World Bank in the 21st Century

In the late 1990s and early 2000s the policies would be revised to be called Operational Policies (OPs) rather than the Operational Directives (ODs). The shift in the 1990s aimed to "provide clearer guidance on the Bank's policy to its staff" (Andrew Steer head of the World Bank environment department quoted in Civic 1997-8: 246). In the late 1990s and early 2000s the Bank converted its safeguard policies into mandatory Operational Policies (OP) and Bank Procedures (BP) with supplementary non-mandatory Good Practice notes (GP). The Operational Policies are approved by the Board of Executive Directors. These "establish the parameters for the conduct of the Bank operations" (Miller-Adams 1999: 22). Miller-Adams also notes that the Bank Procedures are "less binding" but "spell out the processes and documentation needed to ensure that Bank policies are carried out in a consistent manner" compared to the Good Practice notes that proffer advice and guidance on implementation (Miller-Adams 1999: 22).[18] The conversion was the result of two key factors.

First, environmentalists continued to pressure the Bank to improve its environmental and social safeguard policy norms and their implementation.[19] As a result the Bank was engaged in an ongoing process of updating all of the safeguards throughout the late 1990s and early 2000s in consultation with stakeholders. Discussions over updating the safeguards remained contentious based on environmentalists' efforts to improve the policies to prevent further problem projects and Bank efforts to operationalize them. During this period Bank lending in sectors known for their high environmental impact such as infrastructure, high dams and forestry declined in some cases motivated by the fear of potential environmental opposition (World Bank 2003d, 2003e: 6, 2000c; Macdonald 2001: 1018). For example, infrastructure investment lending dropped by 50% between 1993 and 2002 (World Bank 2003d: 2).

[18] In some cases no BP is issued where the World Bank's Environment Assessment Sourcebook (World Bank 1991) details the procedures for implementation (World Bank 2008b).

[19] There are numerous environmental groups working to improve individual safeguards such as involuntary resettlement, forestry and dams and are beyond the scope of the analysis here.

The updating of the safeguard policies took place throughout the late 1990s and early 2000s. For example, the Bank's resettlement practices were internally reviewed by Bank sociologist Michael Cernea in 1993 in light of the mass forced resettlement resulting from the Narmada dam scheme leading to the revision of OD4.30 on Involuntary Resettlement which had been established in 1990 (World Bank 1994). The Bank wide review included field visits by the Environment Department staff as well as including mission reports and reviews from the Legal, Environment and Operation Evaluation Departments (Scudder 1997b: 676). The Bank has been the "key agency pushing for such guidelines with the result that currently similar guidelines have been accepted by the OECD (1992) and are accepted or under consideration in several of the regional development banks" (Scudder 1997b: 674). Thayer Scudder warned however that the "current attempts within the Bank to establish guidelines dealing with environmental and cultural issues, including resettlement…are worrisome" (1997: 668). The resettlement policy revisions were "time consuming and costly…The conversion of the resettlement policy, which involved hundreds of meetings, and five years of deliberation, created tensions with external stakeholders who felt that revisions did not go far enough…and with staff and governments who felt that policies were becoming too cumbersome and prescriptive" (Davis 2004: 6, 25-26). The new policy was implemented in 2001. This lengthy process was repeated in relation to the conversion process of other safeguards such as Forestry (Flejzor 2006) and Indigenous Peoples (Davis 2004: 26; Kingsbury 1999: 324).

The Bank invited comments on the overall conversion process from ODs to OPs from external stakeholders. Rather than open up debates over the content of the safeguard policies, the Bank sought to ascertain if the conversion process kept the substance of the policies in place (Civic 1997-8: 247). Kingsbury argues that imprecision in the OD4.20 Indigenous Peoples policy has been improved with the conversion to OP4.10. Yet the entire policy conversion process was vehemently opposed by environmentalists and led to renewed efforts to examine the Bank's overall environmental agenda (Lawrence 2005). Many saw this as a retreat of the Bank from the environmental leadership it displayed in establishing the safeguards in the first place. Civic states that in the 1999 conversion of the EA 4.01 policy, statements were removed from the EA safeguard policy that could "provide clarity of purpose and guidance to the borrower in preparing the EA and in observing sustainable development practices" (1997-8: 247). Civic argues that this may have resulted from the creation of the Inspection Panel such that the Bank has attempted avoid being held to account for borrower implementation of the safeguard policies, thus leading it to "step aside from the role of policy standard-setter" (1997-8: 247). The importance of the Inspection Panel should not be overstated however, as the Operational Directives and subsequent Policies are "understood to be 'binding' on Bank staff within the Bank management structure, but applied and enforced flexibly rather than 'legalistically'" (Kingsbury 1999: 329).

Second, while Narmada and subsequent campaigns demonstrated the power of environmentalists and powerful member states influencing the Bank to back down on approving loans in light of mass opposition, it also had the effect of raising the ire of the Bank's borrowers who opposed the Inspection Panel (Lawrence 2005: 7; Mallaby 2005). Developing country borrowers remain interested in exactly the high risk sectors to promote economic development including high dams that many environmentalists oppose (such as Friends of the Earth for example). The increasing wealth of the Bank's "middle income country" borrowers such as China meant they can find alternative sources of funding from private capital markets. The Bank therefore became concerned with its ongoing financial viability (Birdsall 2006; Weaver 2007: 502; Mallaby 2005).

The leverage of developing countries and their continued interest in traditional economic sectors has lead to a renewed focus by the Bank in streamlining its operations and making its policies more user-friendly while re-engaging in traditional lending sectors such as infrastructure in the mid-2000s (World Bank 2006d: 21). Notably this has been expressed in the merging of the ESSD Vice Presidency with Finance Private Sector and Infrastructure (FPSI) in June 2006 under President Wolfowitz to create the Sustainable Development network (SDN) in the attempt to further mainstream environmental issues and a renewed commitment to higher levels of infrastructure lending including large dams. As a result of the reorganization the Quality Assurance and Compliance Unit (QACU) and the regional safeguard coordinators have now been moved from the SDN to the Operations Policy and Country Service Network (OPCSN) where they will now be integrated with project operations staff.[20]

The relative growth in middle income country incomes means that these borrowers, the Bank's "bread and butter" business could increasingly afford to go elsewhere (Weaver 2007: 502). The changed circumstances meant the Bank had to halt the decline of infrastructure projects in order to ensure its viability. In this regard, norm renegotiation arises in new circumstances (Wiener 2007: 13). As a result, there has been a significant change in the Bank's approach to applying its environmental and social safeguard policy norms. Bank efforts to make itself "client-focused" has led to the pilot of a Country Systems Approach (CSA) to its converted policies. The CSA aims to provide a flexible framework to meet the evolving needs of specific countries. In essence, this allows middle income country borrowers to use their own national policies in relation environmental and social issues while "streamlining policy conditionality in Bank lending operations" (World Bank 2005b: 1). A World Bank memorandum argued that the CSA would be applicable in countries that have policies "equivalent to the Bank's policy framework applicable to the operation, and where relevant country implementation practices, capacity, and track record are acceptable" (World Bank 2005b: 2).

Draft proposals for a country systems approach were floated in 2002. The Bank's Committee on Development Effectiveness (CODE) agreed to incorporate environmental and social concerns into country systems if they did not compromise "the objectives and operational principles of its safeguard policies." CODE recommended testing the CSA's feasibility through a "program of safeguard pilots" (World Bank 2005: 5). As a result, even before the CSA had gone to the board for approval in 2005 three projects in middle income countries were approved by the Board in 2004 (Bosshard 2004; Lawrence 2005: 11). On March 18 2005 the Bank approved a pilot of the CSA under the new OP/BP 4.00 *Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank Supported*

[20] Stephen Lintner June 2007, Safeguard Policies Presentation to the World Bank Tokyo office.

Projects. However, Bank staff admit that borrower country environmental assessment quality and management plans are "variable" and that borrower compliance needs to be "reinforced" (quoted in Marschinski and Berhle 2005: 12). The CSA has also been strongly opposed by environmentalists who see this as a move by the Bank to weaken its environmental policies by shifting responsibility to client countries whilst undermining the scope of the Inspection panel.[21] The Bank envisages 14 countries will take part of the pilot over a two year period (World Bank 2005a: 18). Approvals for further pilot projects in Egypt, Jamaica and Romania were approved by the Board in 2006.

It remains to be seen what impact the CSA will have on increasing the problem projects and further environmental campaigns. Arguably the shift towards the CSA and the safeguard policy conversion points to the internalization and reinterpretation of sustainable development ideas. The Bank established comprehensive and wide-ranging environmental and social safeguard policy norms as a result of the spread of good practice, internal responses to project requirements and catalytically, environmental protest and member state demand. The Bank internalized these policies, making them compulsory throughout its operations such that they became policy norms that were diffused to other multilateral development lenders, Bank borrowers and Bank contractors. Ongoing efforts by environmentalists to further strengthen the policies, along with resistance by borrowers (and a broader backlash against the influence of environmentalists, see Mallaby 2004) led the Bank to reinterpret the role of safeguard policy norms through its country-led development approach. Critics such as NGOs argued that this was an undermining of the Bank's environmental policies demonstrating their failure to uphold sustainable development. Yet the change in procedural norms (Kratochwil 1989) may not necessarily demonstrate a shift in generic norms such as its adherence to sustainable development as demonstrated in the Bank's testament to the Millennium Development Goals; its commitments at the World Summit on Sustainable Development (WSSD); its attempts to be the forerunner in addressing global climate change (Park 2007) and other global environmental public goods (Kapur 2002).

The Future of Safeguard Policy Norms in International Development Lending

The World Bank is at the forefront of social and environmental safeguard policy norms. In the late 1990s and early 2000s, environmental and social safeguard policy norms were an expected component of all projects. Failure to enforce the safeguards would lead to moral sanctions from environmentalists with the possibility of a challenge to the Bank through its Inspection Panel. The panel enables project affected peoples to question whether the Bank had followed its own policies, including the safeguards (the majority of claims on whether the Bank has followed its environmental assessment procedures, followed by involuntary resettlement, see the Inspection Panel 2002). Yet the shift in external political economy meant that a number of countries, so called middle income countries, increasingly had greater access to private sector capital. States such as Brazil, China, Mexico, Korea, Turkey and South Africa were no longer dependent on the World Bank for funds.

[21] Letter to the Board of Executive Directors, "World Bank s proposed middle income country strategy threatens to weaken social and environmental standards" Signed by 186 environmental organizations, Dated June 7, 2004. Cited: www.bicusa.org Accessed July 2006.

Many argue that the “hassle factor” associated with the extra compliance measures of the safeguard policies, along with the lengthy wait and cost of Bank loans made Bank loans increasingly unattractive (Birdsall 2006). Aware of the financial dependence the Bank has on its middle income borrowers, the Bank attempted to reduce the costs and timeline for Bank loans. It chose to do so through the establishment of the Country Systems Approach for Middle Income Countries. Such a shift fundamentally undermines the compliance approach established through the suite of safeguard policy norms created by the Bank in the 1990s. For many this is exactly the point.

Yet it raises three questions: First, if exceptions can be made to middle income countries are there not other possible reasons for exception? The CSA undermines the Bank’s strong position on the need for safeguard policy norms overall. Second, are middle income countries able to meet the equivalent standards measure that the Bank has determined that they can? Arguably evidence suggests that they are not able to meet this requirement (IEG 2008). Finally, does the removal of the requirement for the safeguard policy norms undermine the need for the World Bank in middle income countries? Surely the safeguard policy norms “add value” to what the Bank can offer compared to the private sector? This is the position being taken by the Bank’s private sector financing affiliate, the International Finance Corporation (Park 2007). Afterall the Bank cannot compete, nor according to its Articles of Agreement should it compete with the private sector. Undermining the very policy norms that make the Bank and multilateral development banks unique will not change the high levels of private sector capital currently available to middle income countries. Yet it is unlikely that limiting the safeguard policy norms through conversion or through the CSA will make Bank loans cheaper and therefore more attractive (Lerrick 2006). This undermines the very reason for converting them and for introducing the CSA in the first place. What we are left with is a very strong signal, from the world’s largest multilateral development lender, is that environmental and social safeguard policy norms are no longer norms that should be morally and contractually enforced in all international development loans. This undermines the ability of the Bank, and Bank watchers, to push to extend such policy norms to other financial lenders such as Export Credit Agencies. Furthermore, it undermines the Bank’s ownership of policy norms it established, in conjunction with member states and environmentalists, but now wants to distance itself from.

Conclusion

The aim of this paper was to examine the World Bank’s implementation and modification of environmental and social safeguard policy norms. Initially implemented as a series of ad hoc guidelines, environmental and social policies would become entrenched as appropriate “safeguards” for international development lending through the World Bank in the 1980s and 1990s. The emergence of environmental and social safeguard policy norms emerged within, across and from outside the World Bank. These would become institutionalised within the Bank and would be spread to borrowers and bank contractors through lending agreements. In the early 2000s the Bank has responded to competitive international development lending from private and public sources by attempting to bifurcate generic norms of sustainable development from procedural norms of environmental and social safeguards through its Middle Income Strategy thus reorienting what appropriate development assistance is for different types of Bank borrowers (Kratochwil 1989; Weiner 2004). Piloted in the early 2000s this enables middle income borrowers to use their own national policies when implementing Bank funded projects thus reopening points of contestation over operationalising sustainable development. This bifurcation demonstrates a damaging trend: the World Bank relinquishing procedural policy norms for some World Bank borrowers thus problematising the Bank's ownership of global safeguard policy norms. The World Bank has moved from having the highest standards of environmental and social safeguard in international development lending, to having environmental and social safeguards that borrowers need not aspire to. Far from making the Bank central to developing states needs, the Bank has undermined its own relevance in future developing lending.

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Initial Environmental and Social Policies and Guidelines 1970-1980s	Institutionalised Safeguard Policies 1990s	Converted Safeguard Policies 2000s[22]
OMS2.36 Environmental Aspects of Bank Work (1984)	OD4.01 Environmental Assessment (1989, 1991)[23]	OD4.01 Environmental Assessment (1991)
OPN 11.02 Wildlands: Their Protection and Management in Economic Development (1986)	OD4.04 Natural Habitats (1995)	OP4.04 Natural Habitats (2001)
OPN11.01 Guidelines for the Selection and Use of Pesticides in Bank Financed Projects and their Procurement when Financed by the Bank (1985). Updated in 1987.	OD4.09 Pest Management (1996)	OP4.09 Pest Management (1998)
OMS2.33 Social Issues Associated with Involuntary Resettlement in Bank Financed Projects (1980). Updated in 1986 as OMS10.08 Operations Issues in the Treatment of Involuntary Resettlement in Bank Financed Projects.	OD4.30 Involuntary Resettlement (1990)	OP4.12 Involuntary Resettlement (2001)
OMS2.34 Tribal People in Bank Financed Projects (1982)	OD4.20 Indigenous People (1991)	OP4.10 Indigenous People (2005)
Forestry Sector Policy Paper (1978)	OP4.36 Forests (1993) and Forestry Strategy (1991)	OP4.36 Forests (2002)
OMS3.80 Safety of Dams (1977)	OP4.37 Safety of Dams (1996)	OP4.37 Safety of Dams (2001)
OPN11.03 Management of Cultural Property in Bank Financed Projects (1986)	OD4.40/4.50 Draft Cultural Property (1991)[24]	OP4.11 Physical Cultural Property (2006)
OD7.50 Projects on International Waterways (1989)	OP7.50 Projects on International Waterways (1994)	OP7.50 Projects on International Waterways (2001)
Not a Bank issue pre-1990s	OP7.60 Projects in Disputed Areas (1994)	OP7.60 Projects in Disputed Areas (2001)

Table 1: World Banks Environmental and Social Safeguard Policies 1970s-2000s (World Bank 2008b). Sources: Civic 1997-8; Goodland and Ledec 1989: f/n 32; Macdonald 2001; Rich 1994: 154; Scudder 1997; Shihata 1991; Wade 1997; World Bank 1991, 2008b).

[22] The safeguard policies were amended in 2004 to reflect changes the shift from adjustment lending to development lending (OP/BP 8.60 Development Policy Lending) and in 2007 with the revision of the Emergency Recovery Assistance to OP/BP 8.00 Rapid Response to Crises and Emergencies.

[23] OD 4.00 and OD4.01 annexes replaced the OMS and OPNs in relation to wildlands, pest management, dams, cultural property. These would subsequently be established as new ODs and OPs in their own right.

[24] This is referred to as two separate operational directives (World Bank 1991: 47). Shihata refers to this draft policy as OD4.25 (1991: 143-7). Also note that some of these policies are inter-linked: OMS2.34 on Tribal Peoples and OPN11.03 both influenced OD4.40/4.50 Cultural Property (World Bank 1991: 47, vol I)