

**Review and Update of the Policy and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information Consultations' report: Dakar, Senegal, June 15, 2010**  
**EXTERNAL REPORT**

**Location of the consultation:** Dakar, Senegal

**Date:** June 15, 2010

**Participants:** see annex

**Consultation Process:** The consultation included: (i) and (ii) a brief introduction of all the participants and participants' expectation of the process, (iii) a plenary session on the PS Review Consultation process, Overview of Sustainability Framework, IFC's Project Cycle, areas of improvement and key themes brought up in Consultation Phase 1 (iv) breakout group discussion and presentation reflecting on key themes (v) IFC response and feedback to selected key themes, (vi) second breakout session on topics selected by the participants, who are grouped into stakeholder categories and (vii) closing remarks.

*Note: This interim report from the consultation workshop summarizes key points and suggestions made by the participants. It does not contain detailed responses from IFC. The issues are under review and discussion, and IFC is preparing a summary of responses to key issues related to these and other topics during the second half of September 2010. These will be posted to the [www.ifc.org/policyreview](http://www.ifc.org/policyreview) website.*

*IFC wishes to thank all the participants in this consultation as well as others who have contributed to the consultation process on IFC's revised Sustainability Framework. While we have tried to be as comprehensive and accurate as possible in capturing participants' views and observations, there may be errors or omissions in the summary. We welcome corrections.*

This report presents the opinions and frequently asked questions presented by the participants as the consultation took place, and IFC's response to their comments.

### **Climate Change**

- There is no clear baseline or method of evaluation for GHG emission monitoring (as referenced in PS3, Pollution Abatement and Prevention)
- There is uncertainty voiced regarding how to balance competitiveness with compliance in climate change-driven emission standards regulation. The question of How do African companies remain competitive if there is no international compliance standard for GHG emission reduction? was voiced
- Questions were raised regarding whether climate change (GHG) regulation would hinder African development
- Pending international agreement or global consensus on climate change, participants suggest that national standards be complied with, while acknowledging that there are no state/national statistics or standards on CO2 emissions.
- IFC should recognize the challenges an African company faces in evaluating GHGs

- IFC needs to provide greater clarity on how they “support” low-carbon technology. IFC does not provide clear instructions for how to determine which energy choice is better for climate. IFC should develop a reference point or baseline in regards to CO2 emissions so clients have a reference point against which to compare
- Participants asked if IFC will require independent 3<sup>rd</sup> party certification of client’s internal emissions calculations. If so, they wanted to know what is the cost of doing this? What if local states or NGOs do not have the means to undertake a counter-evaluation, pointing out that if a client *employs* an NGO for independent 3<sup>rd</sup> party certification, there is a conflict of interest there
- Apart from adaptation measures for clients, participants pointed out that it is equally important to pay attention to community *adaptation* to climate change, and this is not specified in the PSs
- Carbon credit / carbon finance is an emerging trend, but there is a lack of guidance of how to apply carbon credits to IFC projects. Participants pointed out that there may be barriers or unique challenges for African corporations to enter into carbon markets
- Epidemiological impact studies should be included as a part of the inherent risk (PS2)
- Adaptation measures to climate change specifically should avoid monoculture that impacts biodiversity, but should include water sustainability aspects (quantity and quality)
- IFC still needs to clarify who will implement climate change regulations

## Gender

- Expanding gender finance beyond SMEs is necessary
- IFC should empower women in development beyond small business activities
- Gender should be accounted for when assessing corporate performance
- In a community where women are not given property rights, measures should be taken to help women recover such rights and protect their interests (PS 5)
- Need to take into account local customs for compensation, but the question remains of whether land-deeds should comply with national laws regarding gender, or should IFC go beyond national standards
- Gender requirements need concrete levers for action/ implementation from clients perspective
- Women should be considered as a specific vulnerable group in evaluating development impact
- Gender should not be restricted to discussing men & women as man & wife, but should be considered as defining much broader social roles
- Term spouse(s) should be adopted due to cultural context
- Uncertainty remains as to who should enforce land compensation rights to women (the government, client, IFC?) especially if land compensation rights required by IFC go beyond local authority or custom

## Human Rights

- IFC has made progress
- IFC is recognizing responsibility of private sector to protect HR
- IFC should set up an independent commission on high-risk projects
- IFC needs to ensure a HR assessment is undertaken and independent monitoring of the performance for projects with potential high HR issues

## **Biodiversity**

- Assumption that development negatively impacts biodiversity – projects can provide funding / an opportunity for conservation (if local government isn't acting to protect) (ex) Sea turtles / port project
- Mangroves (shoreline) –pygmy population – there is an intersection between biodiversity and indigenous people's rights if they make their livelihood off of and/or find certain ecosystems culturally valuable
- Client collaboration with NGOs to conserve and protect biodiversity has been a result of compliance with PS6
- IFC should avoid proscriptive requirements regarding agricultural systems (i.e. prohibiting mono-cropping to enhance biodiversity) at the expense of food production
- Areas with rich biodiversity should be no-go areas for development

## **Water Resources**

- IFC-funded water-intensive projects negatively impact people and climate
- IFC does not suggest adaptation for communities affected by said clients
- IFC should not invest in projects that involve excessive over-use

## **Labor and Working Conditions, Community Health, Safety and Security**

- In PS2, the extent of client responsibility is unclear when discussing inherent risks of a sector
- PS4 should include specific epidemiological impact studies and specify health indicators for communities
- Unclear which framework to follow – how do IFC's standards fit with World Health Organization, for example?
- PS2: in this region, it is very common to use contractors to reduce costs. How do changes in PS 2 impact relationship with contractors and subcontractors?

## **Resettlement**

- Any client whose operations require displacement of people should confer with people affected
- People should be equitably and rapidly compensated
- Need to take into account local customs for compensation, in regards to the issue of *equal spouse compensation* for land, and the recipient of the land compensation. Should land-deeds compensation comply with national laws, or should IFC go beyond national standards?
- In a community where women are not given property rights, measures should be taken to help women recover such rights and protect their interests (PS 5)
- Instead of just saying "measures should be taken" to protect women's interests, IFC should specify who should make these standards and enforce them.

## **Implementation of Performance Standards**

- How will IFC develop mechanisms to ensure these standards are well implemented? The performance standards don't clarify process of monitoring and evaluation
- There should be incentives for compliance with Performance standards
- There should be a shortened timeline for projects to have reduced cost of financing

- IFC should work with World Bank/public sector to harmonize local standards with Performance Standards – then private company would just have to comply with local standards
- IFC needs to develop implementation tools with greater flexibility to adapt to realities on the ground
- IFC should be willing to support “out of the box” solutions to complying with PSs, i.e. allowing clients to pool resources to meet difficult/expensive requirements
- IFC should help support the use of synergies in the sector
- IFC needs to more clearly define the responsibility of all stakeholders
- IFC needs to identify ways to better coordinate with WB and government
- IFC should include a report on harmonization of standards in Doing Business report
- IFC should engage in capacity building with NGOs and local governments
- IFC should think about what communities are left with in terms of access to natural resources, access to economic opportunity, once projects are finished
- IFC needs to ensure that access to resources for communities is granted throughout the life of the project
- IFC should consider further involving local authorities in decision-making

#### **Free Prior Informed Consultation/Consent**

- Want to push for language of consent to be adopted
- Consent is indispensable. If communities have the right to say yes, they also have the right to say no. it is a part of international law. If you don't have consent for a project, it can lead to conflict.
- Consultation and participation are not the same
- We should *not* change language to consent because it will restrict development of countries

#### **Engagement/Disclosure**

- Terms of the contract signed between IFC and clients should be disclosed to community
- Contracts and relevant information need to be available