



November 25, 2005

Mr. ***
Executive Director for ***
World Bank Group

Comments on the IFC's Draft Policy and Performance Standards on Social & Environmental Sustainability and the Draft Policy on Disclosure of Information

Dear Mr. ***

We are writing to you regarding the IFC's Draft Policy and Performance Standards on Social & Environmental Sustainability and the Draft Policy on Disclosure of Information. As you know, civil society organizations have a great interest in the process of the review and have made a number of inputs into the consultation as well as in the recommendation papers.

We believe that IFC fails 1) to sustain the current level of IFC's safeguard and disclosure policies, 2) to be consistent with other standards of international financial institutions, and 3) to ensure basic human rights of affected people. The followings are our primary concerns and recommendations:

1. The draft Performance Standards (PSs) fails to ensure that important documents are disclosed. Although other international institutions (e.g. ADB and EBRD) require private sponsors to disclose Social and Environmental Impact Assessment (SEIA) reports, the IFC's draft only requires disclosure of the results of SEIA, but it does not require disclosure of the SEIA reports (including its scoping plans, draft versions of SEIA reports and monitoring reports). The affected people cannot judge whether the assessment's results are appropriate without knowing how the project sponsor arrived at those results. At least, scoping plans of SEIA, SEIA reports and Action Plans (both including draft versions), and monitoring reports should be disclosed in a local language and manner understood by the affected people.
2. The existing Environment Policy (OP4.01) requires adoption of external experts for the environmental impact assessments of Category A projects. However, this requirement is omitted in the draft of PSs. According to the IFC management, the reason for this omission is to promote the client's in-house capacity to manage social and environmental considerations. However, the IFC's first priority should be to ensure that the projects comply with the PSs. SEIAs by external experts should be required, at least for projects with significant impacts.
3. The draft PSs only states that consultation should begin early in the SEIA process, and that additional consultation should take place only if additional material risks and impacts arise. It is not clear when the clients should start the consultations. For the projects with significant adverse impacts, consultations should be conducted at least twice: first at the SEIA scoping stage, and

secondly when the draft SEIA report is completed. These requirements are also included in the existing IFC policy and that of other international financial institution (e.g. ADB).

4. The Draft Policy on Disclosure of Information introduces the principle of “presumption in favor of disclosure.” However the principle does not cover all information that IFC obtains and produces. None of the policies of other international financial institutions (e.g. World Bank, ADB and EBRD) limits the scope of the principle as IFC’s draft policy does. The principle of “presumption in favor of disclosure” should be with all information held by IFC.
5. The Draft Policy on Disclosure of Information fails to require IFC to disclose SEIA reports, Action Plans and monitoring reports. Almost all international financial institutions (World Bank, ADB and EBRD) require disclosure of assessment reports, not only by their borrowers but also by themselves. SEIA reports and Action Plans (and these equivalents) should be disclosed by IFC, 60 days (in case of category A projects) or 30 days (in case of category B projects) before the date when the Board of Directors of IFC considers the projects for approval.

We would like to urge you to exercise your strong leadership as a board member to make sure the IFC’s standards are consistent with the current level of IFC’s policies and standards of other international financial institutions as described above, otherwise, both drafts should be rejected. For further, more detailed comments and recommendations from us on the IFC’s drafts, please find attached “Comments on the IFC’s Draft Policy and Performance Standards on Social & Environmental Sustainability and the Draft Policy on Disclosure of Information.”

Sincerely yours,

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CC:
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