



# International Finance Corporation Performance Standards

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# WORLD BANK GROUP



***Private Sector Lending Arm***



# EVOLUTION OF IFC'S PERFORMANCE STANDARDS

## Before 2006 (Safeguards)

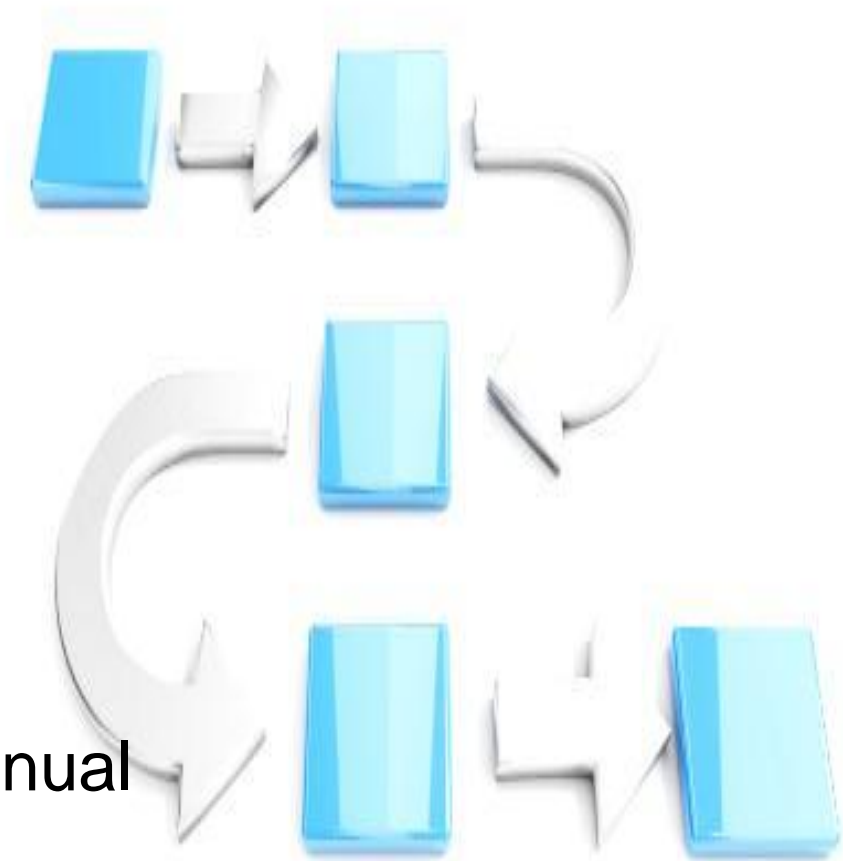
- Designed for government-led projects

## From 2006 (Performance Standards)

- Private sector orientation
- Focus on firms and management systems (ESMS)
- Agreement on core principles
- Outcome oriented
- Ongoing engagement: Increased emphasis on continual progress
- Backed up with experience in implementation

## Update and review process (2009 – 2012)

- Updated Performance Standards took effect January 2012
- Based on two to three-year consultation and review process



# IFC PERFORMANCE STANDARDS



**PS1: Assessment and Management of E&S Risks and Impacts**



**PS2: Labor and Working Conditions**



**PS3: Resource Efficiency and Pollution Prevention**



**PS4: Community Health, Safety and Security**



**PS5: Land Acquisition and Involuntary Resettlement**



**PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**



**PS7: Indigenous Peoples**



**PS8: Cultural Heritage**



# Performance Standard 6

## *Biodiversity Conservation and Sustainable Management of Living Natural Resources*

### Objectives

- To protect and conserve biodiversity
- To maintain the benefits from ecosystem services
- To promote the sustainable management of living natural resources

# REACH OF IFC'S PERFORMANCE STANDARDS

- Recognized as an **international industry benchmark** for Good Practice – **across sectors /regions**
- Referred to as a “meta-standard” - Industry associations have developed working groups in response to PS6
- **77 Commercial Banks follow IFC's Performance Standards via the “Equator Principles”** (70 percent of international project finance in emerging markets follow the PSs)
- “Export Credit Agencies” (e.g., EDC in Canada) follow the Performance Standards

# Incentive: Access to Finance

- Businesses need **short-term incentives** to implement good biodiversity practices (in addition to longer-term rationale / theory)

## ACCESS to FINANCE

- Tremendous leveraging point to influence business practices on-the-ground and in real-time
- BUT... companies need help in implementing the Performance Standards...
- Bottleneck: major lack of conservation biologists that know industry - *it's a two-way street*