

World Bank reviews of the Disclosure Policy, Energy Strategy and IFC Performance Standards to be discussed at the Annual Meetings in Istanbul Turkey

This October, the World Bank and IMF will hold their Annual Meetings in Istanbul, Turkey to deliberate on major policy issues faced by the institutions. While the official meetings of the institutions' Boards of Governors take place behind closed doors on October 6-7, the Annual Meetings are also a major occasion for global civil society to engage with and exert pressure on the World Bank and IMF. Much of this dialogue will take place from October 2-7 during the Civil Society Policy Forum, a series of events that are jointly organized by the World Bank/IMF and civil society. There will also be a number of civil society events held outside the official venue.

Please note that civil society representatives who wish to participate in the Annual Meetings **must register and get accredited by the Bank beforehand**, which can be done online at: <https://www-amsweb-ext.imf.org/cso-ext/>.

While civil society will be prepared to challenge the institutions on a number of issues, we wanted to highlight three ongoing policy reviews within the World Bank Group that will be up for discussion in Istanbul and that are of high importance for civil society: the World Bank's Information Disclosure Policy, the Bank's Energy Strategy, and the IFC's Policies and Performance Standards.

Disclosure Policy

The World Bank began reviewing its disclosure policy in March of this year, publishing an Approach Paper that was used as the basis for consultations with civil society, which were held in 33 countries during April, May and June around the world and which generated substantial recommendations for improvements. Background information on transparency at the Bank, the disclosure policy, a critique of the Approach Paper and the Global Transparency Initiative's policy proposal can be found [here](#). A summary of each of the consultations can be found [here](#).

The actual policy language is currently being drafted by Bank staff, was consulted with the Board Committee on Governance and Executive Director's Administrative Matters (COGAM) in July, will be vetted by Operational Vice Presidents the week of September 21st, and is expected to go to the Board of Executive Directors for consideration on October 22nd, at which time it will also be released to the public for a final four week consultation period.

The meeting in Istanbul between Bank staff and civil society then will likely be the last opportunity to advocate around the policy before it is approved. There is the possibility of also meeting formally and informally with Executive Directors in Istanbul. Also likely on the agenda of the meetings between the Bank and civil society is the implementation plan for the new disclosure policy, which is expected to be publically available by the time the policy becomes effective in January 2010. How civil society will participate in

the implementation of the new policy will be a key point of discussion. Additional ongoing concerns around the revision of the disclosure policy, based on what we know about the proposed policy language, include:

- *Transparency of the Board:* The policy does not provide ready access to the deliberations of the Executive Directors. While disclosure of expanded unattributed minutes and summaries of discussion would provide more information on the direction of debates, citizens would continue to be kept in the dark regarding their government's positions. The policy did not propose public access to Board meetings and deferred release of Board transcripts and Executive Director statements for 10 years.
- *Narrowness of the Exceptions:* The policy continues to provide third-parties (shareholders, contractors, etc.) with a virtual veto over the release of information that they have provided to the Bank. The policy allows too-much leeway here that could potentially be abused by governments that have little interest in public access and debate in their own countries.
- *Strength of Appeals Function:* A body outside of line management would be best suited to provide the oversight of denied information requests to ensure that Bank staff complies with the new policy. The World Bank Inspection Panel has agreed informally to take on the role of the "external" or second appeal function.
- *Support for Translations:* The Bank needs to ensure that key documents are made available in local languages, especially for project affected communities.

IFC Policies and Performance Standards

In September 2009, IFC will begin revising its Disclosure Policy and its environmental and social safeguards, which are laid out in its Sustainability Policy and Performance Standards. These standards govern how communities and the environment are protected during project implementation and stipulate what information is publicly available for IFC-financed projects. The review presents an important opportunity for civil society to push for stronger standards within IFC's policies, which also serve as an industry standard and influence how other private companies and financial institutions operate.

The consultation process will be officially launched next week, when IFC is expected to release an Approach Paper for the review. This, along with [IFC's internal implementation review](#) of its current standards, will form the basis of an official consultation on the morning of October 5 during the Istanbul meetings.

The objective of the consultation in Istanbul is for civil society to raise issues that should be covered in the review. This is an important opportunity for CSOs to raise outstanding concerns early on about IFC's existing policies and suggestions for improvement, before IFC embarks on actual text changes to its standards. IFC continues to state its position that it intends to only tweak its policies, and that it does not anticipate any serious overhaul of the standards. Istanbul will provide a space for civil society to demand that IFC not narrow the scope of the review to the exclusion of key issues prior to receiving

any external input, and to point out gaps in the IFC's current standards and problems during their implementation.

Some key messages about the shortcomings in the existing policies that should be addressed in the review include:

- ***No reporting on project level development outcomes.*** The policy does not require IFC or its clients to report on negative and positive impacts of each project, thus it is unclear whether IFC is contributing to poverty reduction.
- ***No FPIC.*** IFC still does not recognize the practice of securing free, prior and informed consent (FPIC) from communities for projects with potential significant impacts.
- ***Inconsistent categorization.*** While IFC's environmental categories frame safety and safeguards requirements for a proposed project, the public has no input on how categories are assigned. Miscategorization subsequently affects data collection, public consultations, reporting, safeguard provisions and ultimately responsibility for the project.
- ***Lacks a meaningful requirement of extractive industry contract disclosure*** between IFC clients and the host governments. IFC clients will have to disclose contracts only when the project generates 10% or more of government revenues.
- ***No overarching provisions to mitigate climate change.***
- ***Limited scope of projects.*** The scope of the project impacts during the appraisal is still narrowly drawn. The issues arising from the so called *associated facilities*, the infrastructure and supply chain operations of companies that feed into the projects directly supported by IFC, in practice often fall outside of the project appraisal scope due to limiting language of the policy.
- ***No human rights provisions.*** The Performance Standards have no provisions or safeguards against human rights violations, despite IFC's investments in risky projects or investments in economies with a poor track record of human rights protection.
- ***Weak project disclosure framework.*** The current policy provides for publication of basic project information before board consideration, but completely lacks project implementation and completion reporting requirements.

BIC expects to host a preparatory session for civil society in Istanbul prior to the consultation, where civil society can prepare a common strategy for the consultation. In addition, BIC will convene a CSO Strategy Session on Extractive Industry Contract Disclosure. This session will include a contract expert to help CSOs dissect EI contracts and colleagues from countries with strong contract disclosure practices to share experiences. The session will help plan for a meeting with the World Bank on EI contract disclosure, and for the longer-term campaign on the Sustainability Policy and Performance Standards review process.

Read more about the timeline and issues on BIC's website at www.bicusa.org/ifcreview.

Energy Strategy

The World Bank will revise its Energy Strategy in 2009-2010, presenting a significant opportunity to advocate for a greater proportion of low carbon energy options in the Bank's energy mix. This will be the first full review of the strategy since 2001 and may not happen again for several years. The Energy Strategy serves as a framework for the Bank's energy portfolio which last year amounted to US \$7 billion, and will also significantly influence the standards of other international financial institutions.

World Bank fossil fuel lending has a clear impact on global CO₂ emissions. In 2008, the World Bank Group financed fossil fuel projects that will emit more than 2 billion metric tons of CO₂ over the project lifespan, equivalent to approximately 7% of the world's total annual CO₂ emissions from the energy sector or more than twice as much as the entirety of Africa's annual energy sector emissions. However, the Bank's approach paper for the revised Energy Strategy, to be released to the public in September, exhibits a "business as usual" approach to energy lending, including financing for coal-fired power plants and large hydroelectric dams. This approach is out-of-step with the global momentum to reduce carbon emissions and is at odds with the Bank's own mission of poverty alleviation and sustainable development. Carbon-intensive development models that exacerbate climate change and adversely affect the world's poor must not be promoted by the Bank.

Although the approach paper as it is currently written will be released in September, political pressure has forced the Bank to reconsider its priorities. The Bank now plans to write a second approach paper that incorporates the outcomes of the Copenhagen climate agreements later this year. This creates a window, from now until May, 2010, to advocate for an energy strategy that is better aligned with international recognition of the need to reduce carbon emissions. The Energy Strategy must eliminate World Bank financing of coal and large hydro, highlight the role of clean technology, and prioritize energy access for the world's poor. Starting in May, 2010, the Bank will conduct consultations on the approach paper. They will present the draft strategy by September, 2010.

In Istanbul, BIC will facilitate a civil society strategy session on energy. The focus of this meeting and panel discussion will be to learn about the aspects of the approach paper to the revised Energy Strategy, explore key issues and advocacy strategies, and learn about the opportunities for civil society involvement in shaping the Energy Strategy. We will pay particular attention to the need to reduce carbon emissions while increasing energy access for the poor, and to ensure strong civil society input during the planned World Bank consultations on the Energy Strategy.