



# **Environment and Safeguards Compliance**

## **Key Principles**

February 16-17, 2004



### **Why a new Environment Policy ?**

- ❖ Current Bank Policy (OP-710) dates to 1979**
- ❖ Implement New (2003) Environment Strategy**
- ❖ Follow Board Mandates of the Bank's 8<sup>th</sup> Capital Replenishment for environmental protection and mainstreaming**
- ❖ Keep pace with other MFIs**
- ❖ Respond to new and growing challenges (e.g. integration)**



## **IDB Environment and Safeguards Compliance Policy: Scope Issues**

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- ❖ The Inter-American Development Bank (IDB) and the Multilateral Investment Fund (MIF)**
- ❖ Public sector and private sector activity, financial intermediation**
- ❖ Conditions for implementation of all Bank activities that have an impact on the environment from country strategies to design, implementation and evaluation of financial and non-financial operations**
- ❖ Bank's corporate project procurement and business practices**
- ❖ Definition of "Environment"**



## **IDB Environment and Safeguards Compliance Policy: Objectives**

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### **Two Overarching Policy Objectives:**

- A. Mainstreaming the environment into overall economic and social development**
- B. Safeguarding the environment in all Bank activities, consistent with best practices**



### **Mainstreaming the environment into overall economic and social development:**

- ❖ *Identifying and addressing early-on appropriate environmental provisions and capacity building in the context of programming activities, both for public and private sector financing. Focusing on enabling conditions for good environmental management such as:*
  - *the effective state of environmental governance*
  - *the state and nature of relevant environmental standards;*
  - *the countries' capacities for environmental compliance and the application of effective management tools;*
  - *the relative level of public financing for environmental management; and the status of relevant key baseline indicators*



### **Mainstreaming the environment into overall economic and social development:**

- ❖ *Flagging high risk projects early on in relevant public and private sector programming-related documents.*
- ❖ *Financing operations to pro-actively enhance environmental quality and natural resource sustainability.*
- ❖ *Meeting agreed national obligations under international environmental agreements, including those addressing trans-boundary global and regional environmental public goods*
- ❖ *Measuring effectiveness and evaluating mainstreaming outcomes. Enhancing the importance of Project Performance Monitoring Reports and other relevant project administrative documents, including those for ex-post evaluations*



### **Safeguarding the environment:**

- ❖ *Compliance with a defined set of safeguards, based on:*
  1. *Environment Policy*
  2. *Environmentally relevant provisions of general Bank Policies governing transparency and disclosure of information, resettlement, disasters, and Indigenous Peoples [proposed]*
  3. *Environmentally relevant requirements of applicable Bank Sector Policies, including: Agriculture, Forestry, Fisheries, Mining, Tourism, Transportation, Public Health, Basic Environmental Sanitation, Rural Development, and Energy*
  4. *Relevant safeguards of other Multilateral Financial Institutions where the Bank does not have an applicable safeguard, in order to achieve best practices*



## IDB Environment and Safeguards Compliance Policy: Safeguards

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- ❖ *Sequenced Environmental Assessment procedures.*
- ❖ *Environmental and economic assessment of impacts as well as more stringent provisions for disclosing information and consultation, managing impacts, monitoring, supervising and evaluating.*
- ❖ *Consistency with In-country environmental laws, regulations, and standards, and with international environmental agreements signed by the country.*



## IDB Environment and Safeguards Compliance Policy: Safeguards

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- ❖ *Avoidance of conversion or degradation of critical ecological or cultural sites.*
- ❖ *Encouraging borrowers and executing agencies to ensure, wherever reasonably possible, that the goods and services procured under IDB-financing are provided in an environmentally responsible manner by environmentally responsible suppliers.*
- ❖ *Procedures for implementing the Safeguards*



### Policy Implementation and Compliance :

- ❖ *Assessing annually the status and performance of its higher risk projects.*
- ❖ *Periodic assessment of the performance of risk screening and categorization procedures.*
- ❖ *Benchmarks for its own environmental performance.*
- ❖ *Publicly reporting on experience with the implementation of the Policy.*



### Proposed Consultation Process to the Board

#### ❖ *Phase 1*

*March-April:*

- *Release of Preliminary Draft for Public Comment via internet*
- *Consultation Meetings*

*May: Response to Comments Document*



### Consultation Process

#### ❖ *Phase 2*

*July :*                      *Release of Final Draft for Public Comment via internet*

*August:*                    *Response to Comments Document*

*September:*              *Board Review and Approval of Final Policy*