

**Comments on the IFC's April 2010 Draft Policy and Performance Standards on
Social and Environmental Sustainability**

July 2010

International Rivers is concerned that IFC's revised draft Policy and Performance Standards still do not do enough to protect the rights of people affected by IFC projects, preserve the environment, report on development outcomes, and ensure the accountability of its clients. To address some of these weaknesses, we would urge IFC to make the following changes:

- **Require IFC clients to seek and obtain the free, prior and informed consent of indigenous peoples** for all projects impacting indigenous peoples.
- To address some of the weaknesses in the transparency and enforcement of the Action Plans (cited by the CAO in particular), reduce conflict, improve compliance and ensure that IFC projects do not exacerbate poverty, **require binding negotiated agreements with affected people**. The agreements should address mitigation, compensation, resettlement, livelihood restoration and benefit-sharing arrangements as applicable.
- **Ensure that adversely affected people are entitled to some form of benefit sharing** from the project (in addition to compensation for their losses) to **ensure that livelihoods are improved, not simply restored**.
- **Ensure fair compensation and rehabilitation for people displaced (physically or economically) by all project activities and impacts, regardless of whether or not land acquisition was involved**. This provision is particularly important for communities affected by dam projects, for example, who may lose fisheries or lose land to flooding, but are not being resettled by the project.
- **Require direct, indirect and net GHG emissions accounting and reporting for IFC-supported activities** (including reservoir emissions from large dams and the flooding of carbon sinks). Clearly prioritize reducing project emissions through available mitigation measures (such as biomass clearance from the reservoir area) over offsets. Ensure that clients have evaluated options to improve energy efficiency and reduce GHG emissions associated with the project, and have publicly disclosed their rationale if they are not pursuing all available options.
- Where a project includes a dam, **require the release of environmental flows adequate to maintain downstream ecosystems and livelihoods**. When a project affects a **transboundary river or will have transboundary impacts, ensure that consultations have been conducted with stakeholders and governments in affected riparian countries**.

- Working with the rest of the World Bank Group, **encourage upstream comprehensive and participatory needs and options assessments**, for investments in the energy sector in particular.
- When providing direct or indirect support for a large dam, **require compliance with the World Bank’s OP 4.37 on the Safety of Dams**. Additionally, **ensure that developers evaluate reservoir induced seismicity (RIS) as part of earthquake hazard assessments and consider how climate change-induced hydrological variations might impact dam safety**. These assessments and proposed mitigation measures should be reviewed by the independent panel of experts and monitored throughout the life of the dam. **Emergency preparedness plans should be communicated to potentially affected communities**.
- **Broaden the definition of “associated facilities”** to “a facility that is critical to the functioning of the IFC project, but is not necessarily financed by IFC.”
- **Restore language to “minimize” significant impacts** (instead of “reduce”) throughout the Performance Standards and the Sustainability Policy.
- **Disclose in a timely manner project-level development outcomes** for at least all Category A and B projects, FI operations and Advisory Services.
- **Ensure that Action Plans are fully funded and legally enforceable**; environmental and social requirements should be covenanted in IFC investment agreements and other relevant contracts.