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<th>John Vercoe and Charles Haine from Royal HaskoningDHV describe recent developments in international environmental and social impact assessment (ESIA) standards</th>
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| In January 2012, the International Finance Corporation (IFC) updated its sustainability framework which includes a set of eight performance standards on environmental and social issues. These IFC performance standards set out requirements for new projects and developments, seeking project finance, in terms of environmental, social, health and cultural interactions. According to the IFC, the standards “define clients’ responsibilities for managing their environmental and social risks”. The IFC’s previous set of standards, published in 2006, continues to apply to environmental and social management systems put in place to project/loan conditions prior to 1 January 2012, provided they were implemented successfully by 30 June 2012. The implications for international ESIA include:
  - a greater focus on transparency
  - the inclusion of greenhouse gas (GHG) emissions reporting at a lower threshold, i.e. projects generating more than 25,000 tonnes of CO₂ equivalent per annum; and
  - a move toward engagement, rather than consultation.
The screening categorisation of projects is still a critical part of the application process, with category A projects being ranked as the most important in terms of potential significant impacts and C projects being those with the fewest impacts on the environment. Category A projects require a complete and detailed ESIA whereas category C projects require an outline assessment without full evidence based support.
| The IFC’s performance standards are the most commonly used framework to which international projects (where private- and public-sector financing is required) must adhere.

Given the focus on export as a growth mechanism for European and international economies, the IFC standards are used alongside regional compliance requirements such as the OECD common approaches for European export credit agencies. The latter underwrite and enable businesses to work and trade in countries that have varying degrees of environmental, social, political and financial maturity.

Specific enhancements, updates and new concepts in the 2012 version of the IFC performance standards include:

**Engagement with a broader range of stakeholders**
- A greater emphasis on the need for an effective environment and social management system;
- the encouragement of community engagement rather than consultation with all those affected throughout the project life-cycle, under the banner of “free, prior and informed consent”;
- the assessment of supply chain risks; and
- vulnerable groups are now included in the definition of affected parties.

**Project development obligations**
- The continued focus upon stakeholder engagement plans with dedicated resources for local stakeholders to engage, report and communicate;
- the need to identify and reduce risks of child or forced labour in the project’s primary supply chain;
- monitoring general health and safety and working conditions of workers on the project site; |
• evaluating primary suppliers to limit procurement from suppliers that contribute to significant damage to natural habitats;
• the use of ecosystem services to enable economic quantification of impacts and to inform biodiversity-offsetting mechanisms;
• increased protection of the rights and interests of women, children and indigenous peoples;
• the need to highlight and establish preventative measures to minimise the impact on the health and safety of project-affected communities; and
• greater planning and more appropriate resource allocation for emergency events.

Pollution prevention and resources
• Improved resource efficiency and measures to prevent pollution;
• the importance of preventing negative impacts is increased when compared to commercial considerations;
• mitigating damage from historical pollution in areas covered by a project; and
• quantifying the amounts of carbon dioxide directly emitted from facilities controlled within a project’s physical boundaries.

Cultural heritage
• For significant cultural heritage areas (for example, burial grounds), long-term access is to be maintained; and
• the use of a mitigation hierarchy is required for replicable and non-replicable cultural heritage sites.

The enhancements to the 2012 IFC performance standards bring about greater transparency and encourage robust decision making throughout the lifetime of the proposed development from feasibility and consent through to construction and decommissioning.

Of paramount importance in the preparation of environmental and social management plans is the inclusion of monitoring programmes and the sharing of information with all relevant stakeholders. This is intended to ensure the investment commitments continue to be met.

With project documentation offering a more effective understanding of the potential wide-ranging environmental and social impacts of developments, financial products can be tailored to ensure regulatory compliance.

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