

IFC Rewrite of Disclosure Policy Criticized

16 July 2010

The International Finance Corporation's proposed changes to its disclosure policy are inadequate, according to environmental and development policy groups.

Their critiques were voiced recently during a consultation meeting with staff members at the IFC, the World Bank's private sector lending branch, and are being repeated during other IFC-sponsored consultations now underway. The IFC is simultaneously revising disclosure policy and the sometimes intertwined "Policy and Performance Standards."

The critics say that the IFC's effort in recent years to delegate more responsibilities to clients, including the disclosure of information, is not working so well. This perspective was buttressed by a report from the Compliance Advisor Ombudsman faulting clients' action plans as being inadequate and not adequately publicized either at the early stages of a project or as they are implemented.

Numerous suggestions are being made to strengthen the disclosure elements in the IFC's proposal.

Information on all potential investments should be publicly disclosed 60 days before board approval, critics are suggesting. More information is being requested on the growing number of now undisclosed projects funded through Financial Intermediaries, now about half of IFC lending. Among the specific asks, is that IFC and Financial Intermediary supervision and monitoring reports should be publicly available.

Also being sought are the IFCs reviews of client action plans and the IFC evaluation of whether the client disclosed the plan. For "significant adverse projects" the IFC is proposing to provide an annual update of action plans, but IFC watchers are concerned that these reports will be based on client information. This could be remedied if the client's monitoring reports and the IFC's supervision reports are made public, critics believe. The IFC is proposing to disclose only summaries of client-prepared and unverified monitoring reports and summaries of IFC supervision reports. Disclosure the action plans and other documents on the IFC website, not just to stakeholders, is being urged.

Disclosure of the specific performance standards being used for evaluations is being recommended, and the IFC is report on the effectiveness of more projects. The IFC is proposing to publicly report Development Outcomes information only for projects with significant adverse outcomes (Category A) – and to provide yearly updates on DOTS development indicators for these projects. Critics note that this is only a very small fraction of IFC’s portfolio.

More generally, the critiques being sent to the IFC object to broad exemptions in the proposed policy.

The IFC is also being faulted for still not planning to release its determinations when it is required that proposed projects have the necessary “Broad Community Support.”

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