

ANNEX I

REVIEW AND UPDATE OF THE IFC SUSTAINABILITY FRAMEWORK: OVERVIEW OF KEY ISSUES

I. Introduction

Stakeholders identified seven key issues of concern or interest during Phase 1 consultations. Four of these issues are cross-cutting thematic topics that span the IFC Sustainability Framework¹: climate change, ecosystem services, gender and human rights. Three additional issues of interest to stakeholders (non-thematic in nature but also of interest and relevance to IFC's operations) emerged from these consultations: consent vs. consultation with Indigenous People, environmental and social categorization and contract transparency/disclosure. This discussion paper presents a summary of these issues.

IFC's approach to the mainstreaming of the cross-cutting thematic topics is to integrate them in a more robust and explicit manner than previously into the current Performance Standards, rather than developing new and stand-alone Performance Standards related to these topics. This mainstreaming approach is complemented by more targeted and focused engagement in several of these areas, through specific areas of work such as through IFC's Women in Business Program, and the Advisory Services work on climate change. Additional and more detailed guidance on the specific themes beyond the policy requirements in the Performance Standards is being incorporated in the Guidance Notes.

This paper establishes the rationale for the current recommendations, and suggests areas where further work or consultation may be required. It will be used as a status note for the upcoming Phase II consultation (June–July 2010), and is expected to contribute to a meaningful dialogue with stakeholders with the goal of improving the Sustainability Framework.

II. Thematic Topics

a) Climate Change

The external context in which IFC's Sustainability Framework operates has evolved rapidly in certain thematic areas and none more striking than climate change. The *Development and Climate Change: Strategic Framework for the World Bank Group* (December 2008) has set the stage for IFC's engagement. This roadmap has had a deep impact on IFC's business, with climate change emerging as one of the core operational pillars of the Corporation. IFC addresses issues related to climate change risks both through its investments and through a business line providing advisory services to its clients.

¹ IFC's Sustainability Framework consists of the Sustainability Policy, the Performance Standards on Social and Environmental Sustainability, the Performance Standards Guidance Notes and the Disclosure Policy.

The Sustainability Policy addresses both the impact of economic development as a source of pollution, including greenhouse gas (GHG) emissions, and the potential impacts on the poor and vulnerable associated with a changing climate. The current Sustainability Policy language however is not explicit on climate change and is therefore out of step with IFC's strategic and operational direction. Given the importance of mainstreaming and strengthening climate change in IFC operations, Management proposes adding the following language to the Sustainability Policy:

IFC is committed to supporting low-carbon economic development. It recognizes that GHG emissions are inevitable in a development context but at the same time climate change impacts may significantly impede economic and social development efforts, IFC works towards reduction of GHG emissions through supporting the spread of new and appropriate technologies and processes, and through reducing impacts on ecosystem services that play a key role in the global carbon cycle. IFC also believes that the private sector needs to implement risk-appropriate climate adaptation measures and plays an active role in mitigating emissions of greenhouse gases. IFC through its various advisory service products assist its clients in better understanding of the risks of climate change, including options for developing mitigation measures. It is also devoted to fostering knowledge-sharing amongst public and private sector entities.

The Performance Standards address climate change in a number of direct and indirect ways, including:

- Performance Standard 1 states that environmental and social assessments should be undertaken in an integrated manner and that risks relating to climate change should be considered where relevant.
- Performance Standard 2 refers to client requirements to provide workers with a safe and healthy environment, taking into account all inherent risks, including climate-related risks.
- Performance Standard 3 has an objective to promote the reduction of emissions that contribute to climate change. This represents an important shift in that it elevated to a policy level what had previously been covered through technical guidance, requiring clients to promote reduction of GHG emissions and report on it, including for direct and indirect land use change resulting from projects.
- Performance Standard 4 recognizes the need to consider the potential impacts of climate variability and climate change that create risks and/or impacts on the health and safety of local communities, including the increased risks of natural hazards such as landslides and floods.

On the corporate front, IFC began to measure its portfolio exposure to GHGs through the development and implementation of a GHG emissions measurement and tracking system, beginning with the calculations for projects in the real sector and infrastructure clusters. The increased focus on the identification of energy efficiency measures as well as IFC's growing experience with the cleaner production agenda has highlighted the opportunity to expand the scope of Performance Standard 3 to include resource efficiency more broadly as a standing

guiding principle that can be applied to water and other input materials into manufacturing and production operations.

IFC has also deepened its understanding of climate risks during the past four years of implementation of the Performance Standards and began to better understand the needs and opportunities to manage these risks through adaptation measures. It is now clear that the risks and impacts from climate change: (i) should be appropriately addressed in environmental and social assessments; (ii) may exacerbate or create additional risks to workers' health, safety, and working conditions; and (iii) may affect existing practices and increase costs of undertaking conservation and sustainable resource management.

Management recommends that the scope of direct GHG emissions calculation should be expanded beyond purchased electricity to also include steam, heating and cooling, and that the option for clients to offset GHG emissions be eliminated. Instead, clients will be required to conduct an overall assessment of options for best available low-carbon technologies. Additionally, Management proposes to alter the level of GHG emissions reporting requirements from the current 100,000 tons CO₂ equivalent per year to 20,000 tons.

Other proposed climate-related revisions and improvements to the Performance Standards include:

- Change the name of Performance Standard 3 to *Resource Efficiency and Pollution Prevention* to better reflect IFC's broader view of resource use as an important aspect of pollution management and GHG emissions reductions.
- Add a new section on resource (water and energy) efficiency to Performance Standard 3, and incorporate an ecosystems approach across all of the Performance Standards which will increase analysis and protection of water used by our clients and by communities.
- Move the GHG reporting requirement in Performance Standard 3 from the footnote to the main text.
- Require all projects with significant GHG emissions to implement best available technology accompanied by cost-effectiveness and feasibility qualifiers.
- In Performance Standard 4, reference potential impacts on communities from climate change impacts such as exposure to diseases, impacts on natural waterways, and exacerbation of the effects of natural hazards.
- Include a clear reference to climate as a regulating service in Performance Standard 6, including the need for the risks and impacts identification process to focus on major climate related threats to biodiversity and ecosystem services.

b) Ecosystem Services

Ecosystem services were included in the 2006 version of the Performance Standards (PSs), primarily in Performance Standard 6. Ecosystem services are defined as benefits that people obtain from ecosystems such as food, freshwater, shelter, timber, surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards, and cultural heritage and sacred sites. During the review process this issue was widely discussed.

Based on this, Management proposes several areas where the Performance Standards can be strengthened and made more explicit.

The Sustainability Policy outlines IFC's mission of promoting sustainable development with the intent to "do no harm" to people and the environment, recognizing that climate change impacts may require clients to implement risk-appropriate adaptation measures. The related objective of providing positive development outcomes incorporates the sustainable management of natural resources.

Performance Standard 1 provides the framework through which potential ecosystem service risks and impacts are identified, mitigated and managed during the project's life-cycle. It highlights the importance of addressing risks and impacts related to climate change, ecosystem functions, and access to water resources.

Performance Standard 3 requires the efficient use of natural resources including an evaluation and implementation of technically and financially feasible and cost effective measures for improving efficiency in its consumption of water and other resources. When a project is a potentially significant consumer of water, additional provisions may be required to ensure that the project's water consumption does not have significant adverse impacts upon others. Performance Standard 3 also requires pollution prevention from discharges to avoid adverse impacts to human health and the environment, and specifically to ecosystems.

Performance Standard 4 focuses on protecting community health, safety and security and includes avoiding or reducing impacts from a project's use of natural resources or from alteration of natural resources. This includes protecting the regulating ecosystem services that reduce landslides, floods and other natural hazards and provisioning ecosystem services such as water.

Performance Standard 5 includes identification of risks and impacts related to land acquisition, which can result in physical (relocation or loss of shelter) or economic displacement (loss of assets or access to assets) and/or restrictions on land use. This loss might include loss of ownership or access to natural resources (i.e. ecosystem services such as fire wood, fishing, foraging, hunting, etc.). Importantly, it applies to freshwater and marine environments as well as land based activities.

Performance Standard 6 recognizes that protecting and conserving biodiversity, the maintenance of ecosystem services and the sustainable management of natural resources are fundamental to sustainable development. It addresses how clients can avoid, reduce, restore, and compensate/offset impacts on biodiversity arising from their operations as well as sustainably manage renewable natural resources and ecosystem services.

Performance Standard 8 on cultural heritage recognizes that changes to ecosystem services that are related to cultural heritage should be identified and mitigated and protected by applying the mitigation hierarchy of avoid, reduce, restore.



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c) Gender

IFC's is committed to creating opportunities for women both through its financing activities as well as advisory services by an approach that promotes equality under the law, creates equal opportunities through our private sector investments and ensures that everyone has a voice while helping to better leverage the untapped potential of women in emerging markets. Consistent with the approach described in other sections, gender issues and women's rights are addressed both through targeted and mainstreaming efforts. The *Women in Business* program represents important and highly visible opportunities for aspiring businesswomen to realize their economic potential. The resources, expertise and engagement through the *Women in Business* program inform and support the broader mainstreaming efforts where improved and more explicit attention to gender issues reflected in the proposed revisions to IFC's Performance Standards.

The Sustainability Policy focuses on areas that are targeted to minimizing adverse impacts on women because of potential gender differentiation.

Performance Standard 1 underscores the importance of a gender-responsive approach during a project's life-cycle when analyzing risks, impacts and opportunities of a project. This is reflected both in the diagnostic aspects of the assessment and management of social and environmental aspects, and in the participatory process building on stakeholder analysis disaggregated by gender as well as other relevant social identities. The consultation process should ensure inclusive participation by both men and women.

Performance Standard 2 addresses labor conditions, and requires clients to ensure non-discrimination in areas such as working conditions, terms of employment, avoidance of sexual harassment, and in cases where retrenchment is unavoidable. Measures will be taken to prevent and address trafficking.

Performance Standard 4 addresses community health, safety and security issues and specifically highlights that community exposure to communicable diseases could have a higher impact on vulnerable groups which may include women in their roles as caretakers.

Performance Standard 5 recognizes that project-related land acquisition can have adverse impacts to individuals and communities that use this land. Targeted measures are generally required to ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation particularly in respect to compensation and benefits. Documentation of ownership or occupancy and compensation arrangements should be issued in the names of both spouses or single head of households. Livelihood losses may affect men and women differently, requiring resettlement assistance, such as skills training, access to credit, and job opportunities, to be gender responsive. Where national law and tenure systems do not recognize the rights of women to hold or contract in property, measures should be considered to provide women as much protection as possible.

Performance Standard 7 on Indigenous Peoples requires the client to specifically consider women's role in the management and use of land and natural resources, and to conduct consultations and support decision making processes that are gender responsive.

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Performance Standard 8 on Cultural Heritage requires the client to take into account the views of the affected communities, including women. If a project proposes to use the cultural resources, knowledge, innovations, or practices of local communities embodying traditional lifestyles for commercial purposes good faith negotiation is required with the affected local communities, including women. Cultural heritage values may in some cases be perceived differently by men and women, and it is important that the project recognize and address such differences.

d) Human Rights

Much work has been carried out in the recent years to articulate the responsibility of businesses in relation to human rights, including the work of Professor John Ruggie, Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and other Business Enterprises (“SRSG”). IFC has actively participated in the SRSG consultation process to date, and is committed to supporting the corporate responsibility to respect human rights through its operations.

In particular, IFC is concerned that business activities it finances are aware of, prevent, and address adverse human rights risks and impacts. While the 2006 version of the Performance Standards was not systematically aligned with human rights, the Standards supported many important rights, such as labor rights, rights of Indigenous Peoples, and right to health (though clean environment). And the Standards also supported human rights by recognizing that project risk management includes management of human rights risks. To understand how the Standards can further provide concrete meaning to human rights, IFC reviewed various approaches to strengthening the Standards from a human rights perspective. The outcomes of the review are summarized below.

Businesses, civil society, and other stakeholders understand that most human rights risks for business can be addressed through social and environmental considerations. As a result, IFC proposes that the focus of the Performance Standards should continue to be on strengthening social and environmental issues in the Performance Standards; however, human rights considerations should be spelled out explicitly where relevant, particularly in the Sustainability Policy (paragraphs 10 and 18).

To understand whether the Performance Standards had serious human rights gaps, IFC analyzed the Performance Standards against a set of reference documents². In addition, IFC analyzed high level policy issues, such as climate change, ecosystem services, water, gender, and human trafficking, that also provided opportunities to strengthen human rights. Overall, IFC confirmed that the multiple dimensions of rights in the economic, social and cultural areas are

² The International Bill of Human Rights; new relevant international covenants and declarations; UN Human Rights Council, *Protect, Respect and Remedy: a Framework for Business and Human Rights: Report of the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie*, April 2008, A/HRC/8/5; *Human Rights Translated: A Business Reference Guide*, Castan Centre for Human Rights Law, International Business Leaders Forum, Office of the United Nations High Commissioner for Human Rights, and United Nations Global Compact Office, 2008; and the Human Rights Compliance Assessment tool of the Danish Institute for Human Rights (v1 and v2).

well addressed in the Performance Standards (e.g., labor rights, health/pollution prevention, involuntary resettlement, cultural heritage). The Performance Standards also cover aspects of rights in the civil and political area (e.g., community engagement, security personnel, grievance mechanisms, Indigenous Peoples, vulnerable groups). IFC is proposing to address some gaps as new requirements in the Performance Standards due to their relevance for business activities in all sectors and regions, while addressing the remainder of the gaps in the Guidance Notes.

Simultaneously with the release of the first drafts of the updated Performance Standards, IFC plans to release an annotation document that maps the Performance Standards and Guidance Notes to human rights. IFC welcomes comments and feedback from stakeholders on the foregoing approach as well as the content of the drafts in the forthcoming consultation period.

III. Operational Topics

a) **Consultation vs. Consent with Indigenous Peoples**

Background. IFC has in recent years been challenged by indigenous groups and their advocates who argue that indigenous peoples should have a right to "Free, Prior, Informed Consent" (FPICConsent) in development-related decision-making. The recommendation to adopt "consent" as a guiding principle was made both by the World Commission on Dams (2000) and the Extractive Industries Review (2003). It is also included in the International Labor Organization (ILO) Convention 169, adopted in 1989, which 19 countries have ratified so far and incorporated into their domestic legislation.

In September 2007, the UN General Assembly endorsed the principle of FPICConsent through the UN Declaration on the Rights of Indigenous Peoples. Several multilateral development banks and other institutions subsequently adopted language incorporating the principle of consent. These include EBRD, IADB, ADB, and IFAD.

The adoption of consent by the UN General Assembly and other development finance institutions has contributed to a perception that IFC is out of step with the international community.

IFC's Current position. In July 2005, when the World Bank converted the older Operational Directive (OD) 4.20 to the new Operational Policy (OP) 4.10, the prevailing lack of clarity with the definition and operational implications of "consent" resulted in the decision to use "consultation" rather than "consent". IFC, when adopting the 2006 Sustainability Policy and Performance Standards, took the same position as the World Bank. Both institutions currently requiring "free, prior, and informed consultation" (FPICConsultation), and in certain cases an additional requirement for "good faith negotiation" in the case of resettlement of Indigenous Peoples. An important reason for avoiding the term "consent" was the commonly held perception that "consent" gives indigenous peoples veto power over projects in their areas. This is a view that has been advocated by some civil society groups, but member countries have seen this as an unacceptable challenge to sovereignty.

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Emerging clarity on the definition of consent. On the definitional side, it is important to note that none of the institutions that have adopted the principle of consent have interpreted this to mean granting veto power to indigenous peoples over development projects, or a requirement for unanimity of opinion in favor of a project among project beneficiaries or affected groups. The February 2008 UN Development Group's Guidelines on Indigenous Peoples Issues recognized that divergence of opinion is likely to occur, and that even involuntary resettlement may take place while maintaining the principle of consent, provided there is adequate consultation and mitigation. The UN Rapporteur on Indigenous Peoples has expressed similar views, focusing on consent as an objective rather than a requirement, stating that consultations should be carried out in good faith, with the objective of achieving agreement or community support. Finally, some prominent civil society advocates have acknowledged that “the rights of communities to prior and informed consent are not absolute -- states, in their capacity as sovereigns, have the right to act in the public interest”.

IFC's approach is functionally equivalent to consent. The emerging consensus is that the concept of consent should be defined in terms of legitimacy and transparency of process, with a desired result. The desired result should be community agreement, based on existing and culturally-appropriate decision-making processes. Conceptually, there are no significant differences between consent as defined in this way, and IFC's current requirements for FPIConsultation and good faith negotiation (GFN) leading to broad community support. While some advocacy groups and indigenous peoples continue to argue for veto power over projects, this is no longer the predominant view. In many cases it is likely to reflect an attempt at protecting community identity and threatened resources in the face of development processes that do not take indigenous peoples' views and concerns sufficiently into account.

Practical and operational challenges in adopting consent. While the political and conceptual arguments for adopting the language of "consent" are strong, there are numerous practical and operational challenges for IFC in doing so. From a human rights perspective it is important to differentiate between the primary duties of the state, which include the right to expropriate land for the public good, and the responsibilities of a private company in relation to their operations within a broader context. In many cases the land acquisition needed for a private sector investment is done before the company is directly involved. Requiring "consent" through the Performance Standards, which are requirements for IFC clients, may therefore confuse accountabilities between the role of the state and the role of the private sector companies.

A number of other dilemmas and challenges arise when trying to operationalize these processes, including:

- The 2007 UN Declaration is not a convention. It is not legally binding on member countries and some governments (including World Bank Group shareholders) still oppose it.
- Should "consent" be limited to direct project-induced impacts that the company should be held responsible for, or should it also cover legacy issues and existing conflict situations?
- Who determines "consent"? While ILO 169 stresses that the engagement with IPs should be done based on customary law and practice, traditional institutions are

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- frequently challenged internally. In some cases this may be because of a view that they are undemocratic or male dominated, and in other situations communities are divided internally, along political, economic, kinship, religious, or other identities and factions.
- Trying to achieve "consent" may convey a false sense of homogeneity. Development processes generally have winners and losers, and an artificial view of "consent" as unanimity or full consensus may reduce the likelihood that a fair assessment will be made of potential adverse impacts on some within the community. It may also conceal internal or external coercive practices.
 - "Consent" can be misinterpreted to mean a stable state of harmony around a project, and may reduce the likelihood that attention will be paid to the dynamic and changing nature of community organization, relations with other stakeholders, and views and perceptions of members.
 - FPIConsent may give a false impression of a business transaction between equal partners, whereas in reality, power relations and access to information and understanding about risk are frequently highly asymmetrical.
 - Clients may be reluctant to invest and provide development opportunities in settings involving IPs, particularly if there is preexisting conflict or tensions related to rights and development.

Performance Standard 7 currently retains the language of FPIConsultation and GFN. Based on the dilemmas and considerations discussed above, there is internal agreement that it is premature to adopt the principle of "consent" at this stage of the review and update process.

As conveyed in the March 17th meeting, the Management Team does not rule out changing the language in the Performance Standards to "consent", but recognizes that additional work is required in terms of defining the operational implications within IFC's business and development mandate, and in clarifying and building understanding of what "consent" is and is not. This topic will be an important issue for feedback and further guidance from internal and external stakeholders. A final decision will be made before the next version of IFC's Sustainability Policy and Performance Standards are presented to CODE in September 2010 prior to the final round of external consultations (Phase III).

b) Categorization

Background and Context. IFC adopted a new approach to environmental and social (E&S) categorization³ of projects with the introduction of the 2006 Sustainability Policy. The previous categorization system under IFC's Safeguard Policies was largely rooted in the World Bank's public sector approach to project finance in which the institution is typically involved in both project design and implementation. The objective of the change was to tailor categorization to IFC's private sector investment model.

³ IFC uses a system of environmental and social categorization to communicate the magnitude of risks and/or impacts understood as a result of IFC's appraisal, and to specify IFC's institutional requirements to disclose to the public project information prior to presenting projects to its Board.

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The Sustainability Policy introduced two key changes. The first change was to reverse the sequencing between IFC's E&S due diligence and project categorization. Under the current approach, the result of the investment due diligence process determines the categorization, rather than categorization establishing the extent of the review process, as was the case under the previous system.

Secondly, the changes introduced in 2006 sought to disassociate the categorization decision from project-level disclosure. Under the Performance Standards, responsibility for disclosure to affected communities rests primarily with the client, and does not depend on categorization. IFC's own disclosure of project summaries and E&S reviews prior to consideration of the proposed investment by the Board of Directors reflects risk categorization.

The categorization approach in IFC's Sustainability Policy has been adopted by many Equator Principles Financial Institutions (EPFIs). Any changes will be of interest to this important community of stakeholders.

Operational Experience and Challenges. The shift from a process-driven to impact-based system of social and environmental categorization has been operationally successful. Practical challenges remain, and should be considered in the review and update process. They include:

- Categorizing projects whose parameters are largely unknown at the time of Board approval.
- IFC's system of categorization is well suited for defined project activities, boundaries and timelines, as well as expected types and levels of impacts, and the identity of those who receive the impacts, including the affected communities. However, exploration equity and investment facilities are challenging, since little is known about the eventual physical attributes of the projects at the time of the initial IFC due diligence.
- IFC's business is rapidly evolving (e.g. increased number of equity and corporate finance projects in IFC's portfolio mix, the continued growth of business with FIs, funds, and facilities, and the establishment of the AMC).
- Categorization has been a major source of complaint from numerous stakeholders.
- IEG will likely opine that IFC under categorizes projects compared to the Bank.

A significant share of IFC business is now going to the Board with limited project-specific information, raising questions on use of funds post-commitment and the need for more transparency and, possibly, reporting on use of funds and development outcomes. Discussions around the categorization issue have further highlighted this growing gap in information and this issue must be addressed through various aspects of IFC operations, including through the E&S categorization framework and the Disclosure Policy.

IFC's approach to categorization is different from that of the Bank and other multilateral agencies. It is not yet widely understood, and has been criticized by some stakeholders in spite of the alignment of some EPFIs with IFC's approach. This constitutes a reputational risk and contributes to higher transaction costs.

Consideration of the above context and implementation experience suggests that the following key principles guide the review and update of the Sustainability Policy with regard to project categorization:

- IFC should maintain a project categorization framework for E&S purposes⁴ as it is a widely recognized and accepted practice among multilateral development banks (including the Bank and MIGA) for signaling projects risks and/or impacts.
- IFC should seek to visibly align itself to a greater extent with other MDBs and the Bank in order to reduce the risk of disconnect and perceptions of inconsistencies that some stakeholders hold.
- IFC should seek to achieve more clarity and transparency in its decision making process through more effective signaling of E&S risk through its project categorization practice as it applies to direct investments with undefined assets at time of approval (e.g., corporate loans, early equity) and FI-type projects, particularly in the context of the rapid growth of this business area for IFC and the prospects for continued growth, including new product development.
- The project categorization framework should seek to achieve a higher level of predictability and consistency with regards to categorization decisions in order to better support the business.
- IFC should recognize and address (largely through the Disclosure Policy and related practices) the constraints and limitations on availability of information associated with projects where the use of proceeds from IFC investment is largely undefined at the time of approval (such as FIs, funds, certain corporate loans, some early equity, among others).
- Seek to meet the requirements of the US Government's Pelosi Amendment, but with less than a 120-day disclosure for Category A projects.

Sustainability Framework Changes: The following clarifications and changes are being proposed by CES for Phase II consultations:

- IFC will adopt a more conservative stance for direct investments by undertaking categorization based on potential risks, impacts, and local setting.
- IFC proposes dividing the current FI category to into FI-Low, FI-Medium and FI-High categories in order to strengthen E&S risk signaling to the Board and stakeholders on this important portion of IFC's business.
- IFC will encourage clients to disclose project-specific information (where available) as early as possible in order to create opportunities of meeting Pelosi (in the case of Category A projects) and improving overall information sharing with communities and interested stakeholders.

⁴ The option of eliminating environmental and social categorization altogether was considered but deemed to be non-viable because of the radical departure this would represent from prevailing practice among MDBs and the development community in general and the unlikelihood such an approach would be endorsed by the Board.

While these changes do not fully address all the operational changes IFC faces they do signal publicly IFC's willingness to shift to a more conservative model for identifying and addressing risks.

Adjustments other than the ones listed above will require more internal and external consultations during the Phase II consultation process. At the March 16, 2010 meeting, the Management Team recommended that CES consider the following operational implications:

- Further analyze project classification for the purpose of environmental and social categorization in the following three groupings: (i) direct investments with defined assets; (ii) direct investment with non-defined assets; and (iii) investments through financial intermediaries.
- In the case of direct investments with non-defined assets and FI-type investments, IFC should seek to share more post-disbursement information with the Board on use of proceeds and associated E&S documentation. As with other recommendations, this would require additional resources to process and manage the information.

Consideration may be given to adopting a 30-day disclosure window for all categories, including Category A projects. This would be a departure from the established practice of 60 days for Category A projects.

c) Contract Transparency

The Sustainability Policy currently contains three paragraphs on sector-specific initiatives on governance and disclosure related to extractive industry and infrastructure projects. During consultations we have heard from stakeholders that contract and revenue transparency in extractive and infrastructure projects is of particular importance to stakeholders. IFC is currently reviewing these issues internally and through engagement with relevant business partners, including other multilateral development institutions. During the period of consultation for the first draft of the Sustainability Policy, IFC welcomes feedback from all stakeholders, including civil society organizations, industry, and government agencies on how to make the current contract and revenue transparency provisions clearer and easier to be implemented by clients.