



**Tom Lantos Human Rights Commission Hearing**  
**World Bank Lending and Human Rights**  
**Opening Remarks**

**Wednesday, April 9, 2014**  
**2:00 PM-4:00 PM**  
**HVC-210**

Good afternoon. Thank you all for coming today to this very important hearing on World Bank Lending and Human Rights. I would like to thank Katya, Kenna, and Katherine on the Commission staff for their work in putting together this event. I am very glad to welcome all our witnesses and thank you for your hard work on these important issues. Many of you traveled from very far to be able to share your expertise with us – from Europe, Africa, Latin America – and I am grateful for your efforts. I would also like to extend a very special welcome to my good friend and former colleague from Massachusetts, Barney Frank. (*Here say something nice and personal about your relationship with Barney*). I have always admired Barney’s ability to confront the challenging issues facing our world and our nation – and I miss having his collegiality and voice here in Congress.

The World Bank Group is of paramount importance for addressing some of the urgent priorities of the international community. It is a major source of funding for developing and struggling countries, and it has contributed to alleviating many crises around the world. Among many examples of the World Bank’s positive impact are million-dollar investments in post-war reconstruction in France and former Yugoslavia, a significant decrease in the incidence of AIDS in West Africa, and eradication of river blindness in Pakistan. I respect the goals the World Bank set out to achieve by 2030 – “to end extreme poverty by decreasing the percentage of people living on less than \$1.25 a day to no more than 3% and to promote shared prosperity by fostering the income growth of the bottom 40% for every country.”

There is no doubt - the World Bank **is** a vital source of financial and technical assistance to developing countries around the world. World Bank projects

have an impact on millions of people and they have the power to change people's lives for the better – or for the worse. The recognition of this power is exactly why we are here today – to discuss how we can ensure that the Bank's projects are a force of good, that they indeed support the development of a country and not just its corrupt elite, and that overall economic growth does not come at the expense of human suffering and violations of human rights. In the context of the Bank's unprecedented comprehensive review of its environmental and social safeguard policies, now is an important time for us to raise our voices for inclusion of explicit human rights safeguards into Bank policies.

As we recognize the positive work that the World Bank does for economic development and the alleviation of poverty around the world, we must not overlook the instances when the Bank's projects were associated with violence and even death. These instances clearly illustrate why it is so important for the World Bank to adopt clear human rights safeguards. As one example, in 1981, the World Bank and the Inter-American Development Bank collaborated to provide approximately \$400 million in loans for the construction of the Chixoy **[CHEEK-soy]** Dam in Guatemala. In order to prepare the area for construction, land had to be flooded in order to build a reservoir. This meant that numerous communities, many of them indigenous, had to be removed from the site. Many of the villagers refused to move, and this prompted government-sponsored armed forces to engage in four separate massacres, which ultimately resulted in the deaths of more than 400 women and children. Those who were not killed were subjected to sexual violence and torture for refusing to leave their homes. In spite of the brutality, the Bank continued to distribute funds well into the 1990's. We will hear other disturbing examples from our witnesses today.

As early as 1998, the World Bank acknowledged that “creating the conditions for attainment of human rights is a central and irreducible goal of development” and that “the world now accepts that sustainable development is impossible without human rights.” Very recently, the Bank's demonstrated sensitivity to a human rights situation in one of its member countries, as it put on hold a \$90 million dollar loan toward healthcare in Uganda, after the government adopted a new law that criminalizes homosexuality and puts in grave danger Uganda's LGBT population. The discrimination and violence against LGBT people in Uganda has already spilled into the health services, and I urge that the Bank takes firm steps to ensure that its financial assistance to the health sector reaches all segments of the Ugandan population.

I recognize that constructing sustainable relationship between development priorities and human rights can be a challenging endeavor for the World Bank –

but it is a crucial endeavor to undertake. Human rights due diligence and assessments would ensure that each project is properly vetted and that possible violations of human rights are acknowledged beforehand and can be prevented. This not only protects the integrity of individuals, but also ensures the sustainability of a project, which means more people will benefit from the World Bank's investment long term.

On paper, the World Bank has often had some of the best policies on human rights, the environment and indigenous peoples. But too often, in application, they were little more than one more box that needed to be checked off in a list of tedious tasks every project manager has to complete before a project can be taken before the Board of Executive Directors for approval. No one within the Bank was encouraged, rewarded or promoted for stopping a project because of human rights concerns.

As we grapple with the right formula for this relationship and calculate the economic losses or benefits from instituting and enforcing human rights safeguards, I urge all of us to remember that development projects are created **to serve people; *all*** the people, not just government or wealthy elites or the business sector; not only the dominant majorities of a country, but also its vulnerable minorities; and never at the expense of human lives and dignity.

I would like to end with a quote by the World Bank's current President, Jim Yong Kim: "Eliminating discrimination is not only the right thing to do; it's also critical to ensure that we have sustained, balanced and inclusive economic growth in all societies — whether in developed or developing nations, the North or the South, America or Africa."

With that, let's turn to the testimonies of our witnesses today. I would like to formally submit the written testimonies of all the witnesses, as well as reports provided by their supporting organizations into the hearing record. Mr. Frank, please take it away.