

## **African Development Bank Proposes New Disclosure Rules**

**(posted October 2003)**

The African Development Bank in September proposed modifications of its information disclosure policy.

Overall, the bank does not appear to be making many substantive improvements, but does propose to update the disclosure policy to reflect new documents that have come into use since 1997, when the last policy was written.

The draft Information Disclosure Policy is available at  
<[http://www.afdb.org/knowledge/info\\_dislosure\\_policy\\_paper.htm](http://www.afdb.org/knowledge/info_dislosure_policy_paper.htm)>

The Bank requested public comments in its undated web site notice, but set no deadline for submissions. In subsequent communication with freedominfo.org, however, a bank official said the deadline Oct. 30, Comments should be sent to [k.litse@afdb.org](mailto:k.litse@afdb.org) with copy to [s.kufakwandi@afdb.org](mailto:s.kufakwandi@afdb.org).

The Tunisia-based AfDB joins five other international financial institutions (IFIs) now reconsidering all or part of their disclosure regulations: the Asian Development Bank, the Inter-American Development Bank, the International Finance Corporation, the World Bank, and the International Monetary Fund.

### **Detailed List of Disclosed, Undisclosed Documents**

Like most IFIs, the AfDB specifies in detail what documents will and will not be made available. The bank's 50-item list of disclosable information is followed by a nine-item list of what will not be disclosed.

The bank said it hopes the new policy "will engender increased support for the institution and its operations." Also, the bank said, "There is an increasing appreciation of the degree to which the effectiveness of projects and programmes supported by the Bank Group can be strengthened by consultation with affected populations and other interested members of the public on project design and implementation."

In the executive summary, the bank explained the motivation for the changes, stating: "The revision of the 1997 policy has been influenced by 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."

In revising its six-year-old disclosure policy, the AfDB says it used "selectivity criteria" to determine what should be released. The bank states that information will be made available to the public "in the absence of a compelling reason not to do so, in accordance to this Policy and the processes and procedures to be outlines in the Handbook," a reference to a planned subsequent publication. The summary continues: " While every effort is made to keep the amount of information not publicly disclosed to a minimum, the effective functioning of the Bank Group necessarily requires some derogation from complete openness." (The "Bank Group" encompasses the African Development Bank and the African Development Fund.)

While generally placing the responsibility for disseminating information within the Public Information Centre, the new policy does not appear to establish a specific mechanism for making information requests, or for handling appeals.

### **Draft Country Strategy Papers Selectively Released**

The new policy appears to go somewhat beyond the old policy in several ways with regard to Country Strategy Papers (CSPs) that provide "outlines of the country's development prospects and priority areas for Bank intervention."

The AfDB is contemplating the release of draft CSPs and later one would permit more of the final document to be released.

A draft CSP "will be released to in-country target audiences, as part of the consultation process." These drafts will not include "confidential information" as determined in consultation with the affected government.

Full public release of the draft CSP does not appear to be covered by the policy until later in the process. "Draft CSPs will be released via the Bank Group's website at least three weeks prior to formal Board discussion," according to the new policy.

Once adopted, the final CSP, containing the bank's "candid assessment" will be made publicly available unless "in exceptional circumstances" the country concerned objects. The 1997 policy said the final CSP would be published without the section on "Performance Evaluation" and without confidential or sensitive information as agreed to with the government. The proposed policy also provides for a summary of the board discussion of the CSP and any CSP updates to be made available, except when the CSP is not disclosed.

### **Country Performance Assessments Disguised**

The AfDB since 1999 has used several scoring systems to help allocate funds to borrowers based on their performance. Under the proposed policy, the results apparently will be made public, but in a somewhat disguised way.

Two reports are involved, collectively known as Country Performance Assessment. The Country Policy and Institutional Assessment (CPIA) analyzes scores from 20 assessment criteria, grouped into four main clusters, "macroeconomic policies; structural policies; policies for growth with equity and poverty reduction; and policies for good governance and public sector performance." The other, the Country Portfolio Rating (CPR) "measures performance of the Bank's portfolio, highlighting the degree to which it is at risk."

Some of the results will be reported in the Country Strategy Paper and on the AfDB web site, according to the proposed policy. The bank plans to release "the country's quintile position for each of the CPIA clusters, the CPR and the overall CPA will be presented in the CSP. This appears to mean that the actual CPIA figures for each country will not be made available. The draft policy also states, "For the future, the quintile rankings for each of the CPIA clusters, the CPR, the overall CPA, and the CPIA questionnaire will be made available on the Bank website."

The proposed policy describes another diagnostic tool, the Country Financial Accountability Assessment, that will be made available with the authorization of the concerned government.

### **Some New Additions to Disclosure Policy**

An explicit reference to economic and sector work is a new addition to the disclosure policy. The draft policy indicates that "economic and sector studies, reviews and strategy reports will be made available to the public after distribution to the Board."

The bank intends to keep a close hold on documents concerning country participation in the Highly Indebted Poor Country (HIPC) Initiative, a policy begun since the last disclosure policy was written.

The documents involved, referred to only generally, present information on whether countries are qualified for participation, how much debt relief should be provided, and the plan to finance the balance of the AfDB's share of the HIPC debt relief. "The HIPC-related documents will be publicly available only with the explicit permission of the Board and the country concerned."

Poverty Reduction Strategy Papers were not previously addressed by the AfDB disclosure policy. The proposed policy states that a PRSP will be made public after it is distributed to the board, but fails to specify that the PRSP will be made public before the board discusses it.

### **Few Changes Regarding Project-Related Documents**

The bank makes few changes in its policy regarding public sector projects, continuing the practice of releasing its summary of proposed projects.

At the outset of the process, the Prospective Project Brief is not to be released when it is first prepared, but rather at least six months prior to presentation of the project to the board of directors. Disclosure also will depend on consultation with the government involved. The six-month interval is unchanged from the 1997 policy.

The draft policy would allow the director of the country or sector department involved to determine whether to release related technical documents, after consulting with the borrower concerned.

The Project Appraisal Report outlines the bank's assessment of the feasibility of, and justification for, a project. This key document will be made public only after board consideration. This policy would retain the status quo although the old policy included a paragraph explaining how a country could negotiate to exclude information.

The draft policy says that loan and grant agreements will be available upon request, but adds the caveat that "agreements between other parties in relation to a bank-financed project will be released if the parties consider them public documents or have authorized release."

### **Environmental and Social Impact Assessments**

For projects with substantial potential environmental and/or social impact, special Environmental and Social Impact Assessments (ESIAs) are prepared, and generally are to be released, although the timing and manner of release varies. The old policy did not refer to Social Impact Assessments.

These ESIA studies are to be released "before" the bank proceeds to an appraisal mission in the borrowing country. The policy stipulates that the materials should be released "at some public place accessible to potential beneficiaries, affected group and local CSOs."

Wider public release is subject to several conditions. Further disclosure is triggered "once the ESIA is released in the borrowing country and submitted officially to the Bank Group." Also, the borrowing country may object to release of the ESIA outside the country, but if it does "staff will not continue with the processing of the project."

Summaries of the studies prepared by the bank staff, including staff recommendations, also are to be made available, although no specific time frame is mentioned.

The following paragraph, however, states that all environmental reports are to be released 120 days prior to board consideration.

The new proposed policy also deals with assessments of projects deemed to have fewer environmental consequences (Category II projects) with the release of the assessments to come 30 days before board consideration, a requirement previously described in the AfDB's environmental policies.

In the event 200 or more persons might be displaced by the project, a Full Resettlement Plan is prepared, and is to be released as a supplement to the ESIA summary.

In general, the proposed disclosure policy for ESIA's track current policy.

### **Other Reports to Be Made Public**

A variety of other broad reports are to be available to the public after distribution to the bank board. These include economic and sector studies, Poverty Reduction Strategy Papers, and the Country Governance Profiles. Country Dialogue Papers are to be made available after board approval.

Post-decision disclosure is also prescribed for Policy Based Loans, a category of aid intended to provide "quick-disbursing funds for institutional or policy changes at the macro or sector level."

As for Operational Policy Papers, draft versions are to be posted on the web site at least three weeks prior to board discussion. However, bank staff is authorized to share drafts outside the bank as part of consultation process. Eventual release after board action will be handled "on request." This is current policy.

### **Operations Evaluations, Procurement, Financials**

A range of reports evaluating bank operations are cited in the disclosure policy, many to be released following board action, as per current policy. However, the draft policy also cites a number of reports that will remain confidential. Notably, that list continues to include supervision reports, the only cited document that appears to analyze the progress of ongoing projects.

Also remaining confidential would be the bank's analysis of country credit worthiness and credit ratings.

As for reports from the bank's Operations Evaluation Department, such as Project Performance Evaluation Reports, country assistance evaluations and others, they will be made public after board review.

A number of annual reports also will be made public, including "the Annual Portfolio Performance Review, Country Portfolio Performance Review, Annual Poverty Report, Annual Reports of the Private Sector Department, Risk Management Reports, Annual Report on Partnership and Cooperation Activities, Annual Report on Cofinancing, Sector Reviews and Project/Programme Completion Reports."

Release of information about procurement opportunities and contract awards also would remain largely unchanged, although the bank does add that it will disclose the names of companies that are blacklisted.

Financial information about bank activities is available in various forms, but the bank indicates that will not release data about its operations to which capital markets may be sensitive, including liquidity, investments, estimates of future borrowings, etc.

### **Other Information That Will Not Be Disclosed**

The draft policy provides wide scope for the bank to prevent disclosure of documents not specifically named as releasable. "Documents and information prepared by the bank and its member countries for discussion or consideration, other than those specifically mentioned in this policy, will not be available to the public."

Another exemption is for "privileged information" such as legal advice, investigatory information and proprietary data such as trade secrets or pricing information.

Records of bank board deliberations will not be released.

Documents exchanged with other international financial institutions and with private banks will not be disclosed.

And in a broad clause, the bank says, release of some information "may be precluded on an ad hoc basis when, because of its content, wording, or timing, disclosure would be detrimental to the interests of the Bank Group, its partners, a member country, or Bank staff."

**By Toby McIntosh**