Going Global - The IFC’s Performance Standards On Environmental And Social Responsibility:
Models needed for implementing ES projects/investments in emerging markets

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National Intelligence Council’s Global Trends 2030 has profound implications regarding the urgent need to manage ES:

- The middle class is predicted to double to > 2 billion with resultant increased demand for food
- Water demand is predicted to rise 40% to 6.9 billion m³/yr
- 60% of the population will be living in cities
- 50% of the world’s population will be living in areas suffering severe shortages of fresh water…
- management of natural resources* will be a key component of national security

* Presumably ecosystem services, water, soil
Was the second Daniel Craig Bond film on to something?
Or are we back simply back to prior concepts (Science Dec 2003)?
How to assess and manage ES in emerging markets still wide open...

Many efforts: REDD, PES, BBOP, etc, with mixed success at best. IFC Performance Standards* on Environmental and Social Sustainability are the primary guide for private sector projects and PS6, Biodiversity Conservation and Sustainable Management of Living Natural Resources, guides the approach to ES

• PS6 adopts the Millennium Ecosystem Services definition, and goes on to say:

• “Ecosystem services valued by humans are often underpinned by biodiversity. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services. This Performance Standard addresses how clients can sustainably manage and mitigate impacts on biodiversity and ecosystem services throughout the project’s lifecycle.”

* 70+ private banks via the Equator Principles and the OECD export credit agencies apply the PSs to major projects
PS6 limits ES to:

“Client requirements in Performance Standard 6 for ecosystem services are applicable only when the client has direct management control or significance influence over such services. Therefore, ecosystem services whose beneficiaries are at the global scale, and sometimes the regional scale, are not covered. “

IFC also rejects the payment for ecosystem services (PES) approach

IFC further divides ES into two categories:

• **Type I**: Provisioning, regulating, cultural and supporting ecosystem services, over which the client has direct management control or significant influence, and where impacts on such services may adversely affect communities.

• **Type II**: Provisioning, regulating, cultural and supporting ecosystem services, over which the client has direct management control or significant influence, and on which the project directly depends for its operations.
PS6 examples of Type II ES management measures:

- Maintaining vegetation along forested slopes might increase dam reservoir capacity and power output for hydropower projects;
- Protecting mangroves or other nearshore ecosystems that provide juvenile habitat to fish and other aquatic species might benefit fisheries and other aquaculture operations;
- Protecting coral reefs and other marine resources would improve the recreational value of coastal resources of importance to the tourism industry
The challenge:

The Achilles heel for PS6 is the limitation to individual projects IFC or other lenders are financing, i.e., a one off approach as opposed to a regional or landscape unit approach (i.e., a watershed/river basin approach).

The opportunity is to develop models for building on single projects to have larger and broader benefits.

But can this be done in the emerging markets where the regulatory framework is weak, in particular property rights?

What lessons learned in the US and Europe can be applied?