

IFC's Policy and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information

Summary of Consultation Meeting

Location: IFC Offices in Washington, DC

Date/Time: October 22, 2009; 10:00 am-12:00 pm

Attendees: 37 participants from Civil Society Organizations, Non-Governmental Organizations, Private Sector, Multi-lateral Associations, US EPA

Overview: The following summary is IFC's attempt to capture comments and questions made by the participants during the meeting. The meeting started with the facilitator agreeing on the format and conducting an introduction of participants including their expectations of the session; IFC provided a 5 minute update on the status of the Performance Standard (PS) review process; the participants divided into three break out groups that brainstormed on the issues below of where is clarity needed, implementation challenges and what is missing; each group reported back in plenary; IFC responded in general to the comments in the final 10 minutes.

Comments Provided	
Where do the PSs need to be Clarified?	<ul style="list-style-type: none"> • Harmonizing PS 2 language on forced labor/ child labor with Exclusion List language • Language on water issues/access/human rights - PS 1, PS3 not specific enough • Broad Community Support – indicators are needed for verifying this support • Security language in PS 4 is vague on Human Rights and unclear whether project sponsors are obliged to undertake due diligence measures • PS 6 needs to be clearer on implementation of species and protected areas, ecosystems, and cumulative impact • Greater clarity on “no go zones” are needed in PS6 in relation to biodiversity • Clearer guidance on offsets and mitigation in PS6 are needed • Categorization of projects – greater IFC transparency is needed around how categorization is determined • Clarity on disclosure of management plans (action plans) is needed • PS 1 – clearer methodology for determining associated facilities is needed

	<ul style="list-style-type: none"> • Clarity around how to manage supply chains (PS1) including inputs and outputs
Where have you had Performance Standard Implementation Challenges?	<ul style="list-style-type: none"> • Greater transparency/disclosure of project supervision reports is needed • Conflict – no guidance for companies looking to operate in a zone of conflict • Disclosure of broad community support determination to the project-impacted community is needed • Better disclosure of project action plans on IFC website is needed
What Is Missing (Gaps) in the Performance Standards?	<ul style="list-style-type: none"> • PS 1 - Requirement for consultation with the affected community during design of action plans, not just disclosure of finished product • Notification to communities of IFC involvement in a project should be reintroduced • Retrenchment – strengthen protection by requiring that everything must be done to avoid layoffs (last resort) (PS2) • A requirement to compensate workers through the supply chain for workplace accidents (PS2) • PS1 & PS4 <ul style="list-style-type: none"> ○ Obligation for risk assessment does <u>not</u> address human rights or governance risk assessment ○ No guidance on transparency beyond contracts ○ No means for holding companies accountable because assessment is so vague
Expectations of Participants	<ul style="list-style-type: none"> • Better reflection of Human Rights and Climate Change Strengthened requirements for community grievance mechanisms • Introduce consent to better reflect rights of indigenous peoples (refer to UN declaration on Indigenous Rights) • Address issues related to community access to water • Better integrate gender issues throughout PS • Introduce incentives for projects to develop low carbon approaches
Other issues/Comments	<ul style="list-style-type: none"> • Extractive Industry contracts - clarity on “key” terms for “significant” projects is needed • More transparency in reporting in extractives projects is needed • There are contradictions between IFC/host country/Policies/other donors (EBRD, etc) requirements • There is a conflict of interest – companies are responsible for identifying and solving problems • IFC standards should have approved consultants to undertaking scoping/assessment instead of clients picking them

<ul style="list-style-type: none"> • How will IFC solicit and include inputs from directly affected communities into the review process? • Does IFC's pursuit of a capital increase impact the policy review? • How is IFC planning to address human rights in revised version of the PSs? • Is IFC planning to address governance issues in the PSs? 	<p>As part of the PS review and update process, IFC will consult with communities that have been directly affected by IFC financed projects which applied the PS. IFC will collect this information through two paths including our regular supervision program in which IFC environmental and social specialists routinely visit projects and interact with the communities and also through a specific face-to-face consultation process as part of the PS review and update. In addition, IFC will be informed of additional community feedback through the CAO consultation with five directly affected communities. For the specific face-to-face consultation program, a sample of projects will be selected to: give IFC feedback on the eight PSs, provide feedback from a variety of regions, and which represent a variety of industrial sectors. The consultations will be spread throughout the first 10 months of the PS review and update process. The draft methodology for selection of the projects has been disclosed on the PS review webpage (www.ifc.org/policyreview) and we welcome your comments.</p> <p>The Policy review is an independent process from discussions on capital increase. It reflects IFC's commitment to continuous learning and improvement. The Three Year Application Report identified some areas in the Sustainability Policy and Performance Standards as well as in the Policy on Disclosure of Information that would benefit from clarification. IFC also believes that the external context in which the PSs are applied has evolved rapidly in certain thematic areas. The most striking example of rapid development may be the issue of climate change. These areas need to be better reflected in the revised set of Standards.</p> <p>The PSs already cover a broad range of human rights issues but we need to analyze what else might need to be included. IFC anticipates that, in the context of updating the standards, it will assess the balance of topics covered by the PSs, within the parameters of IFC's Articles, taking into account views of IFC shareholder governments as well as stakeholders, and evolving best practice.</p> <p>IFC agrees that environmental and social governance issues are important and intends to have a complete Environmental, Social and Governance offering. There are many ways to package this including housing it in the PSs or housing it with other governance issues and we are currently thinking through this.</p>
---	--