

July 27, 2009

Lars Thunell, Executive Vice President  
International Finance Corporation  
2121 Pennsylvania Avenue, NW  
Washington, DC 20433 USA

Dear Mr. Thunell:

The undersigned coalition of development, environment, human rights, professional, faith-based, gender, youth and economic justice organizations are writing to express our interest in the International Financial Corporation's (IFC's) three-year review of its Policy on Disclosure of Information, and its Policy and Performance Standards on Social and Environmental Sustainability Policy.

Because the Policies and Performance Standards on Environmental and Social Sustainability were such a departure from previous IFC policies, the Board, when it voted to approve them in 2006, required that the IFC conduct a three-year review to determine their effectiveness. Specifically, one of the aims of the review, as stated by the IFC, is to assess the "impacts on the natural environment and the communities affected by IFC projects."<sup>1</sup>

In order to meet these objectives, it is essential that IFC solicit input from individuals and communities who have firsthand knowledge of project impacts and effectiveness, including intended beneficiaries, indigenous peoples and their representative federations and civil society partners, those subjected to displacement and those who have experienced changes in their local environments. This input will contribute to a balanced and grounded assessment of the effectiveness of the policies and Performance Standards and, ultimately, policy revisions that facilitate positive development outcomes.

We understand from IFC staff that management will propose a plan to the Board to undertake external consultations regarding implementation of the Policies and Performance Standards and seek suggestions for any revisions. However, we are concerned that the proposed review process does not guarantee an opportunity for robust public consultation. In particular, we are concerned that IFC has not made a commitment to ensure that those most affected by IFC-supported projects are provided with the space to share their experiences and influence policy revisions.

We expect that the current assessments by the Office of the Compliance Advisor Ombudsman will provide meaningful feedback on the effectiveness of the Policies and Performance Standards from the perspective of the affected communities. However, this does not discharge IFC's responsibility to consult with communities in conducting its

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<sup>1</sup> International Finance Corporation, *IFC Policy and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information: A Process Proposal for the Third Year Policy Review and Update*, August 2008.

own review. In this regard and drawing from the perspective of civil society, we would like to make a set of recommendations to further strengthen the review process:

- Commit to transparency of the review process by publishing the review timeline, external comments received during and throughout the process, and relevant internal and external assessment reports, including the list of projects evaluated as part of the review;
- Designate a contact person for the review process; and update the public in a timely manner on the progress of the review.
- Throughout the review, ensure translation of the approach paper and subsequent policy drafts into the languages accessible by those being consulted at least 4 weeks in advance of public consultations.
- Disclose the approach paper in early August 2009 to allow civil society groups to prepare for a public comment period starting in September and subsequent discussion during the Annual Meetings in Istanbul. Consultation on the approach paper should be for a period of at least 8 weeks.
- Develop proposed revisions to the Policies and Performance Standards and indicate whether and how comments received during the consultation period were incorporated into those revisions.
- Organize a series of face-to-face consultations in each region to discuss proposed revisions to the Policies and Performance Standards on Social and Environmental Sustainability and Policy on Disclosure of Information. These consultations should be accessible by project-affected communities and their civil society partner organizations and targeted in project areas that have generated or have the potential to generate adverse social or environmental impacts. Additionally, members of the IFC review committee should attend key consultations in each region or be available to answer questions through a video link.
- Prepare final proposed revisions to the Policy and Performance Standards on Social and Environmental Sustainability and Disclosure Policy and disclose them at the same time that they are circulated to the Board of Directors for approval. The final revisions should include how stakeholder input was incorporated.

We believe that by approaching the policy review in this manner, the IFC will be furthering our common objective of enhancing the effectiveness of its Policy and Performance Standards on Social and Environmental Sustainability and Disclosure Policy and thereby improving development outcomes.

Three years following the approval of a new set of environmental, social and disclosure standards we welcome the IFC's stated commitment to conduct an implementation review. We hope that the recommendations outlined above will help the IFC to design and implement a thorough and participatory review process that includes the perspective

and experiences of a wide array of civil society and those affected by IFC-supported project. We look forward to your response.

Sincerely,

CC: Committee on Development Effectiveness, World Bank Group; Greg Radford, IFC

**Algeria**

Ghozali Belaidi Samira  
Syndicat de la Metallurgie

M. Djilali Hadjadj  
Association algérienne de lutte contre la  
corruption (AACC)

**Armenia**

Inga Zarafyan  
Ecolor

**Australia**

Charles Roche  
Mineral Policy Institute

Luke Fletcher  
Jubilee Australia

**Azerbaijan**

Namika Rzaeva and Mirvari Gahramanli  
OWRPOPU

Irshad Abbasov  
Eco Renaissance

**Bangladesh**

Abu Rayhan Al-Beeroonee  
Shelter for the Poor

M M Mahbub Hasan  
Coastal Development Partnership

Md Shamsuddoha  
EquityBD

Zakir Kibria  
BanglaPraxis

Kazi Zaved Khalid Joy  
Initiative for Right View (IRV)

Muhammad Hilaluddin  
Angikar Bangladesh Foundation

Ahmed Swapan  
VOICE

Equity and Justice Working Group

**Bulgaria**

Petko Kovatchev  
Green Policy Institute

**Burkina Faso**

Moses Kambou  
ORCADE

**Burma**

Si Phoung  
Mekong Alumni Network

**Cambodia**

Phearum Sia  
The Cambodian Housing Rights Task Force

Chhith Sam Ath  
The NGO Forum on Cambodia

**Cameroon**

Samuel Nnah Ndobe  
Centre for Environment and Development

Ndoumbe Nkotto Honore  
FOCARFE

**Canada**

Christine Elwell  
Sierra Club of Canada

Karyn Keenan  
Halifax Initiative Coalition

Ian Baird  
GAPE

**Chad**

Gilbert Maoundonodji

GRAMP/TC

**Costa Rica**

Isaac Rojas  
COECOCEIBA-FOE Costa Rica

**Denmark**

Johannes Rohr  
IWGIA

**Ecuador**

Belen Paez  
Fundacion Pachamama

**Germany**

Heike Drillisch  
CounterCurrent

Sabine Schielmann  
INFOE

Knud Voecking  
Urgewald

**Egypt**

Manal Tibe  
The Egyptian Center for Housing Rights

**Ghana**

Kyeretwie Opoku  
Civic Response

**India**

Dino Dead Gracious Dympep  
Meghalaya Peoples' Human Rights Council

Gururaja Budhya  
Urban Research Centre

Hari Mohan Mathur  
Council for Social Development

Gautam Bandyopadhyay  
Nadi Ghati Morcha

Raju Mimi  
Mishmi Indigenous Rights Association

Aravinda Pillalamarri  
Association for India's Development

Ravi Rebbapragada  
Samata

Ramananda Wangkheirakpam  
North East Peoples' Alliance (NEPA)

Shweta Narayan  
Community Environmental Monitoring and  
Corporate Accountability Desk

Mamata Dash

Ravindranath  
River Basin Friends (NE)

R.Sreedhar  
Academy for Mountain Environics

National Alliance of People's Movements

Narmada Bachao Andolan

National Forum of Forest People and Forest  
Workers India

Ghar Bachao Ghar Banao Andolan

Himalaya Niti Abhiyan

Intercultural Resources

National Fishworkers Forum

Mazdoor Kisan Shakti Sangathan

Jan Sangharsh Vahini

Nadi Ghati Morcha

Matu Jan Sangathan

Tehri Bandh Sangharsh Samiti

Delhi Forum

**Indonesia**

Norman Jiwan  
Sawit Watch

Muhammad Reza  
KruHA

Riko Kurniawan  
Perkumpulan Elang

Y.L. Franky  
PUSAKA

Rivani Noor,  
CAPPA

Chris Wangkay  
GARPU

Nur Amalia  
RACA Institute

Arimbi Heroepoetri  
debtWATCH Indonesia

Hegar Wahyu Hidayat  
WALHI Kalimantan Selatan

**Italy**  
Antonio Tricario  
CRBM

**Japan**  
Yuki Tanabe  
JACSES

Noriko Shimizu  
FoE Japan

**Kazakhstan**  
Sergey Solyanik  
Green Salvation

**Kyrgyz Republic**  
Natalia Ablova  
Bureau on Human Rights and Rule of Law

Anara Dautalieva  
Taza Suu activist

Kalia Moldogazieva  
HDC Tree of Life

**Malaysia**  
Carol Yong

**Mali**

Mamadou Goita  
IRPAD

**Mauritania**  
Wane Ibra Mamadou  
Publiez Ce Que Vous Payez-Mauritanie

Sid'Ahmed O. Ahmed El Hady  
Association des Journalistes de Mauritanie

**Mexico**  
Scott S. Robinson  
Viculart, A.C.  
Dr. Francisco Valdes-Perezgasga  
Prodefensa del Nazas, A.C.

**Morocco**  
Hicham Benzine  
l'Association Marocaine d'Ecologie Urbaine  
(AMEU)

Karima Yahyaoui  
Initiatives pour la Protection des Droits de la  
Femme (IPDF) à Fès

Khalis Abderrahman  
Association Forum des Contributions Maroc

Zahra Id Ali  
Afoulki pour les Femmes

Touriya Lahrech  
CDT

**Nepal**  
Ratan Bhandari  
Water and Energy Users' Federation-Nepal

Rabin Subedi  
Nepal Policy Institute

Anuj Sitoula  
HYPHEN

Chandra Kulung  
ANKKLACD

**The Netherlands**  
Wiert Wiertsema  
Both ENDS

**Nigeria**

Michael Keania Karikpo  
Environmental Rights Action/FoE-Nigeria

Aliyu Noma Usman  
Coalition of Dam Communities in  
Nigeria

Edem Okon  
Green Concern for Development  
(GREENCODE)

**Pakistan**

Zafar Lund  
Hirrak Development Center

Ali Ahmed  
Participatory Development Initiatives

Zulfiqar Halepoto  
Thardeep Rural Development Programme

Sindhoo Bachao Tarla

Taraimet Sanj

Halli Sanj

**Panama**

Brigido Hernandez  
MOCAMDERCO

Leopoldo Gonzales  
Red Contra Represas y por los rios de  
Panama  
Larissa Duarte  
Frente Unido en Defensa del Ecosistema

Alianza para la Conservación y el Desarrollo

**Peru**

Cesar Leonidas Gamboa Balbin  
Derecho, Ambiente y Recursos Naturales

**Philippines**

Violeta Corral  
PSIRU

Leah D. Agonoy  
Ummah Fi Salam

Jola Diones-Mamangun

Annie Enriquez Geron  
PSLINK

**Russian Federation**

Ivan Blokov  
Greenpeace Russia

**Rwanda**

Frank Habineza  
RWASEF

**Singapore**

Magdalene Kong  
UNI Apro

**Sri Lanka**

Roshan Salinda Narasinghage  
Green Movement of Sri Lanka

**Tajikistan**

Sergey Vorsin  
OO Tarraqiyot

**Thailand**

Sabrina Gyorvary  
EarthRights International

Joan Carling

Asia Indigenous Peoples Pact (AIPP)

**Tunisia**

Karim Trabelsi  
Union Générale Tunisienne de Travail

**Turkmenistan**

Andrey Aranbaev  
CATENA

**Uganda**

Frank Muramuzi  
NAPE

**UK**

Andy Whitmore  
Indigenous Peoples Links (PIPLinks)

Marcus Colchester  
Forest Peoples Program

Ama Marston  
Bretton Woods Project

Nicholas Hildyard  
The Corner House

**USA**  
Peter Bosshard  
International Rivers

Julie Tanner  
Christian Brothers Investment Services, Inc.

Ted Downing  
INDR

Stephanie Fried  
Ulu Foundation

Kate Watters  
Crude Accountability

Steve Herz

Natalie Bridgeman  
Accountability Counsel

Steve Kretzmann  
Oil Change International

Doug Norlen  
Pacific Environment

Anne Perrault  
CIEL

Neil Watkins  
Jubilee USA Network

Satindar Bhagat  
University of Maryland

Korinna Horta  
Environmental Defense Fund

Said Yakhyoev and Joshua Klemm  
Bank Information Center

Larry Williams  
Sierra Club

Michael Marx  
Corporate Ethics International

Monica Wilson  
Global Alliance for Incinerator Alternatives

Jennifer Kalafut  
International Accountability Project

Michael Brune  
Rainforest Action Network

Timothy Ryan  
Solidarity Center

Martin Wagner  
Earthjustice

Ian Gary and Emily Greenspan  
Oxfam America

Peter Bakvis  
International Trade Union Confirmation

**Uzbekistan**  
Nigora Umaralieva  
Armon

Rustam Murzakhanov  
Environmental Law Center

**International**  
Abdulai Darimani  
Third World Network-Africa

Lindlyn Tamufor  
Third World Network-Africa

Oladayo Olaide  
West Africa Resource Watch

Robert Kugonza  
Africa Rivers Network

Claude Kugonza  
Southern Africa Resource Watch

Susanne Breitkopf  
Greenpeace International

Toby Mendel

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Manana Kochldze  
CEE Bankwatch Network

Amnesty International

Renato Redentor Constantino  
NGO Forum on ADB