
International Finance Corporation Global Policy Review

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Case Background

International finance institutions (IFIs) seek to balance stakeholder expectations for social and environmental protection with promoting sound and sustainable business. Stakeholders and host countries directly affected by investment projects want to understand the potential risks and benefits from a project, as well as be informed about how effectively these institutions are using the resources they have been given. As diminished public trust leads to higher demands for transparency and disclosure for both private and public sector organizations, IFIs are pressing to develop environmental and social policies that clarify how these principles apply to their investment projects.

During the period September-December 2004, the International Finance Corporation (IFC) – the private arm of the World Bank – sought to update its Safeguards Policy and Disclosure Policies as a means of promoting efficiency and accountability in its development impacts. The process was intended to comprehensively examine minimum safeguard requirements applicable to IFC projects; make them easier to use; address major issue gaps as appropriate; and emphasize the concept of sustainability.

CBI was retained by IFC to design and facilitate an external stakeholder engagement process to discuss the draft policies as part of the review process. Four regional consultation workshops provided opportunity for dialogue with private sector, civil society organizations, governments and international organizations on the Safeguard Policies and Disclosure Policy. Participants attended four regional consultations designed jointly by CBI and IFC:

- Latin America and the Caribbean (Rio de Janeiro, Brazil);
- Asia (Manila, Philippines)

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- Sub-Saharan Africa (Nairobi, Kenya)
 - Europe, Central Asia, and Middle East (Istanbul, Turkey)

CBI Approach

CBI designed the dialogue process to not only maximize opportunity to present and discuss its draft policies with knowledgeable stakeholders, but also to jointly explore ways to improve IFC's approach to Safeguards, as well as ensure the policies could be implemented by IFC and its clients within reasonable time and cost.

For this complex dialogue, CBI called upon its team of experienced staff to work in tandem with local facilitators. The CBI facilitation team used a comprehensive set of ground rules to prepare participants for the meeting and manage the conversation. CBI used its professional judgment to summarize key issues discussed at the Consultations, with a focus on specific comments and suggestions made by participants on the policies themselves. To encourage candid and open discussion, CBI did not attribute comments to individuals, but rather captured key areas of consensus as well as disagreement.

It's important to note some controversy exists around the key changes to the new Performance Standards and Disclosure Policy – which are essentially an update of the IFC's older environmental Safeguards Policies. Civil Society Organizations question whether policy provisions assure that local communities will be adequately consulted, and whether environmental impact assessment reports would be open to full public scrutiny. There is also concern over the requirements for managing illegal squatters, and over acceptable levels of pollution, among other issues.

Outcomes

Be that as it may, the revised standards, finalized in April 2006, present a new mechanism for deciding investment by investment where the bar on environmental and social performance should lie. Of the eight Performance Standards, the linchpin is PS 1, which dramatically reframes the way in which environmental and social issues are handled. No longer are clients to commission isolated ESIA studies, or outsource to external consultants. Instead, PS1 presents the standards as a single, comprehensive, risk and opportunities framework, fully integrated within the core business procedure of the investment project itself.

For more information on CBI's experience with international policy dialogues, please contact Managing Director [David Fairman](#).