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July 28, 2004

Ms. Maja Daruwala
Director
Commonwealth Human Rights Initiative (CHRI)
B-117, Sarvodaya Enclave
1st Floor, New Delhi-110 017
India

Dear Ms. Daruwala,

Thank you for your letter addressed to Peter Woicke dated June 30, the enclosed CHRI reports and your interest in IFC's update of its Safeguard and Disclosure Policies and the Pollution, Prevention and Abatement Handbook. Peter has asked me to reply on his behalf. Let me take this opportunity to comment on a few of the points you raised, while some of the more specific issues will be discussed and addressed in the public consultation phase of the review.

You express your hope that the review process will lead to the adoption of a rights-based approach. As you may be aware, the World Bank Group is currently elaborating its approach on human rights which IFC will then adapt, as appropriate, for its private sector focus.

You note that many governments, as well as UNDP, commit to a principle of maximum disclosure in their operations. Like these and the policies of many other organizations, IFC's existing Policy on Disclosure of Information includes a presumption in favor of disclosure and any revision of the policy will not change this presumption. However, as a development institution operating in the private sector, IFC must also consider how to apply this while protecting legitimate business confidential information. To help navigate such circumstances, and to ensure that the new policies are appropriate for our work (which includes a broad range of clients, in many different country circumstances and industries), IFC is proposing a principles-based approach to its new policies. Such an approach would help to clarify the intent of a revised disclosure policy and social and environmental standards for IFC and clarify the respective roles and responsibilities for IFC and for our clients.

The review of our policies is taking place in a rapidly changing business environment. The new policies also stand to benefit from the recent work and recommendations of the Compliance Advisor Ombudsman's (CAO) Review of the Safeguard Policies, the Extractive Industries Review (EIR) and draft Management Response, as well as other relevant international standards and initiatives.

Like you, we recognize the importance of stakeholder participation and have therefore designed a review process to facilitate engagement on these issues with all of our stakeholders, including

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project affected people, private sector clients, governments and civil society. Following distributions of our draft Safeguard Policies and our Disclosure Policy Concept Paper, we will hold a series of regional consultation workshops, hold targeted meetings, and encourage web-based feedback. The policy review process is also designed to be transparent; we are posting written comments from stakeholders on our policy review website, along with our responses.

We look forward to your active participation in the forthcoming consultation process and will be sure to inform you of the details once the draft documents are made available. Meanwhile, please do visit our policy review website (www.ifc.org/policyreview) for more details.

Yours sincerely,



Rachel Kyte
Director
Environment & Social Development Department

cc: Joe O'Keefe, David Cowan, CEXVP-06781