

African Development Bank Issues New Disclosure Policy (posted April 13, 2004)

The African Development Bank on March 30, 2004 published a new disclosure policy going further than other international financial institutions in the release of draft documents.

The new policy is [available here](#).

Perhaps the most interesting aspect of the draft AfDB policy announced in October was the flirtation with the release of draft Country Strategy Papers. The bank appears to have accepted at least part of that idea.

Country Strategy Papers (CSPs) outline the country's development prospects and priority areas for Bank's intervention. The CSP is prepared in consultation with the government concerned, as well as other interested and informed public and private stakeholders including the major aid agencies active in the country. The AfDB has determined that "the draft CSP will be released to in-country target audiences, as part of the consultation process, to enhance information for CSP consultation. Such drafts will however exclude confidential information as agreed with the government. Draft CSPs will be released via the Bank Group website at least 50 days prior to formal Board discussion."

In addition the bank decided, "During the final review of a draft CSP with the government concerned, all issues related to confidential or sensitive information in the CSP will have to be resolved before finalization of the CSP document and its distribution to the Boards of Directors."

Further, "Notwithstanding consultation with governments for the preparation of CSPs, the CSP remains the responsibility of the Bank Group and will, in all instances, reflect the Bank Group's candid assessment of conditions prevailing in the country. Once it is adopted by the Boards of Directors, the CSP will be publicly available through the PIC and the website, unless in exceptional circumstances, the country concerned objects to such disclosure and the Board agrees that it will not be disclosed. The Summing Up by the Chairperson of the Boards of Directors of their discussion of the CSP and the CSP update will also be made available to the public except when the CSP itself is not disclosed."

Yet the release of drafts is less clearly defined with regard to operational and sectoral policy papers to the Boards of Directors. The policy now says that "staff may discuss such papers in draft form, as appropriate, with institutions and individuals outside the Bank Group with specialized knowledge of specific issues (in particular, relevant and competent NGOs and specialized agencies of the United Nations) and may share such drafts with them."

However, a chart connected with the policy also states that drafts of operations policy "after approval by the Board" will be "released through Bank's Website at least 50 days prior to Board discussion." This policy on drafts is a significant advance over the post-discussion release policies followed by the World Bank and the Inter American Development Bank.

Also besting the World Bank is an AfDB policy that says "a summary of the ESMP (Environmental and Social Management Plan) is released to the public at least 30 days prior to Board presentation."

For Category 4 projects involving Financial Intermediaries (FI), the FI shall ensure that the sub-projects that require environmental and Social Impact Assessments undergo the same information disclosure process as Category 1 projects funded by the Bank Group. The Washington-based Bank Information Center notes in an analysis that other IFIs "do not extend the reach of their disclosure policies to include FIs."

Accepting a growing move toward issuance of agendas for upcoming meetings, the AfDB will make the Board's biannual Work Programme publicly available after it has been approved by the Board. The Board's monthly Rolling Agenda will also be publicly available.

Exceptions in Section Five

With regard to disclosures about projects, the AfDB remains roughly comparable with other institutions, seeking to develop the information it puts out on prospective projects.

The bank appears to take a flexible approach to related technical documents, stating: "The Director of the Country/Sector Department concerned may release the technical documents, in whole or in part, after consulting with the borrower concerned. When an interested party requests more technical information about a project on which the Bank Group is working, the Director of the Country/Sector Department responsible may provide such information.

The AfDB saves its exceptions for Section Five, where it begins by explaining that "the effective functioning of the Bank Group necessarily requires some derogation from complete openness."

The restrictions over "records of internal deliberative processes including Board documents and proceedings" and "communications to the board," and "privileged information such as legal advice and matters in dispute or under negotiation including, disciplinary and investigatory information generated in or for the Bank, other than documents intended for public release." Also exempted is "internal financial information which may affect the Bank Group's activities in capital and financial markets."

Despite the AfDB's apparent increase in openness about Country Strategy Papers, the institution will remain secretive regarding a range of other critical documents. "There is

also need to preserve the integrity of the deliberative process and to facilitate and safeguard the free and candid exchange of ideas between the Bank Group and its members. For this reason, analysis of country creditworthiness and credit ratings, aide memoires and supervision reports will not be publicly available."

General Background, Rationale

Unchanged since 1997, the new AfDB disclosure policy "has been influenced by the Bank Group's desire to revise the policy in order to expand the scope and the type of information for public disclosure to incorporate changes in the Bank Group's lending activities and new documents that are not explicitly covered by the 1997 policy. There was also the need to further deepen and improve disclosure of information to increase transparency, and the need to harmonize the Bank Group's Disclosure of Information Policy with the policies of sister institutions."

According to the AfDB, the policy "is to disclose all information on its operations and its activities unless there are compelling reasons not to do so in line with the guiding principles upon which this policy is anchored and the categories of Bank Group information on which there will be some restrictions on availability to the public as outlined in this document."

The bank explained in general: While every effort is made to keep the amount of information not publicly disclosed to a minimum, categories of Bank Group information which will remain confidential, ranges from internal financial information which may affect the Bank Group's activities in capital and financial markets to financial, business or proprietary information of private entities received by the Bank Group in the analysis or negotiation of loans unless permission is given by those private entities to release such information.

Later, the bank offered its motivation, stating: "The Bank Group's Information Disclosure Policy is an important enabler toward development effectiveness and partnership goals. There is a direct relationship between the implementation of the Information Disclosure Policy and the ability and willingness of the public to be engaged in Bank Group activities. Furthermore, the Information Disclosure Policy will allow interested members of the public to monitor the outcomes of specific investments and will in part help to assure that benefits reach the intended beneficiaries."

BIC Analysis

In spite of these important improvements, according to BIC, "the AfDB's new policy does not include a number of basic recommendations that were made to them by the Bank Information (BIC) after the release of the Draft Policy in September." Specific points where the AfDB has come-up short, BIC said, include:

- The AfDB will only disclose summaries of Environmental and Social Management Plans (ESMPs) for Category 2 projects,

- The AfDB continues to withhold contact information of Executive Directors,
- Executive Board meeting minutes, summaries, and transcripts continue to be confidential,
- The AfDB's archives remain "inviolably" sealed,
- The AfDB has *not* made a commitment to disclosing information during project implementation, such as aide-memoires and environmental and social monitoring reports,
- The environmental and social obligations of recipients of AfDB financing are not covenanted in loan, grant, and investment agreements,
- Legal agreements (i.e Power Purchase Agreements and Production Sharing Agreements) between member governments and sponsors of AfDB projects that were signed in relation to an AfDB project are only disclosed on an ad-hoc basis,
- The AfDB *has not* appointed an Information Ombudsman or similar independent body able to monitor Disclosure Policy compliance,
- The AfDB's Disclosure Policy *does not* make reference to languages in which disclosed information will be translated and made available to the public, and
- The AfDB has no process guarantees regarding the rights of citizens to receive responses to requests for information from the Bank in a language they understand

Two years after the Board approves the Information Disclosure Policy, AfDB management will report back on its effectiveness and recommend any necessary modifications.

Handbook to Be Prepared

The directors also told staff to prepare a Disclosure Handbook which will outline for staff the workflow arrangements for making operational information available to the public in accordance with the revised policy.

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