

IFC FRAMEWORK FOR DISCUSSION REGARDING DISCLOSURE OF INFORMATION

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**GENERAL PRINCIPLES**

- The Policy on Disclosure of Information (the Policy) of the International Finance Corporation (IFC) will set out its policy regarding the availability to the public of information held by IFC.<sup>2</sup> It will be effective as of [July 1], 2005,<sup>3</sup> and will supersede the IFC Disclosure of Information Policy published in September 1998 in its entirety.
- The following general principles will be set out in the Policy:
  - IFC reaffirms its recognition and endorsement of the fundamental importance of transparency and accountability to the development process and to the fostering and strengthening of public trust in IFC as a development institution. As an international organization whose share capital is held by its member countries, IFC is accountable for its stewardship of public moneys and has an obligation to be responsive to the questions and concerns of its shareholders. In addition, it is IFC's general policy to be open about its activities, to facilitate and consider input from affected communities, partners, stakeholders and interested members of the public, and to seek out opportunities to explain its work to the widest possible audience.
  - As a development organization with a mandate to operate in and assist the private sector, IFC wishes to stimulate discussion on and broaden understanding of sustainable private sector development and to create and nurture support for activities that promote economic and social progress in developing countries. IFC therefore makes available to the public information about its own operations, including

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<sup>1</sup> **IFC IS MAKING THIS WORKING DRAFT AVAILABLE TO THE PUBLIC AS PART OF ITS ONGOING CONSULTATION ON THE CONCEPT PAPER ON REVIEW OF IFC'S POLICY ON DISCLOSURE OF INFORMATION DATED AUGUST 12, 2004. COMMENTS RECEIVED ON THIS DRAFT FRAMEWORK WILL BE CONSIDERED BY IFC IN PREPARING THE DRAFT OF THE REVISED POLICY ON DISCLOSURE OF INFORMATION TO BE PRESENTED TO THE IFC BOARD COMMITTEE ON DEVELOPMENT EFFECTIVENESS FOR ITS REVIEW. THEREAFTER, IFC WILL RELEASE A DRAFT POLICY TO THE PUBLIC FOR A 30-DAY COMMENT PERIOD PRIOR TO CONSIDERATION AND ACTION BY IFC'S BOARD OF DIRECTORS.**

<sup>2</sup>Information held by IFC regarding the World Bank or its activities and operations will be subject to the World Bank's Policy on Disclosure of Information.

<sup>3</sup>Documents prepared by or provided to IFC before [July 1], 2005, or subject to agreements entered into prior to that date, will continue to be subject to the IFC Disclosure of Information Policy in effect at the time of such preparation or delivery.

- information concerning the development impact of its activities. In this regard, IFC acknowledges the importance of financial and non-financial reporting with respect to its performance and, in particular, the reporting of information that can be used to assess IFC's performance in relation to its development mandate.
- In addition to reporting on its own performance, IFC recognizes the need to ensure that its clients disseminate relevant information in an understandable form to communities affected by their projects. The involvement of local stakeholders is integral to the effective implementation and sustainability of investments and enhancement of development outcomes. The timely availability of this information is therefore essential in order to consult with such communities on the potential impacts of an investment.
  - The above general principles necessarily take into account IFC's unique status as a public financial institution operating in the private sector of its member countries.
    - As an international development organization, IFC shares information and consults with its partners, stakeholders, affected communities and other interested parties, both before and after IFC invests in a project. IFC recognizes that this kind of public engagement helps to manage investment risks and enhance the quality of IFC-financed operations.
    - As a financial institution mandated to work with and in the private sector, IFC respects, and maintains internal procedures to protect, non-public business information provided to IFC by its clients and other partners for the purposes of enabling IFC to assess a potential investment or to monitor and evaluate IFC's investments.
    - As a borrower, IFC discloses information concerning its financial condition and operations to purchasers of its securities and to the financial markets in general.
    - As an employer, IFC aims to ensure that staff receive the information they need to carry out their responsibilities, to contribute to policy formulation and decision making, and to understand IFC's policies and procedures. IFC also maintains appropriate safeguards to protect the privacy of its staff's personal information.
  - Taking these different roles into account, IFC discloses information that would enable IFC's partners, stakeholders, affected communities, and other interested members of the public to better understand the developmental and other impacts of IFC's activities and to engage in informed discussion about IFC's development contribution unless IFC determines that there is a compelling reason not to disclose.
  - IFC seeks to provide accurate and balanced information regarding its operations and activities to its partners, stakeholders, affected communities and other interested parties. Therefore, IFC does not withhold information solely because it is negative. However, the effective functioning of IFC requires some restrictions on the availability to the public of such information held by IFC. Therefore, as noted above, under certain circumstances, IFC may determine that a compelling reason exists for non-disclosure. In making that determination, IFC may take into account the following considerations:

- IFC does not disclose non-public business information provided to IFC by its clients or other third parties for the purposes of enabling IFC to assess a potential investment or to monitor and evaluate IFC's investments unless the source of such information consents to such disclosure.
  - IFC may decline to make information or documents available on the basis that disclosure of such information or documents might compromise the integrity of IFC's deliberative process, IFC's decision-making processes, or the free and candid exchange of ideas among IFC staff and management, its consultants or agents, and its governing bodies. For this reason, internal documents and memoranda written by IFC staff or members of IFC's Board of Directors or their advisors to their colleagues, supervisors or subordinates are not publicly available.
  - IFC may delay or withhold the disclosure of certain information when, because of its content, wording or timing, disclosure is likely to have a material adverse impact on the interests of IFC, a member country or IFC's clients or other stakeholders, or may affect negotiations in connection with an IFC-financed project.
  - Consistent with the practice of commercial banks and of most public sector financial institutions (for their private sector investments), IFC does not disclose legal documentation or correspondence pertaining to IFC investments.
  - Documents or records that are subject to attorney-client privilege or other applicable legal privileges, or whose disclosure might prejudice an investigation, are not publicly available.
  - IFC may decline to make information publicly available if disclosure would violate applicable law (such as restrictions imposed by securities or banking laws) or could subject IFC to an undue risk of litigation.
  - Nothing in the Policy is an express or implied waiver of IFC's privileges and immunities under its Articles of Agreement, international conventions or any applicable law.
- Access to Information:
    - In this policy, the term "publicly available" is intended to refer to information and/or documents that IFC may disclose to third parties, including the general public. IFC discloses information by methods appropriate to the nature of the information and its intended recipients.
    - Certain publicly available information about IFC's activities may be obtained:
      - online at IFC's website; or

- the InfoShop (established by the World Bank Group to serve as the primary contact for persons seeking to obtain IFC documents) and which is also available online at <https://worldbank.org/infoshop>; or
  - by contacting the Corporate Relations Department of IFC at [webmaster@ifc.org](mailto:webmaster@ifc.org) or by telephone at +1(202) 476-3800 and by facsimile at +1 (202) 974-4384.
- Questions or concerns regarding the implementation of the Policy should also be addressed to the Corporate Relations Department of IFC.

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**IFC INSTITUTIONAL INFORMATION**

- Financial Information

As an organization involved in dealings on the world's financial markets, IFC maintains sound financial management practices, including prudent policies for the disclosure of financial information relating to IFC. Set forth below is a description of the financial information that IFC discloses:

- Annual audited financial statements as of IFC's June 30 fiscal year-end appear in Volume 2 of IFC's Annual Report and in IFC's annual Information Statement, and are furnished to the United States Securities and Exchange Commission under Regulation IFC. The annual audited financial statements include balance sheets as of the end of the current and previous fiscal years, and statements of income, comprehensive income, cash flows, changes in capital stock (as of the end of the current and previous fiscal years), capital stock and voting power (as of the end of the current fiscal year). In addition, a Management Discussion and Analysis (MD&A) is included in Volume 2 of IFC's Annual Report and summarized in IFC's annual Information Statement. Notes to the financial statements include information on all significant accounting policies and other disclosures required for financial statements prepared in conformity with the accounting principles specified in the Annual Report. IFC's Annual Report and Annual Information Statement are available at [www.ifc.org](http://www.ifc.org).
- In interim quarters during a fiscal year (September, December and March), IFC produces interim unaudited financial statements of IFC which are furnished to (and available from) the United States Securities and Exchange Commission.

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- Other Corporate Information
  - In addition to its financial reporting, IFC will report on its performance as a development institution at least annually. Such report will aggregate performance data collected at the project level, and may take into account regional and/or sectoral factors.<sup>5</sup>
  
- Governance
  - The Articles of Agreement and By-Laws of IFC are publicly available.
  - IFC's Annual Reports list its members and governors, as well as its directors, the countries appointing or electing them, and their respective voting power.
  - Important decisions of the Board of Directors, including those related to policy, strategy and topical issues are generally announced through press releases or at press conferences held by senior IFC officials.
  - Major decisions made by management that are likely to be of interest outside IFC are generally announced through press releases and on IFC's website.
  - Proceedings of IFC's Board of Directors and its committees are, under the Board's Rules of Procedure, confidential. Also, documents prepared for the consideration of, or review and approval by, the IFC's Board of Directors are not publicly available unless expressly authorized for disclosure by the Board.<sup>6</sup>
  
- IFC Policies and Strategies
  - The following are publicly available:
    - ◆ the Policy and Performance Standards on Social and Environmental Sustainability;
    - ◆ the Policy on Disclosure of Information;
    - ◆ IFC's annual Strategic Directions Paper; and
    - ◆ Country Assistance Strategies jointly issued with the World Bank (disclosed pursuant to the World Bank's Policy on Disclosure of Information).
  - From time to time, the IFC Board of Directors approves certain other IFC policies. These policies will be publicly available once they have been approved unless IFC

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<sup>5</sup>IFC is in the process of determining the framework for identifying appropriate development indicators and reporting on IFC's development results.

<sup>6</sup> Disclosure of the minutes of the meetings of IFC's Board of Directors depends on the decision of the IBRD Board on the Bank's proposed changes to its disclosure policy.

- management and the IFC Board of Directors agree that disclosure may have an adverse impact on the financial condition or business interests of IFC.
- In addition, with prior notification to the IFC Board of Directors, and provided the Board does not object, for the purposes of public consultation, IFC may disclose drafts of policies that are likely to have a broad impact on IFC's operations or a direct impact on communities affected by IFC's investments and operations.
- Staff
    - Organizational charts and descriptions of positions advertised for external recruitment purposes are publicly available, as is the World Bank Group Directory, which contains organizational listings.
    - Basic employment data of IFC are included in the Annual Report. General information on IFC's salary structure, the methodology employed in establishing salary levels, staff benefits and similar information is publicly available. IFC's broad objectives and strategy in recruiting, placing, deploying and retaining staff are available in brochures or other documents prepared specifically for publication.
    - IFC may decline to release information that would compromise the personal privacy of staff members or IFC's ability to protect the confidentiality of personal information about staff members. In addition, individual records, including terms of employment, performance evaluation, and personal medical information of IFC staff, are not disclosed.
    - The Annual Report of the Appeals Committee, which reviews staff challenges to administrative decisions relating to their employment, is available on request from the Appeals Committee Secretariat. The proceedings of the Administrative Tribunal are held in public unless exceptional circumstances require otherwise, and its decisions are published by the Tribunal's Executive Secretary.

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**IFC INVESTMENT-SPECIFIC INFORMATION**

- Information describing how IFC processes an investment may be found on IFC's website.
- IFC believes that the sustainability of a project is enhanced when affected communities and other local stakeholders are informed of, and consulted on, any issues of concern, any appropriate mitigation or improvement measures, and ongoing monitoring of a project. To that end, IFC's Policy and Performance Standards on Social and Environmental Sustainability (the Performance Standards), which are applicable to all IFC investments, require a level of community engagement appropriate to the nature and scale of a particular project, and disclosure of sufficient information in an understandable and accessible form to affected communities.
- IFC makes (or, if appropriate, IFC's clients make) the following information publicly available with respect to IFC investments:
  - SPI:
    - For each proposed new investment, IFC releases a Summary of Proposed Investment (SPI)<sup>8</sup> when IFC considers there is reasonable certainty that an investment will be forwarded to the IFC Board of Directors for consideration and approval. The SPI is intended to make available to interested parties information about the investment while it is still under consideration by IFC.
    - The SPI provides a brief factual summary of the main elements of the potential project, and includes the following information:
      - ◆ the identity of the project company;
      - ◆ information about the shareholders of the project company;
      - ◆ the total project cost;

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<sup>8</sup> Please note that this has been renamed from the existing "Summary of Project Information."

- ◆ the location of the project;
  - ◆ a description of the project and its purpose;
  - ◆ the amount of IFC's investment in the project;
  - ◆ the anticipated development impact of the project;
  - ◆ IFC's expected development contribution;
  - ◆ the categorization of the investment by IFC for social and environmental purposes,<sup>9</sup> together with a reference to any social and environmental assessment documents for the investment (see below), and, in the case of Category A projects,<sup>10</sup> a brief summary of the main environmental and social issues and key mitigation measures;
  - ◆ how and where information about the proposed investment can be obtained locally; and
  - ◆ information regarding to whom inquiries in connection with the project should be addressed, *i.e.*, details of the contact person at the project company, and IFC.
- Prior to release of the SPI, the IFC client reviews the content of the SPI in order to verify the factual accuracy of information relating to the client and the project only, and confirms that the SPI does not inadvertently contain sensitive or proprietary business information.
  - IFC releases the SPI to the public by posting it on IFC's website and making it available at the InfoShop no later than sixty (60) days (in the case of Category A projects) and thirty (30) days (in the case of all other projects) prior to the date upon which the IFC Board of Directors is to consider whether to approve (or permit IFC management to approve) the investment.
  - Prior to the date upon which the IFC Board of Directors is to consider the investment, IFC, in consultation with the client, updates the SPI as necessary to reflect any material changes regarding the project that occur following its initial filing with the InfoShop. Any such updates to the SPI shall not restart the minimum 60-day or 30-day required time periods referred to above unless IFC determines that there have been substantial changes to any of the main elements of the project (as disclosed in the initial SPI).
  - Following approval of the investment by the IFC Board of Directors, or by IFC management if permitted, the SPI will be updated to include the date of approval.

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<sup>9</sup> Please note that projects are categorized by IFC's Social and Environmental Development Department into environmental review categories in accordance with the IFC Procedure for Environmental and Social Review of Projects depending on the type, location, nature and magnitude of potential impacts and scale of the project. We envisage that the Policy would also contain a link to the web page containing detailed information regarding the categorization of IFC projects.

<sup>10</sup> IFC is currently considering changes to its categorization process so this may need to be revised.

- Social and Environmental Information :
  - The Performance Standards require IFC's clients to assess, manage, monitor and disclose the social and environmental impacts of their projects. They include requirements for early engagement by the client with affected communities and the timely dissemination of relevant project information to such communities in an understandable form.
  - As required by the Performance Standards, the client uses the information gathered during the assessment process to develop an action plan (Action Plan) to systematically manage the social and environmental risks associated with its project.
  - IFC will review the client's social and environmental assessment documentation and the proposed Action Plan for consistency with the applicable Performance Standards. Once IFC has determined that the client's social and environmental assessment and the then-current Action Plan are complete in all material respects, IFC will make these documents available through the InfoShop and the client will make them available locally. The disclosure through the InfoShop must occur no later than sixty (60) days (in the case of Category A projects) and thirty (30) days (in the case of all other projects) prior to the date upon which the IFC Board of Directors is to consider whether to approve (or permit IFC management to approve) the investment.
  - The social and environmental assessment documentation may be amended after disclosure to the public in order to reflect any updated information. These amendments will be disclosed to the public as described above, but would not restart the minimum required time periods referred to above unless IFC determines that the initially disclosed assessment documentation did not identify and assess material social or environmental impacts.
  - The Performance Standards require the client to amend its Action Plan from time to time based on ongoing monitoring and feedback mechanisms. Changes to the Action Plan would not generally affect the minimum required time periods referred to above.
  - Clients will monitor implementation of their Action Plans on a regular basis and report on the results of such monitoring in accordance with the Performance Standards.
  - Any monitoring reports required to be disclosed under the Performance Standards will be made available locally by the client to affected communities. IFC will make any such reports available through its website and the InfoShop.
- Other Disclosures
  - IFC recognizes that transparency regarding revenue payments from extractive industry projects (oil, gas and mining production) to host governments is

important for governance reasons. Accordingly, IFC is implementing additional disclosure requirements in regard to the extractive industries, which are derived from the World Bank Group Management Response to the Extractive Industries Review, endorsed by the Board of Directors on August 14, 2004. Details regarding the additional disclosures are available at <http://worldbank.org/ogmc>.

- In projects providing for the final delivery of essential services to consumers, such as the retail distribution of water, electricity and piped gas or telecommunication services provided by a monopoly and toll roads, IFC encourages its clients to make publicly available tariffs and other similar key contractual terms that directly affect consumers. IFC recognizes that it may not be possible to disclose the relevant contracts in their entirety as they may contain proprietary or other sensitive commercial information.
- Information regarding anti-fraud and corruption investigations undertaken by the Department of Institutional Integrity, an independent office of the World Bank Group that reports directly to the President of the World Bank, is disclosed in accordance with the World Bank Policy on Disclosure of Information. Details regarding the disclosure of such information is available at <http://www.worldbank.org/integrity>.

○ Compliance Adviser/Ombudsman

- Project-affected persons who have unresolved concerns about the social or environmental performance of IFC's investments may contact the Office of the Compliance Adviser/Ombudsman (CAO), which is an independent office that reports directly to the President of the World Bank Group.
- The CAO seeks to address the concerns of affected communities in a fair, objective and constructive manner and to enhance the social and environmental outcomes of IFC's activities.