

# Safeguard Policies to Performance Standards

Consultation with Equator Principle Banks

*London, September 16, 2004*

LONDON, 16 September 2004 – International Finance Corporation (IFC) met with 16 financial institutions that have adopted the Equator Principles to discuss the draft IFC Policy and Performance Standards on Social and Environmental Sustainability.

Discussion began with a brief overview of the objectives of the safeguards update process, an explanation of the structure and function of the Performance Standards, and a description of the various means of public consultation and engagement. The focus throughout the conversation that followed was on the substance of the draft IFC Policy and Performance Standards on Social and Environmental Sustainability.

Many of the comments and suggestions focused on improving the clarity of the draft Policy and Performance Standards in articulating the requirements and the intent and objectives of each Standard. Banks identified a number of areas of ambiguity in the draft, noted that a number of technical terms were not always clear, and said that further explanation and definitions would be necessary for successful and consistent implementation.

The banks noted that project categorization is useful and expressed the view that it should continue. IFC said that its internal review of categorization is still on-going and emphasized that categorization will continue to be used. IFC said it is committed to categorization but would like to make it a more robust, transparent process. The details of IFC's project categorization will be outlined in IFC's procedures.

The banks indicated the importance of seeing the Interpretation Notes and inquired as to when they would be available. IFC recognizes the importance of the Interpretation Notes and is currently drafting them. IFC will make the Interpretation Notes publicly available for consultation as soon as possible and expects to have them available by early November.

Participants pointed out that IFC's various references to community engagement in the Policy & Performance Standards were not always consistent or sufficiently clear. An explanation of what 'free, prior and informed consultation' is and what would constitute 'broad community support' is required. IFC indicated that free, prior and informed consultation is a process of which broad community support is a requirement. IFC agreed to review the precise wording in the draft and to provide explanation and definitions in the Interpretation Notes. On the biodiversity and natural resource management standard, the banks asked for clarification on some of the specific language and requested definitions of the terms used.

IFC reiterated that the public consultation process will continue through the end of December 2004 and include a 30-day public comment period in January 2005. An additional meeting with the Equator Principle institutions will be organized in late November/early December to discuss issues further once the Interpretation Notes are available. The banks also highlighted the importance of consulting clients and industry groups throughout the consultation process. IFC agreed to continue its efforts to consult clients in conjunction with other stakeholders throughout the consultation process and noted that it will continue to brief the press to encourage active stakeholder participation through the various means of engagement.

IFC's overall timetable for consultation is as follows:

<i>August 16, 2004:</i>	Public release of draft Policy & Performance Standards
<i>August – October 2004:</i>	Drafting of Interpretation Notes
<i>August – December 2004:</i>	Public consultation and engagement
<i>January 2005:</i>	30-day public comment period and IFC board approval

Additional information, documentation and updates on IFC's updating of the Safeguard Policies can be found on the web at: <http://www.ifc.org/policyreview>