



**Inter-American Development Bank
Draft Environment and Safeguards Compliance Policy**

**Preliminary Summary Record of the Consultation Meeting
Brussels, February 10, 2005**

Background

The European consultation was the third of a series of face-to-face stakeholders meetings regarding the *Draft Environment and Safeguard Compliance Policy*. The meeting was a one-day event held in the IUCN offices in Brussels on February 10, 2005. Nine The consultation was attended by nine interested parties, including representatives of NGOs, development financing institutions, and government officials of European donor agencies.

General comments regarding the IDB Draft Environment and Safeguard Compliance Policy

- The participants emphasized the importance of assuring compliance and implementation of the proposed Policy. Resource questions and means for implementation were discussed.
- Regarding the objective of the Policy, it was recommended to revise the use of the word “maximize.”
- Questions were raised about the evaluability of the Policy, and whether the Evaluation Office had reviewed past policies.
- The precautionary approach was identified as being the right approach.
- It was recommended to strengthen the Annex with reference to other conventions. E.g. Aarhus.
- It was recommended to clarify whether the guidelines are simply guidelines or mandatory procedures.

Specific Comments by Directives

Directives “A” -- Mainstreaming

A1. Country Programming

- Comments and recommendations were made to introduce in numeral (ii) the concept of access to justice and enforcement. Also, a recommendation was made to address gender issues.

A2. Greater and Improved Investment in Environment and Natural Resource Management

- A question was made regarding the need to have a final sentence in this directive, regarding the principles of financial, socioeconomic and institutional viability.
- It was suggested that the term “agreed with the borrower” was used too frequently.
- It was suggested that the creation of a revolving fund to proactively support activities under A2, be considered.
- A comment was made that this directive may also be linked to supporting environmental investment at the SME and micro level through Financial Intermediation.

A3. Mainstreaming Environment in Non-Environmental Operations

- It is necessary to correct the directive in order to demonstrate that the increased net benefit must be for the country, not the operation.
- A comment was made that Mainstreaming must be done also in the context of the B set of directives.

A4. Supporting Countries to Meet National Obligations under Ratified International Environmental Agreements

- The last sentence of the directive referencing the need to work with bilateral partners and using GEF resources should apply to A2 and A3 as well, and not just to this directive.

A5. Incorporating Verifiable Indicators to Track Country Level Environmental Performance

- It was suggested that targets have to be defined in terms of meeting development goals. MDGs refer to goals.
- Participants also recommended consideration of WSD (World Summit Development Targets).

A6. Identifying and Addressing Environmental Risks and Opportunities early in the Programming Stage

- It was suggested that this directive should be associated with broader economic drivers and sectors in general, and not just to proposed Bank investments and activities.
- There is also a need to:
 - address risk of different sectors;
 - consider issues of timing and sequencing;
 - consider the concept of carrying capacity and indicators for potential conflicts;
 - address ex-ante and ex-post indicators; and
 - clarify the word “as appropriate”.

A7. The Bank will Seek to Adopt Principles of Corporate Environmental Responsibility

- There is a need to clarify what “equal opportunity” means.

Directives “B” -- Safeguarding the Environment

B1. Bank Policies

- Questions were raised about how other social issues are addressed.
- It was suggested to replace the word “viable” with “sustainable”.

B2. Country Laws

- This directive needs to be more pro-active.
- The Bank should help countries move towards international standards.
- A statement of commitment is required.

B3. In-Country Systems

- Questions were raised as to whether the Bank would still carry out its own due diligence, set project-specific performance requirements, and monitor environmental performance.
- The approach taken by the World Bank, which seems to be reasonable and cautious at the same time, was discussed.
- This directive should not provide wholesale approval.

- The directive must be very clear.

B4. Cultural Sites and Conservation Areas

- Questions were raised about consistent definition on conservation.
- The IDB were asked to assure consistency with biodiversity conventions such as the RAMSAR convention.
- There is a need to clarify the definition and use of “invasive species”.
- Questions were raised about areas that do not have protection status.
- A question was raised about legal implications for countries.
- The Policy must clarify the IUCN category system, which is qualitative. IUCN does not certify.
- Questions were raised about the need to invest in protection and sustainable development.
- The World Bank Policy on this topic was discussed. Participants agreed on the need to have a common policy.
- A suggestion was made to look into the possibility of adding an “environmental liability directive” with a similar definition of damages as in the EU (National Parks).

B5. Hazardous Materials

- Replace the word “should” for “must” in the directive.
- This is the only place where health and safety considerations appear. These issues should be covered in other parts of the policy as well.
- Make reference to the Basel Convention on transboundary movements of hazardous waste, and to the Rotterdam Convention on PIC, related to commercialization and export of hazardous chemical substances.

B6. Screening and Classification

- There is a need to
 - develop capacity within the Bank;
 - define and explain “Third party activities and capacities”; address more fully the concept of “cumulative impacts”;
 - Specify that EIAs also include ESMPs. Note: ESMPs are only referenced in the context of category “B” projects;
 - Take the words “likely” and “generally” out in the definition of “B” projects.

B7. Policy Based Loans and Financial Intermediaries

- Comments were made that Policy Based loans for budgetary support are becoming a large part of IDB’s portfolio. This would make a big hole in the application of the Policy. IDB needs to support countries towards the right policies. Countries cannot do it on their own.
- Labour standards are addressed for sub-borrowers in the Implementing Guidelines. Why are labour standards not covered in the policy itself, and for borrowers as well as sub-borrowers?
- A comment was made that reference to stopping disbursements appears in the guidelines. It should apply to other areas as well, not just FIs..

B8. EA Requirements

- Comments were made regarding the need to address/specify the following:
 - posting the EIAs. Clarify “who”, “how” and the “follow up” process;
 - timing of scoping;
 - stakeholder participation in EIA process (including scoping) and response to comments;

- Ex/post evaluations to evaluate outcomes.
- It was suggested that the Espoo and Arhus conventions should be referenced.
- It should be clarified whether SEA are an option, or mandatory. How to maintain flexibility? Whose responsibility is it to carry out SEAs? (i.e. typically the government, which is not always the borrower)
- It was suggested that the Policy consider the Life Cycle Assessment and the use of GIS tools.

B9. Consultations

- Suggestions included:
 - Replacing “affected parties” by “stakeholders”;
 - referencing the Arhus convention;
 - defining “proper consideration”;
- Questions were made raised about the issue of “local”. How far does the Policy go? What happens if there are no local NGOs? How local? What if there is no local group to represent an impacted asset/species?
- It was suggested that guidelines for Category B projects also be elaborated..
- There is a need to clarify what the IDB’s Disclosure Policy says.

B10. Category A and B Supervision

- No comments.

B11. Regional and transboundary Impacts

- Clarify the notion and procedure for “Notification” to people in other countries.
- Questions were raised about how people from other countries get involved. Reference to Espoo convention.
- Clarify or address the concept of conflict resolution
- Clarify or address the type of regional and/or sectoral assessments
- Substitute the word “waterway” for “watershed”

B12. Existing Facilities or Operations under Construction

- It was suggested that the text of B12 be compared with B8 and the guidelines to make sure that the nomenclature is harmonized. It seems that similar things are given the different names. Are the ESMPs and the Implementation Plans the same in all cases? It was suggested that the terminology for action plans (e.g. ESMP, CAP, action plan) be harmonised throughout the policy
- It was recommended that plans should have clear and detailed schedules to follow. For instance, disbursements and purchase of equipment should be governed by detailed schedules.
- There is a need to clarify how standards of the Policy apply to borrowers with multiple sites/facilities particularly in the case of corporate finance and equity loans.

B13. Multiple Phase Loans

- It was suggested that the possibilities for waivers should be minimized or not accepted.
- Comments were made about how to address the issue of unforeseen problems.

B14. Co-financing Operations

- The importance of harmonization was discussed.

B15. Catastrophic Disaster Loans

- Participants recommended that the difference between reconstruction and emergency responses be clear. The example of restoring basic services may fall under reconstruction.

B16. Environmental Responsible Procurement

- Participants commented that the language of this directive is confusing and misses the main issue, i.e. ensuring that IDB project requirements are properly implemented if the borrower uses equipment suppliers and (sub) contractors.

Next Steps

Participants were encouraged to send written comments on the *Draft Policy* document and the *Draft Implementation Guidelines* before the end of the consultation period (comments should be sent to felipea@iadb.org by March 8th). Participants were also informed that this report will be made available on our website and a copy of the Bank response will be made available to the public following the consultation period. Any comments to this report may be sent to Natasha Ward (natashaw@iadb.org).