



# OPEN BOOKS

How development finance institutions can be transparent in their financial intermediary lending, and why they should be

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Development finance institutions (DFIs) have recognized the importance of openness and transparency in projects they finance directly, yet they have not extended this to high-risk projects financed through their financial intermediary clients. As DFIs are increasingly providing financing through financial intermediaries, Oxfam has outlined a suggested framework, Open Books for High-Risk Financing, which proposes a set of principles to systematize and enhance disclosure in financial intermediary lending. This report shows that DFIs are out of excuses and that the time is right to take a decisive step towards more transparency in their intermediary operations. If they do not, it will be vulnerable communities who bear the greatest consequences.

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For further information on the issues raised in this paper please email [advocacy@oxfaminternational.org](mailto:advocacy@oxfaminternational.org)

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Cover photo: Residents of Kintinian in northeastern Guinea walk past an open-pit oxide gold mine. The mine is operated by AngloGold Ashanti of South Africa, and has been financed by Nedbank, an IFC client and Equator Principles bank. Photo: Inclusive Development International.

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# GLOSSARY

## List of terms

<b>Bond</b>	Also referred to as fixed-income security or investment in which an investor loans money to an entity (corporate or government) which borrows the money for a defined period of time. Bonds are used to raise money and finance a variety of projects and activities.
<b>Commercial bank</b>	A bank that offers services to the general public as well as corporate clients and companies.
<b>Corporate loan</b>	A debt-based funding arrangement between a business and a financial institution. The proceeds of a corporate loan may be used to fund different areas of the core business, large capital expenditures and/or operations.
<b>DFI</b>	Development Finance Institution: Defined here as multilateral development banks and bilateral development institutions.
<b>Equity investment</b>	Money invested in a company through the purchase of its shares. When an investor owns a part of a company.
<b>Financial intermediary</b>	A commercial bank or other financial institution in receipt of funds from a development finance institution via a variety of financial instruments with the intention of using such funds or freeing up other funds to finance different activities.
<b>NBFI</b>	Non-bank financial institution
<b>Project finance</b>	A loan to a financial intermediary to finance a particular project where repayments come directly from project profits. One of various ways projects can be financed.
<b>SDGs</b>	Sustainable Development Goals
<b>UNGPs</b>	United Nations Guiding Principles on Business and Human Rights

## Organizations and initiatives

<b>ADB</b>	African Development Bank
<b>CAO</b>	Compliance Advisor/Ombudsman
<b>CDC Group</b>	UK development bank (established as Colonial Development Corporation)
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>EIB</b>	European Investment Bank
<b>Equator Principles</b>	A risk management framework adopted by financial institutions for determining, assessing, and managing environmental and social risk in development projects.
<b>FMO</b>	Dutch development bank (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.)
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IFC</b>	International Finance Corporation
<b>OPIC</b>	Overseas Private Investment Corporation (US development bank)
<b>TKD</b>	Turkish Development Bank
<b>TKSD</b>	Turkish Industrial Development Bank



# KEY MESSAGES

- Transparency and access to information are at the core of good governance, informed participation in decision-making, and public accountability. Open and transparent processes pave the way for inclusive, high-impact development that meaningfully improves the lives of vulnerable and marginalized people living in poverty, and the broader societies in which they live.
- For vulnerable and marginalized communities, the need for transparency and disclosure of project-related information is real and urgent. This is exemplified by the cases civil society organizations have exposed on human rights abuses and environmental destruction stemming from projects supported through financial intermediaries financed by development finance institutions (DFIs), where stakeholders and communities did not have access to relevant project information, its financiers, and the protections and standards that should have been applied.<sup>1</sup> Women and girls are particularly vulnerable, and the consequences of such projects can be dire. Women are often in a weaker position to bargain with government authorities or investors, and they are often more at risk of violence where a land deal involves intimidation.<sup>2</sup>
- Increasingly, DFI financing is being delivered via financial intermediaries, built on the premise that this expands DFIs' reach of development finance and raises the standards of the finance sector. Confidentiality represents the first major challenge to this approach for development finance, as financial intermediary lending appears to neglect principles and standards DFIs have put in place to ensure greater accountability after years of learning.
- The radically different approach to transparency and disclosure—between direct DFI lending and lending through financial intermediaries—is one of the most compelling examples of these standards being put aside in practice.
- A critical first step is for DFIs to disclose the name, location, and sector of higher-risk activities financed through their financial intermediaries. This standard should apply to all financial intermediary relationships, regardless of the financial instrument vis-à-vis project finance, be it project-related corporate finance, equity, general purpose loans, or bonds and project-related bonds, among others.
- While there are legitimate questions and challenges about how to disclose this information, evidence of disregard for core environmental and social standards and the consequent violation of rights linked to financial intermediary lending compels immediate action on enhanced accountability.
- This report—section 3 in particular—challenges arguments that disclosure is simply not possible within current legal and commercial contexts for financial lending. We compile existing examples from a range of commercial, legal, and financing contexts. This shows existing, albeit ad hoc, DFI disclosure on financial intermediary lending as well as initiatives by commercial banks. (In fact, financial databases list extensive information on commercial transactions that is publicly available to anyone who can afford it.)

- This report shows that disclosure is happening at different levels but is not typically accessible to the broader stakeholders of the financial system—the everyday people, workers, vulnerable groups, communities, indigenous peoples, farmers, and other stakeholders whose lives are being impacted by projects where DFIs are involved through commercial banks and other financial institutions.
- The time is right for DFIs to take a decisive step towards more transparency in their financial intermediary lending. DFIs need to develop a clear time-bound commitment to remedy the accountability gap. Oxfam has outlined a suggested framework, Open Books for High-Risk Financing, which proposes a set of principles to systematize and enhance disclosure in DFI financial intermediary lending, based on existing disclosure practices in the financial sector. We also propose a multi-stakeholder dialog to discuss practices, tools, approaches to transparency, and disclosure of project-related information, along with how to apply them in different legal contexts within the financial sector.

# 1 INTRODUCTION

***“Disclosure of investment information is a central tenet of accountability in development finance.”***

– International Finance Corporation’s Compliance Advisor Ombudsman, 2012<sup>3</sup>

Transparency and access to information are at the core of good governance, informed participation in decision-making, and public accountability. Open and transparent processes pave the way for inclusive, high-impact development that meaningfully improves the lives of vulnerable and marginalized people living in poverty and the broader societies in which they live.

The last five years have seen a significant shift in how transparency is perceived in the financial sector. Where once transparency was viewed as anathema to good practice, a growing number of commercial and public financial institutions are recognizing that increased transparency strengthens their business. Being transparent about who they do business with is increasingly seen as a way to enhance their reputation and manage risks associated with growing public concern about the environmental and social impacts of finance. In this context, Oxfam believes development finance institutions (DFIs) should adopt the UN Guiding Principles on Business and Human Rights (UNGPs) approach to risk, which considers human rights risks as converging with risks to business and deserving of equal consideration.<sup>4</sup> Like other industries before it, the financial sector is working on new ways to be more transparent—consistent with the unique circumstances and context of financial institutions.

In this report Oxfam shows how and why DFIs need to commit to bringing their financial intermediary (FI) lending<sup>5</sup> into line with their existing principles on disclosure in their direct lending. For the purposes of this report, “DFI” refers to multilateral development banks and bilateral development institutions. This report focuses on a single aspect of disclosure: the right of communities to know if a DFI through their financial intermediary lending is involved in activities in their area in sectors of high social and environmental risk.<sup>6</sup> All other aspects of DFI accountability are predicated on communities having this information.

Between fiscal years 2015 and 2018, the International Finance Corporation (IFC) committed \$23.9 billion to FIs, and in fiscal year 2018, FIs made up 55.4% of its total investment portfolio.<sup>7</sup> FI investments comprised at least 52% of the total portfolio of CDC Group as of 2017,<sup>8</sup> 45% for the European Investment Bank (EIB),<sup>9</sup> and about 30% for the Dutch development bank FMO.<sup>10</sup> This is emblematic of the growing trend for DFI activities to be delivered through such programs. DFIs have recognized the importance of transparency and disclosure of their project investments, but this largely only applies to projects where they provide finance to companies or governments directly. To date, they have not extended this disclosure to high-risk projects and other activities of equivalent risk financed through their financial intermediary clients. Unless it is a direct investment, it is almost impossible for communities to find out if DFIs are indirectly financing companies and projects

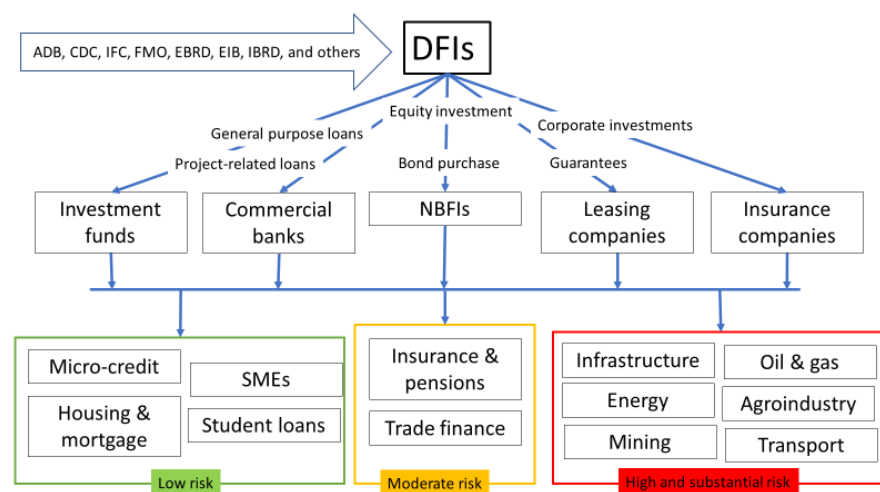
operating in their area in sectors of high social and environmental risk such as infrastructure, agribusiness, logging, and extractives.

In this report, Oxfam highlights the various ways that the financial sector is moving towards increased transparency by drawing on a range of policy and practice examples. This report emphasizes the importance of DFIs being transparent across the development finance chain. This emerges from Oxfam's long-standing engagement on development finance and an understanding that many in the sector are looking for practical tools that exist for commercial banks and other financial intermediaries to enact transparency policies and practices.

### Box 1: What is a financial intermediary?

Where DFIs are involved, financial intermediaries (FIs) can include banks, private equity funds, venture capital, microfinance institutions, and leasing and insurance companies. Financial intermediary programs are where organizations such as the International Finance Corporation provide money to commercial banks and other financial institutions through project finance loans, corporate loans, equity, bonds, etc. These in turn finance different projects with stated positive impacts for development: from typically low environmental and social risk sectors—like micro, small, and medium enterprises, housing and student loans—to high-risk projects in the infrastructure, energy, mining, oil and gas, and agroindustry sectors.

The rationale for such programs is that DFIs can provide much-needed finance to sectors and markets that they could not otherwise reach.



The diagram above shows a number of paths for DFIs to channel funds through financial intermediaries to finance projects of varying levels of risk. Acronyms introduced include ADB (Asian Development Bank), EBRD (European Bank for Reconstruction and Development), IBRD (International Bank for Reconstruction and Development), NBFIs (Non-bank financial institution), and SMEs (small and medium enterprises).

While there are many forms of aggregate disclosure in the financial sector, this report focuses specifically on forms of disclosure that can bridge the gap between project-affected communities and DFIs: that is, forms of disclosure that allow communities to know that a high-risk activity in their area is being financed by a DFI's financial intermediary, thereby allowing them to access their rights and protections under various DFI environmental and social policies.



Women and girls are particularly vulnerable, and the consequences of such programs can be dire. Women and girls experience negative impacts of projects at higher rates and in different ways. This is especially true among marginalized populations and people living in poverty. Women have far weaker land rights and far less access to land than men. Therefore, women are often in a weaker position to bargain with government authorities or investors, and they are often more at risk of violence where a land deal involves intimidation.<sup>11</sup>

For vulnerable and marginalized communities, this need for transparency and disclosure of project-related information<sup>12</sup> is real and urgent. Oxfam and others have released multiple reports on human rights abuses and environmental destruction stemming from projects supported through financial intermediaries financed by DFIs.<sup>13</sup>

The opportunity for early intervention is lost if communities do not know who is involved because of complex financial relationships, what rights and protections they have as a project is being designed or implemented, and have no way of communicating suggestions or concerns. This means people do not know what to expect from projects or where to turn when they are burdened with adverse environmental or social impacts. Poor disclosure diminishes the quality of community engagement and participation.

Lack of transparency limits the DFIs' ability to conduct due diligence and engage with relevant stakeholders. This stifles their ability to mitigate risks as per their legal obligations to shareholders and to meet their public interest mandate. As DFIs ramp up operations to help countries achieve the Sustainable Development Goals (SDGs) and the climate change commitments pursuant to the Paris Agreement, transparency and disclosure of their direct and indirect investment operations is more crucial than ever. Without transparency, DFIs and their financial intermediaries will be unable to credibly demonstrate their contributions to SDGs or climate change, or to their own development impacts from their operations.

Seeking out financial partners that are transparent or willing to disclose relevant information also presents an opportunity for DFIs to exert their financial power to positively influence the commercial sector. Greater transparency could also offer DFIs a way to showcase positive examples of the role that banks or others can play in development finance.

DFIs, FIs and FI sub-clients have both an individual and shared responsibility to ensure that adequate project, environmental, and social information is disclosed. DFIs especially are public institutions with a development mandate. Therefore, DFIs' disclosure and accountability are intrinsically linked to a mandate of development outcomes. DFIs should lead transparency and disclosure practices, also taking into account some of the emerging good reporting practices of banks, including those in emerging markets, and the regulatory and other drivers of disclosure.

The time is right for the DFIs to take a decisive step towards more transparency in their intermediary lending. DFIs should create a level playing field among themselves by coordinating an upward harmonization of their standards and disclosure practices as well as of their financial intermediary

clients. Environmental and social information about high-risk projects should be consistently and easily available to all stakeholders, including project-affected communities at the DFI, FI and FI client levels. DFIs should also work with central banks and national financial regulators to communicate the importance of transparency in financial operations as they promote sustainable finance in client countries.

This report aims to promote a better exchange of information among civil society organizations (CSOs), DFIs, and the financial sector at large to enhance the understanding of good governance and disclosure practices and a discussion on the positive role of the DFIs in the new development finance paradigm that aims to maximize private sector financing to an unprecedented level.

For the following sections, we reviewed several publicly available documents such as disclosure, access to information or public communication policies; environmental and social safeguards or sustainability standards; financial intermediary policies; and related procedure and guidance documents. Where available or relevant, we also looked at project disclosure websites. Information obtained from our desk review of these documents was supplemented by interviews with staff members of select DFIs, namely the Asian Development Bank (ADB), the CDC Group (a UK DFI), the European Investment Bank (EIB), the European Bank of Reconstruction and Development (EBRD), Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), the International Finance Corporation (IFC), and the Overseas Private Investment Corporation (OPIC). These DFIs were chosen on the basis of the prevalence of financial intermediary investments in their portfolios, noteworthy policies or practices, and/or general reputation in demonstrating leadership in various policy areas. Given the IFC's established and large portfolio in financial intermediaries, there is a special focus on IFC which is referenced regularly and used in different ways as a benchmark. The Secretariat of the European Development Financial Institutions (EDFIs) and the Equator Principles Financial Institutions (EPFI) as well as some of their members were also engaged for this report.

## 2 RAISING THE BAR OR DROPPING IT?

As it currently stands, the success—or failure—of financial intermediary lending relies on whether or not DFIs can mobilize commercial finance without compromising their development mandates, with transparency and environmental and social standards as a core part of that. These standards are needed not only to ensure that DFI financing has positive development impacts, but also to ensure that social and environmental protections are in place and activities are legally compliant. Most importantly, they are a safeguarding tool to ensure that poor and otherwise vulnerable people are not left worse off.

The review of the different DFIs' approach to disclosure and transparency, especially of their financial intermediary lending, indicates a state of flux. Oxfam and many others have expressed concern that financial intermediary lending is lowering the bar of DFI standards rather than raising the expectations of the broader financial sector.<sup>15</sup> The radically different approaches to transparency and disclosure between direct DFI lending and lending through financial intermediaries is one of the most compelling examples of these concerns in practice.

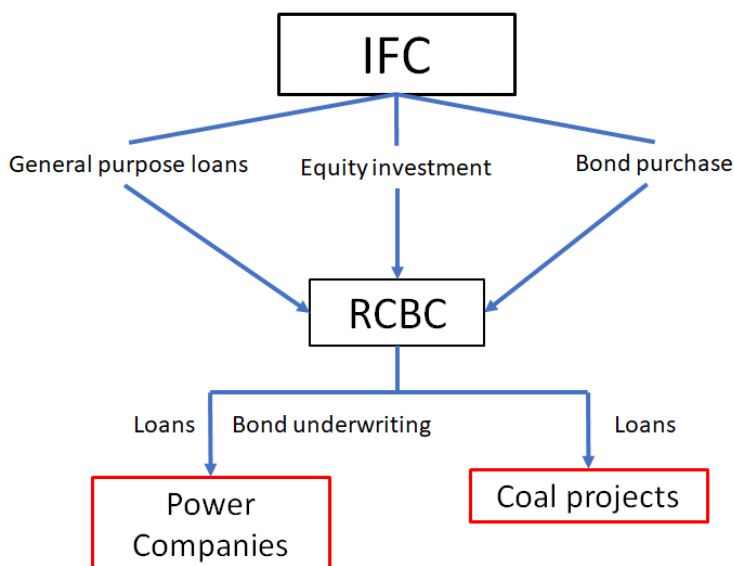
*"While the tendency within many companies is to seek greater control over and protection of information as risks increase, in reality, enhanced transparency is critical for success."*

Shift, *Human Rights Due Diligence in High Risk Circumstances: Practical Strategies for Businesses*, New York, 2015<sup>14</sup>

### **Box 2: IFC investments in Rizal Commercial Banking Corporation (RCBC): A lack of transparency denies Filipino communities access to their rights under IFC Performance Standards**

The RCBC case is just one example of how a lack of transparency denies local communities the right to know that a DFI—in this case IFC—has a financial relationship with a bank that is financing and/or is exposed to different portions of high-risk activities in their area. This situation effectively prevents local communities from raising their concerns directly with IFC and therefore undermines the effective implementation of the IFC Performance Standards.<sup>16</sup>

Since 2011, the IFC has provided a combined total of \$253 million in financing to RCBC. This included two equity investments in 2011 and 2013 (\$148 million combined), and general commercial banking loans in 2013 and 2015 (\$105 million). The IFC states that its lending to RCBC is to strengthen the bank's lending to small and medium enterprises (SMEs) and expand its lending to infrastructure projects. RCBC is considered a high-risk financial intermediary client, as the bank's portfolio includes exposure to high-risk activities in infrastructure, energy, and other sectors. However, there is no way for the public to find out which high-risk projects RCBC is investing in and therefore where the IFC's important Performance Standards should be applied.



It took organizations operating on three continents—Inclusive Development International (IDI),<sup>17</sup> Bank Information Center Europe,<sup>18</sup> and the Philippine Movement for Climate Justice<sup>19</sup>—months of digging and an exhaustive investigation to uncover that RCBC was financially connected to 19 coal-fired power plants in the Philippines. The IFC’s disclosure of its high-risk FI clients’ project information—such as in the case of RCBC—is non-existent.

Without this time-consuming and costly research, affected communities would never have known that the projects were required to comply with the IFC Performance Standards, nor would they have known they were entitled to raise concerns under the IFC’s independent accountability mechanism, the Compliance Advisor Ombudsman. In 2018, several communities filed complaints with the CAO, raising environmental and social concerns around the 19 coal projects.

This type of information is critical not only for the IFC’s own accountability process, but most importantly, for communities that have the right to know who is financing such projects, which standards should apply, what their rights are, and who to hold accountable if things go wrong.

Sources: IFC Project Portal. Project Numbers 30235, 32853, 34115, and 37489.

*Broken Promises: The World Bank, International Investors and the Fight for Climate Justice in the Philippines.* Published by IDI, BIC-Europe and Philippine Movement for Climate Justice in April 2018

Over the past 20 years, DFIs’ approach to transparency has been constantly evolving as the relationships between transparency, policy implementation, and accountability are better understood. A critical turning point was in 2009, when the World Bank approved an updated “Access to Information” policy<sup>20</sup> based on the presumption of disclosure and adopted a principle of disclosing any information in its possession that is not on its list of 10 exceptions.<sup>21</sup> This allowed any stakeholder access to project information at any stage of the project cycle. It set clear expectations—among its clients and stakeholders—on transparency and access to information. Other DFIs have followed suit by updating or creating their own transparency and disclosure policies: the Asian Development Bank in 2011, CDC in 2011, the International Financial Corporation in 2012, FMO in 2013, the European Bank for Reconstruction and Development in 2014, and the European Investment Bank in 2015, among others.

**Figure 1: In recent years DFIs have emphasized the importance of transparency and disclosure to good governance in their own policies.**



*“Transparency is essential to building and maintaining public dialogue and increasing public awareness about IFC’s development role and mission. It is also critical for enhancing good governance, accountability, and development effectiveness. Openness promotes engagement with stakeholders, which, in turn, improves the design and implementation of projects and policies, and strengthens development outcomes.”*

IFC’s Access to Information Policy, January 2012<sup>22</sup>

The disclosure of activities and projects financed by DFIs represents an important communication channel to identify and mitigate risks to potentially affected communities. It provides an avenue for local people to claim their rights under DFI policies and, in turn, for DFIs to put in place policies designed to manage and mitigate any unintended negative impacts. This disclosure is consistent with DFI’s own extensive work championing transparency as essential to good governance, sustainability, and accountability.

Disclosure of project-related information—especially that of high-risk projects—has long been accepted as the cornerstone of effective development.<sup>23</sup> By contrast, DFIs’ approach to disclosure of their financial intermediaries’ activities is at best lagging and at worst a virtual black hole. The approach is all too frequently ad hoc or benchmarked to the lowest common denominator or standard. Some DFIs even argue that disclosure is not legally or commercially possible for financial intermediary lending. However, this is not consistent with examples where DFIs already disclose projects funded via financial intermediaries.

## DFI POLICY AND PRACTICE IN RELATION TO FUNDS

Many DFIs invest in private equity, venture capital, and other types of funds which in turn support sub-projects in small-scale agriculture; agribusiness; micro, small, and medium enterprises; microfinance; energy; transport; and other forms of infrastructure.

In terms of the sub-projects of these investment funds, CDC Group, IFC, and OPIC have somewhat similar practices of disclosing sub-project information consisting of the name, location, and sector of the project, while a few others appear to be in the process of aligning with these practices. This represents an

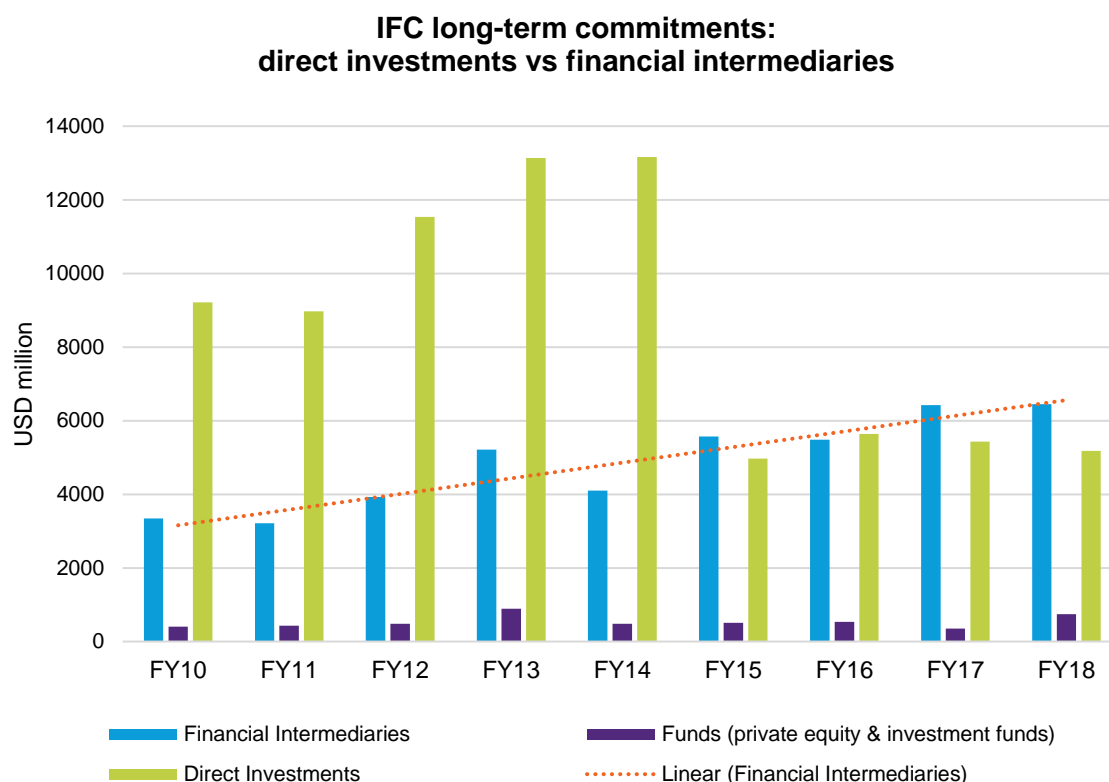


important step in the right direction towards better disclosure practices and harmonization of standards and practices. However, they do not disclose environmental and social assessments or mitigation plans, which are critical for an effective environmental and social management system and good governance, and especially for communities to access their rights to relevant information.

For example, footnote 16 of IFC's 2012 Access to Information Policy states that IFC will "periodically disclose a listing of the names, locations and sectors of high-risk sub-projects that have been supported by IFC investments through private equity funds, subject to regulatory constraints and market sensitivities."<sup>24</sup> In 2015, IFC began displaying information related to the sub-projects of some its private equity funds. And in 2017, IFC announced that all sub-projects related to its private equity funds since 2012 are now on its Disclosure Portal.<sup>25, 26</sup> (See Figure 7 in section 3). The disclosure of name, location, and sector of sub-projects is a critical step towards more transparency in IFC's financial intermediary lending; however, it is important to highlight that private equity funds only represent about 11% of IFC's financial intermediary portfolio, which means that 89% of its financial intermediary portfolio does not disclose this critical information.<sup>27</sup>

On the other hand, CDC Group and OPIC have maintained a long-standing practice of disclosing sub-projects of funds that predates IFC's disclosure commitment for funds. Starting in 2012, CDC Group broadened its investment strategy to allow for investments in banks and non-bank financial institutions (NBFIs), and for an increase in investments more generally. According to CDC Group's investments website and 2017 annual report, about 52% of its total portfolio is invested in private equity funds, and 26% of its 2017 commitments alone were in banks and non-bank financial institutions.<sup>28</sup> The sub-projects of funds continue to be disclosed while sub-projects of banks are not as of yet. Both CDC Group and OPIC disclose investee companies and sub-projects independently of their corresponding funds' name or manager, with the result that it is not immediately clear which investee company or sub-project is associated with a particular fund.<sup>29</sup>

**Figure 2: Today the IFC directs more than 50% of its lending through financial intermediaries. Other DFIs are also following this trend.**



## DFI POLICY AND PRACTICE IN RELATION TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Overall, DFI sub-projects of their investments in banks and other financial institutions other than funds are not disclosed, even when they involve investments in infrastructure, energy, and natural resources sectors with significant environmental and social risks.

There are, however, some good examples of disclosure of sub-project-related information of DFI investments in commercial banks and other financial institutions. One example we found is within the World Bank's small financial intermediary lending portfolio. While the World Bank's financial intermediary clients are likely to be national development banks or other public financial institutions, in some cases its clients are privately-owned banks or financial institutions.

*"Disclosure is a necessary condition to ensure that commercial banks comply with IFC Performance Standards and other requirements. It also places a reputational incentive on the FI and the sub-client to: perform better due diligence; consult with communities and obtain free, prior, and informed consent when appropriate; conduct robust environmental and social impact assessments; and develop strong risk management plans."*

IDI and Oxfam International<sup>30</sup>

### The World Bank and financial intermediary disclosure

Under the disclosure clause of the World Bank's 2013 Operational Procedure BP 4.03,<sup>31</sup> the World Bank requires its financial intermediary clients to disclose and permit, in writing, the World Bank to disclose the summary of the Environmental and Social Impact Assessment (ESIA) of any sub-project

considered high risk (Category FI-1 and FI-2).<sup>32</sup> In practice, however, the World Bank seems to go beyond summaries by disclosing full reports of impact assessments, mitigation, and resettlement plans<sup>33</sup> (See box 3 below). With the approval in 2016 of the new Environmental and Social Framework, especially its new provision in relation to financial intermediary operations (Environmental and Social Standard 9—ESS 9), it remains to be seen how this World Bank practice is going to change since the new standard requires the sub-borrower to disclose project-related documents, while the World Bank discloses a summary of each of the elements of the financial intermediary's Environmental and Social Management System only, rather than the assessments themselves.<sup>34</sup>

**Box 3: If World Bank financial intermediaries in Turkey can disclose the projects in which they invest, why can't others?**

In 2009, the World Bank approved two lines of credit for a total amount of \$1.1 billion to two Turkish financial intermediaries—the Turkish Development Bank (TKB) and the privately owned Turkish Industrial Development Bank (TSKB). The main objective of the World Bank investment was to increase the energy production of renewable resources by privately-owned sponsors and support energy efficiency initiatives.

According to the publicly available loan agreements, **the financial intermediaries are required to submit for the World Bank's approval "all Sub-projects which are classified as Category A Sub-projects in accordance with the provisions of the Operational Manual."** Moreover, the World Bank's requirement was that **"The FI is not permitted to provide a sub-project loan using Project funds until the Turkish language EIA Report is disclosed in Turkey and the English language version is disclosed at the World Bank Infoshop."**

Furthermore, the World Bank also requires that an **English version of the summary of the Environmental Impact Assessment (EIA), the EIA, the Environmental Mitigation Plan (EMP) and minutes of the public consultations for all Category A sub-projects will be submitted to the World Bank "who will provide an independent review and approval."** In addition, **the "FI is not permitted to provide a sub-project loan from Project funds until an official approval letter is received from the World Bank."**

Two hundred and eight project-related documents pertaining to these loans are available on the World Bank website. This includes the two loan agreements, audits, implementation reports, environmental assessments, and resettlement plans for each high-risk sub-project.<sup>35</sup>

TKB and TSKB were fully responsible for implementing the project by providing long-term debt finance to sub-projects eligible for renewable energy and energy efficiency funding.

They were also responsible for approval of sub-projects in compliance with their respective Operations Manuals, and the Bank's policies and practices, including the Bank's environmental assessment, involuntary resettlement, and safety of dams policy safeguards.

The World Bank closely monitored and supervised TKB and TSKB during implementation including on due diligence, implementation of safeguards, and disclosure of sub-project information.

World Bank staff supervised closely each Category A sub-project due diligence and disbursement from TKB and TSKB to their sub-clients.

Source: Private Sector Renewable Energy and Energy Efficiency:

<http://projects.worldbank.org/P112578/private-sector-renewable-energy-energy-efficiency-project?lang=en&tab=overview>

Private Sector Renewable Energy and Energy Efficiency Additional Financing:

<http://projects.worldbank.org/P124898/private-sector-renewable-energy-energy-efficiency-additional-financing?lang=en&tab=overview>

## OPIC and financial intermediary disclosure

OPIC offers another useful example of the disclosure of sub-project information of commercial bank clients. According to OPIC's Environmental and Social Policy Statement, OPIC treats both banks and investment funds in the same way. It discloses the sub-projects of both types of financial intermediaries provided that they are Category A sub-projects (see Box 4 below). And in a manner similar manner to its disclosure practices for fund sub-projects, OPIC discloses the identity of investee companies and sub-projects independently of their respective bank clients, making it difficult to determine which bank is investing in which company. (See Figure 6 in section 3).

### Box 4: OPIC's practice

OPIC's Environmental and Social Policy Statement (2010) applies to OPIC's direct and FI investments equally. OPIC oversees the establishment of the FI client's Environmental and Social Management System (ESMS), carries out the environmental and social due diligence for the FI sub-projects, and discloses information on all Category A sub-projects on OPIC's website. All sub-projects are essentially treated as OPIC projects and are accounted for as such to the US government.

Paragraph 3.30 of OPIC's Statement explains:

*"OPIC's review of [FI] Subprojects involves the same screening, assessment, disclosure, compliance and monitoring procedures as all other direct Applicants to OPIC, including but not limited to Category A disclosure and Greenhouse Gas policy requirements...OPIC provides prior written consent to each of these Subprojects on the basis of potential environmental and social risks. OPIC does not delegate the environmental and social review of Subprojects to Financial Intermediaries unless consent is provided in advance based on criteria in Paragraph 3.31."*

Source: OPIC Environmental and Social Policy Statement.

[https://www.opic.gov/sites/default/files/consolidated\\_esps.pdf](https://www.opic.gov/sites/default/files/consolidated_esps.pdf)

## Asian Development Bank and financial intermediary disclosure

The ADB, on the other hand, claims to maintain an oversight role in the environmental and social due diligence of sub-projects and approval of those that are considered risky (such as Category A sub-projects).<sup>36</sup> However, even though ADB's Operations Manual on financial intermediation loans states that the Environmental Impact Assessment summary must be disclosed to the public at least 120 days before the sub-project is approved, the ADB project website only displays its environmental and social framework (a broad framework on how safeguards will be applied to future projects) and no information on sub-projects whatsoever. It is not clear whether this is because no Category A sub-projects have been funded or whether the ADB has been failing to post the environmental and social sub-project information of its financial intermediary investments on its website.<sup>37</sup>

In most cases, the sub-project disclosure obligations fall on the financial intermediary and/or the sub-project, but not the DFI. In the case of the EBRD, for example, its policy statement says that "Where possible, FIs will provide on their website the link to any ESIA/EIA reports for Category A projects which they finance."<sup>38</sup> Under this 'delegation of responsibilities' model, only the establishment of an Environmental and Social Management System is required, and its contents and outputs are not reviewed with the same rigor as in directly funded projects. In this model, the DFI may encourage but not require a financial intermediary to disclose its environmental and social policy or other elements of its ESMS, as is the case with IFC<sup>39</sup>, but not sub-project level information. The DFI may encourage the FI to require regular environmental and social reports from the FI's client; however, it is not mandatory.<sup>40</sup>

## THE BROKEN LINK IN THE CHAIN OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES AND ACCOUNTABILITY

When DFIs do not disclose their financial intermediaries' projects, or any evidence of the implementation of the required ESMS and due diligence, it is impossible to know where the funding is going and their investments' development impact without extensive research, and even with research one is likely to end up empty-handed. This inconsistent and contradictory state of disclosure policies and practice between direct and indirect investments, as well as within the DFI's financial intermediaries lending, undermines stakeholders and communities' rights to information and accountability when projects negatively impact their lands and livelihoods. This inconsistency represents a broken link in the chain of environmental and social governance, undermining DFIs' development mandate and efforts to strengthen their financial intermediaries' ESMSs and practices, which ultimately casts a shadow on the efficacy and ability of financial

*"IFC has, through its banking investments, an unanalyzed and unquantified exposure to projects with potential significant adverse environmental and social impacts. Absent disclosure of information related to these projects, this exposure is also effectively secret and thus divorced from systems which are designed to ensure that IFC, and its clients are accountable to project affected people for delivery on their environmental and social commitments."*

Compliance Advisor Ombudsman, 2012<sup>41</sup>



intermediaries to adhere to development effectiveness principles and as a vehicle to achieve development outcomes.

Transparency and disclosure are core elements of an environmental and social management system. And those most at risk should be able to understand and access their rights through relevant and reliable information. In practical terms this means knowing who is directly and indirectly financing a project with potential positive or adverse impacts to their land and livelihoods and having access to the policies and mechanisms in place to protect them from harm. Without transparency and disclosure as a fundamental pillar in place, the integrity of the accountability processes falls down.

It is also important to first acknowledge that discussion of disclosure and associated material risks<sup>43</sup> has not been evenly weighted. Great emphasis has been placed on the issue of risks to business, investors, and their financial performance<sup>44</sup>—despite a lack of evidence that such violations have occurred and without reference to the many existing examples of disclosure that commercial financial entities already undertake. Far less emphasis has been placed on the material risks to communities, despite extensive evidence that the rights of communities under DFIs' own policies, international human rights law, and, arguably, under national laws have been violated under financial intermediary lending—and that a lack of disclosure and transparency has prevented communities from seeking assistance from DFIs. This is detailed in reports by the IFC's Compliance Advisor/Ombudsman, Oxfam, Inclusive Development International, the Bank Information Center Europe, and others.<sup>45</sup>

It is hard to reconcile this inconsistency from institutions with their recognized development mandates, especially when these DFIs themselves have acknowledged that their financial intermediaries are often underprepared to initiate, and have oversight of, on-the-ground clients to ensure that they meet DFI standards. Until the recent dramatic expansion of financial intermediary lending, the DFI approach to environmental and social risk management centered around hands-on capacity building of financial intermediaries and support during their involvement in complicated projects. Any proposal for a Category A-type sub-project (high-risk)<sup>47</sup> had to be directly communicated by the financial intermediary to the DFI. This is particularly the case for high-risk sectors such as forestry, agroindustry, energy, mining, and transport.

Despite the few exceptions noted previously, the findings in this section clearly demonstrate that the DFIs' approach to financial intermediaries and disclosure is falling well short of good practice and commitments *already in place* within their own institutional policies. DFIs need to fix the broken link in the chain and adopt systematic transparency—which allows communities to know if a DFI is involved in a project or activity in their area (see figure 3).

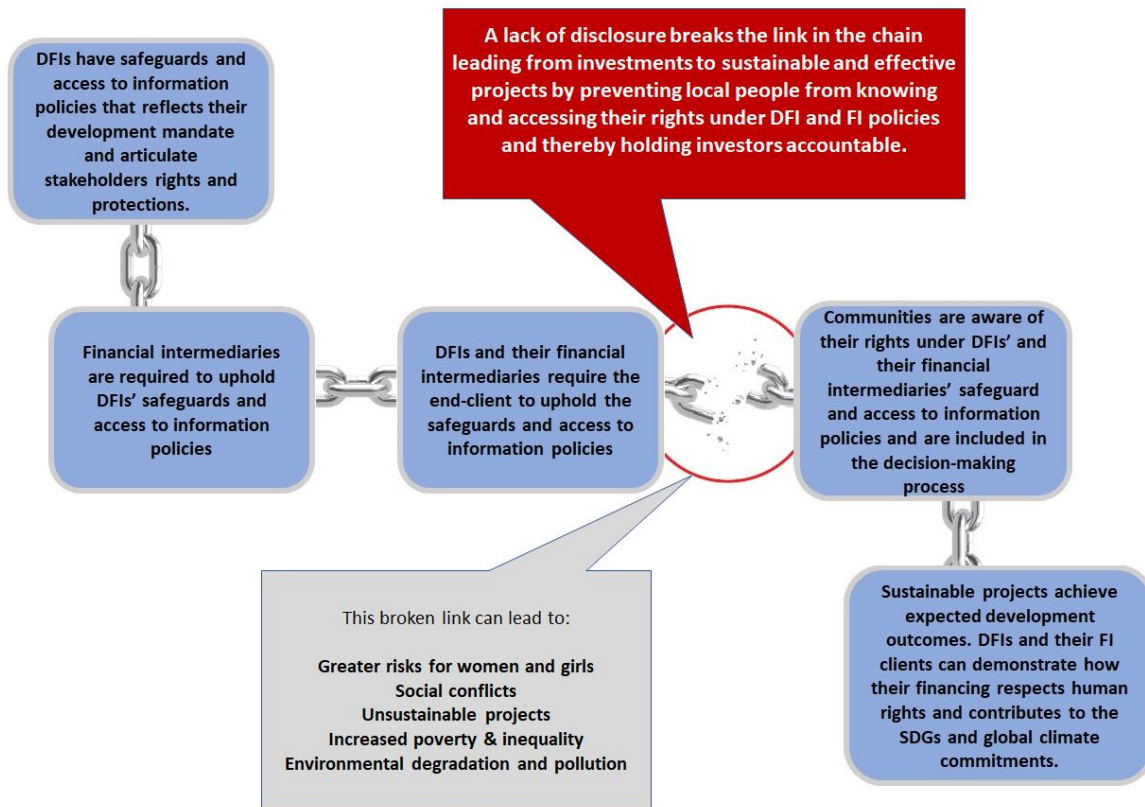
*“[T]his set of risks to human rights converges strongly with risks to the business in the short, medium, and long term, and provides a principled basis to understand material issues for reporting.”*

UN Guiding Principles Reporting Framework Investors Statement, January 31, 2017<sup>42</sup>

*“We will work to be more transparent, even beyond our existing Access to Information Policy, as we have already done with our private equity investments... We must do better in ensuring that our work helps create a more responsible banking system.”*

Philippe Le Houérou, Executive Vice President and CEO of the IFC<sup>46</sup>

**Figure 3: The broken link in the chain of environmental, social and governance policies and accountability**



Oxfam understands that there are legitimate questions about how to disclose FI sub-project information and what model of disclosure is appropriate for the financial sector and DFI financial intermediary lending. Sections 3 and 4 of this report directly engage with these concerns, present clear examples of how transparency can and does occur in the sector, and highlight why views towards disclosure within the financial sector are rapidly changing. The next section gives a brief introduction to the evolving approach to transparency by the commercial banking sector in recent years, offering a pathway for DFIs to follow and lead again in terms of disclosure and transparency.

### 3 EXISTING DISCLOSURE PRACTICES

This section examines the existing practices on disclosure within the financial sector relevant to DFIs' financial intermediary lending. It seeks to interrogate the assumption that adequate transparency and disclosure of relevant project information is not possible within the current legal and commercial contexts of the financial sector.

The section also argues that the way forward on disclosure is largely about adapting and systematizing existing, if ad hoc, practices applied across diverse initiatives, countries, and contexts. The following examples are drawn from diverse sources across a broad array of country and sector contexts.

*"At Triodos Bank we believe being transparent means being completely open. We publish details of every organisation we lend to, and invest in, so you know exactly where your money goes."*

Triodos Bank website<sup>48</sup>

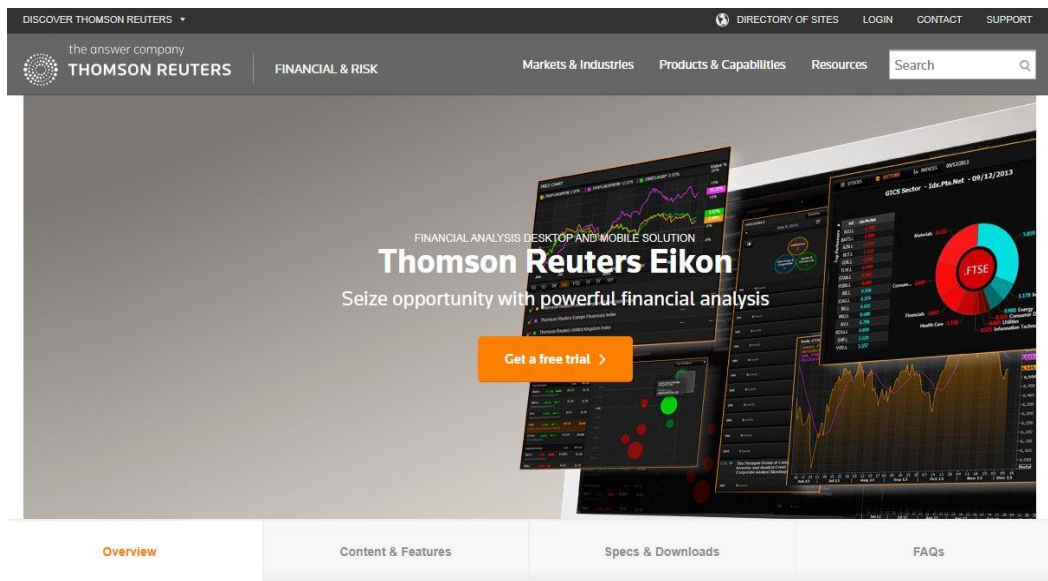
### CONCRETE AND EXISTING EXAMPLES OF DISCLOSURE IN THE FINANCIAL SECTOR

**Examples where financial entities disclose details about their corporate clients, including the size of loans, sector exposure, and project finance information such as risk category, the name of the project, and location to public (but paywalled) financial databases accessed by competitors**

The arguments of client confidentiality and perceived competitive disadvantage ignore the fact that many banks and other financial institutions already disclose publicly their client relationships. Information about deals—including client identity, project details, sector, and deal size—is provided to banking and finance industry databases, such as Thomson Reuters Eikon<sup>49</sup> and Bloomberg, on a regular basis. Banks do this in order to market themselves and the scale of loans they deliver. This information is available to anyone who can afford a database subscription, which can cost from \$20,000 to \$50,000 a year. These databases are commonly used by the global banking and finance sector, as well as its clients, advisors, market research institutions, and even academics.

Oftentimes, achieving client consent for such disclosure is simply part of the paperwork for financial deals. At the beginning of a new financial relationship between an investment bank and a corporate client, the investment bank will then draw up paperwork and submission forms for the client to sign—including a standard league table agreement. A league table is a table of information that is used by investment banks to showcase their investments to potential new clients. The league table agreement allows the bank to provide information about the financing to specific market databases.<sup>50</sup> **Consent can be as simple signing submission forms.** The information in these databases is publicly available to anyone who can afford the subscription paywall, but not to the communities most likely to be adversely impacted by company activities.

**Figure 4: Screenshot of the Thomson Reuters Eikon website**



Retrieved on September 26, 2018 from <https://financial.thomsonreuters.com/en/products/tools-applications/trading-investment-tools/eikon-trading-software.html>

The important thing to take away from this is that banks are willing to ask clients—and are already asking clients—to disclose information about their business relationships under different circumstances, which means it is possible for them to seek permission for other purposes, including for accountability and sustainability purposes.

Disaggregated information on corporate loans and project finance, potential environmental, social, and human rights impacts, and sustainability and human rights commitments should be readily available to all stakeholders with a legitimate need to know, including and especially communities directly impacted by projects, CSOs, and investors, regardless of their ability to pay. In recent years, a small group of CSOs, researchers, and journalists have used these same databases to track DFI financing linked to high-risk projects that led to human rights abuses and environmental destruction. To make it easier to track such projects to help avoid these adverse impacts, the disclosure of project information should be systematic for DFIs and their FI clients.

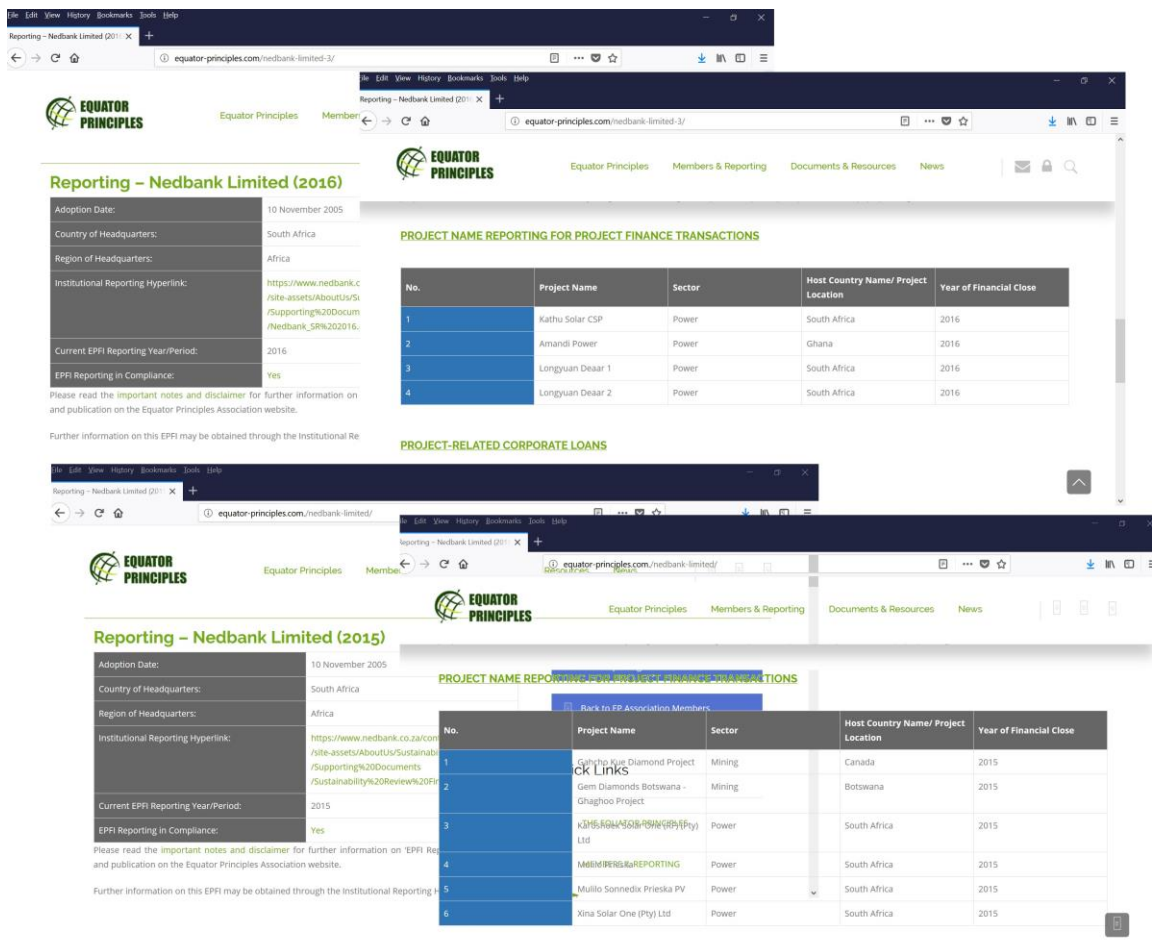
In Oxfam's view, it is an impossible situation for the banks to make sustainability and human rights commitments and then fail to provide the information necessary for these commitments to be assessed or monitored in practice by communities, investors, or CSOs alike.

### **Examples where financial entities disclose information about existing project finance and project-related loans: listing their client, project, country of activity, and risk category**

The Equator Principles is a voluntary standard adopted by commercial and other banks as a framework to mitigate risks associated with project finance, project finance advisory, and other project-related corporate loans. At the time of writing there were 93 Equator Principles Financial Institutions (EPFIs) in 37 countries—18 in the Global South—which have officially adopted the Principles, covering a staggering 70% of international project finance debt in emerging markets.<sup>51</sup> In fact, the IFC proudly points to the adoption of IFC

Performance Standards under aspects of the Equator Principles as a positive example of DFIs raising the bar of commercial finance standards, and Oxfam agrees.

**Figure 5: Screenshot of the Equator Principles website**



Retrieved from <http://equator-principles.com/> on September 26, 2018. Nedbank Limited has been an Equator Principles Bank since 2005 and an IFC client since 2000.

At the time of writing, 86% of EPFIs working across diverse global contexts were already disclosing the names of more than 600 high-risk projects, including their location and sector, undertaken by their clients.<sup>52</sup> This includes a significant number of projects in the power, infrastructure, mining, and oil and gas sectors. While the Equator Principles are far from perfect and limited by self-reporting, members claim to have collectively disclosed 73% of all high-risk category A and B projects.<sup>53</sup>

Several EPFI members are also DFI clients and have begun reporting some—although not all—of the projects that they finance. This includes banks in South Africa (Nedbank and FirstRand Limited) and Brazil (Itaú Unibanco), as well as other banks with global reach (Santander, BNP Paribas, Rabobank, Crédit Agricole, HSBC, and Société Generale). This raises the question as to why DFIs, given their reputational and financing influence, are not able to achieve at the very least the same minimal standard on disclosure for their financial intermediary clients when some of those same institutions are already disclosing such information.<sup>54</sup> DFIs are failing to systematize and build on the existing disclosure practices of their clients.



Banks will usually produce their own Equator Principles reports—consistent with their in-house style of annual reports and sustainability policy. Key information is then entered into a simple table on the Equator Principles Association website (see above). This avoids the issue of replication, and DFIs could simply adapt the Equator Principles reporting framework. Under the Equator Principles banks request client consent for disclosure. If consent is not granted, banks still report the number of projects that did not give consent for disclosure.<sup>55</sup> Various Equator Principles banks told Oxfam that seeking client consent is relatively straightforward, as clients wish to be associated with the brand of more environmentally and socially responsible investment.

As disclosure is standardized via the Equator Principles, it is changing sector norms while raising questions as to why some banks and their clients may still resist disclosure. Where once DFIs were leaders in setting the norm, they are now lagging behind in terms of disclosure of the project finance of their financial intermediary lending. It is time for the DFIs to catch up. As the Equator Principles standards are currently being reviewed, there are increased calls from CSOs for disclosure to be mandatory for all financing of projects, including related corporate loans.

### **Examples where financial entities achieve consent for disclosure before providing financial services**

In 2017 HSBC issued a new agricultural commodities policy as a response to negative media and NGO reports on its palm oil financing. Under the policy, HSBC will require clients in the palm oil sector to consent to the bank “being able to disclose publicly whether the customer is or was a customer of the bank” as a condition of providing financial services.<sup>56</sup>

*“New customers are required to consent, before financial services are provided, to HSBC being able to disclose publicly whether the customer is or was a customer of the bank. This requirement recognises both the public concern over the role of financial institutions in this sector and the legal constraints on HSBC relating to customer confidentiality.”*

HSBC Agricultural Commodities Policy, February 2017 (see endnote 56).

This is an elegant solution to achieving consent for disclosure within current laws on customer confidentiality—that is, in most cases, a bank cannot compel disclosure once a company becomes their client. HSBC is headquartered in the UK with offices in more than 50 countries worldwide. As such, it operates across a dizzying array of legal contexts. Current laws in the UK, and some similar contexts, are unclear on when and what a bank may be able to disclose without customer approval. The HSBC policy side-steps this issue by screening out companies who are not willing to be transparent.

In addition to HSBC’s own policies specific to the palm oil sector, it has also applied the Equator Principles since 2003<sup>57</sup> and the IFC client standards since 2000.<sup>58</sup> Yet it applies these three sets of standards inconsistently across its portfolio. What we would like to see is for DFIs and their intermediaries to harmonize and apply the highest disclosure standards across projects in all sectors. Achieving consent, as we can see from HSBC’s example, is feasible both legally and commercially. Given that DFIs have a development mandate and have already embraced transparency and disclosure principles, they should be able to screen out financial intermediaries that are not willing to step up with their clients to promote a global norm of project-related information disclosure—in the same manner as they approach their direct investments.

IFC, the Dutch development bank FMO, CDC, and EBRD, among others, already disclose the names of financial intermediaries (and other clients). Thus, they could also adopt the HSBC standard requiring their financial

intermediary clients to secure client consent before approval of the financial service or transaction. They could use a similar reporting modality as that of the EPFIs or adopt the OPIC model of direct disclosure. Either way, the path ahead is clearly marked.

### **Examples where financial entities disclose certain forms of corporate loans**

Even though the HSBC policy applies only to the palm oil sector, its policy covers all its main financing products such as loans, trade finance, and debt, and equity capital market services. The HSBC policy will become increasingly relevant, setting a huge precedent to apply mandatory disclosure to all financial instruments, including corporate loans, within the terms of agreement of transactions in other high-risk sectors. In a similar vein, 93 banks have already committed to the principle of project-related corporate loan reporting under the Equator Principles—which applies to loans over \$100 million and over two years. This responds to concerns that Equator Principles banks would simply divert financing to problematic projects through alternate, non-project finance instruments—signaling that disclosure and corporate loans is an evolving issue.

*“The IFC itself provides the perfect model of enforcing disclosure rules: it requires its direct clients, as a condition of financing, to agree to public disclosure of the investment. This could be extended to the corporate sub-investment of FI clients that meet appropriate criteria.”*

IDI and Oxfam International<sup>59</sup>

This commitment by almost 100 banks to disclose project-related corporate loans sets in motion the process of discussion on disclosure under general corporate purposes loans and other financial instruments such as bonds. That so many major banks have committed to corporate loan reporting is particularly relevant for DFIs, especially since general purpose loans are a significant portion of IFC’s FI investments.<sup>60</sup> This is a challenge that IFC’s CEO has also recognized by acknowledging that general purpose loans “can be used to support any client sub-projects in any sector” and therefore has committed to reducing “the number of general purpose loans to banks...and continuing to increase the number of targeted loans”.<sup>61</sup> Nonetheless, DFIs, including IFC, should develop strong provisions to guarantee the disclosure of project-related corporate finance as well as other project-related finance instruments, especially within the bond market.

### **Examples where financial entities directly disclose sub-projects in which they invest via financial intermediaries**

As mentioned earlier, in 2010 the US development bank OPIC committed to disclosing information on all category A sub-projects of its financial intermediary investments on its website. OPIC treats both banks and investment funds in the same way; essentially, all high-risk sub-projects of its FI investments are treated as OPIC projects and are accounted for as such to the US government. To comply with its policy, OPIC “provides a written consent to each of these Subprojects on the basis of potential environmental and social risk.”<sup>62</sup>

For example, in 2015 OPIC approved a loan to The Standard Bank of South Africa Limited<sup>63</sup> of \$250 million for up to 12 years. About half of the proceeds were to support the financing of power projects in Africa, and the other half were to go towards non-power projects. Given the sectors in which the Standard Bank operates, OPIC recognizes that “most, if not all of the downstream loans are anticipated to be screened as Category A.”

Furthermore, OPIC states in the project document that “each downstream loan originated under the facility will be screened and subject to the full scope of OPIC’s environmental and social assessment process, including public disclosure of the borrower’s environmental and social impact assessment for [all] Category A projects”.<sup>64</sup> As seen in the figure below, OPIC discloses on its website both its investment with The Standard Bank and the category A sub-projects.<sup>65</sup> OPIC’s reporting includes the end project or activity OPIC finances via an intermediary, as well as the intermediary itself. Where a client declines consent for disclosure, OPIC publishes only select project information such as sector, location, and amount without posting the client’s name—therefore still allowing all relevant stakeholders to understand the DFI connection to activities in their area and therefore which standards should apply.

**Figure 6: Screenshot of OPIC’s project website**

The screenshot shows the OPIC website's 'Active OPIC Projects' page. The page includes a navigation bar with links like 'SUBSCRIBE', 'OPIC BLOG', 'CONTACT US', and 'FREEDOM OF INFORMATION ACT (FOIA)'. Below the navigation bar is a section titled 'OPIC IN ACTION' and 'ACTIVE OPIC PROJECTS'. A filter sidebar on the left allows users to search by Fiscal Year, Region, Type, and Commitment Level. The main content area displays a table of projects with columns for Year, Region, Country, Type, Project, and Commitment Level. Two projects are highlighted with red boxes:

Year	Region	Country	Type	Project	Commitment Level
2015	Africa	Kenya	Finance	Lake Turkana - The Standard Bank of South Africa	\$63,964,000
2015	Africa	South Africa	Finance	The Standard Bank of South Africa Limited	\$250,000,000

Retrieved from <https://www.opic.gov/opic-action/active-opic-projects> on September 26, 2018. The Standard Bank of South Africa Limited has been an Equator Principles Bank since 2009 and an IFC client in 2009.

## Examples where financial entities disclose projects financed through funds backed by DFIs

As described earlier, CDC Group, IFC, and OPIC have been disclosing sub-project information consisting of the name, location, and sector of the project of their investments in private equity funds. Figure 7 below provides an example of how IFC discloses fund sub-project information on its website, which includes the name, location, and sector. IFC has an equity investment in Helios Investment Partners which is a London-based private equity fund. In compliance with IFC's disclosure policy, IFC periodically discloses the names of its sub-projects, including those in high-risk sectors like oil and gas exploration, energy, and agriculture.

**Figure 7: Example of IFC's disclosure of its funds activities and projects**

The screenshot shows the IFC Project Information Portal for Helios Investors III, L.P. The page includes a disclaimer, a summary of investment information, and a table of private equity funds disclosure. The summary table lists project details such as Project Number (34569), Company Name (HELIOS INVESTORS III LP), Country (Africa Region), and Industry (Infrastructure). The private equity funds disclosure table lists various investments, including Acom Group, Africa Oil Corp, ARM Pension Mgr, Crown Agents Bank, Faury, GBFeeds Africa, Qando Gas and Power (QGP), Off-Grid Electric (OGE), and OVH Energy, along with their respective countries and sectors.

Investee	Country of Investment	Sector
Acom Group	Kenya	Construction and Real Estate
Africa Oil Corp	Eastern Africa Region	Oil and Gas Exploration
ARM Pension Mgr	Nigeria	Contractual Savings and Pensions
Crown Agents Bank	Africa Region	Commercial Banking - Trade
Faury	Egypt, Republic of	Retail Payment Points
GBFeeds Africa	Africa Region	Other
Qando Gas and Power (QGP)	Nigeria	Oil and Gas Transport or Pipeline
Off-Grid Electric (OGE)	Tanzania	Solar - Renewable Energy Generation
OVH Energy	Nigeria	Other Petroleum and Coal Products

Retrieved from <https://disclosures.ifc.org/#/landing> on September 26, 2018.

## Examples where financial entities disclose the names of specific companies or projects that they will not fund

Most DFIs have in place a public exclusion list of sectors that they will not finance directly, and they may also publicly state that they will not finance certain controversial projects. The use of such a list gives a clear signal and expectation that they will not engage with clients linked to negative practices.

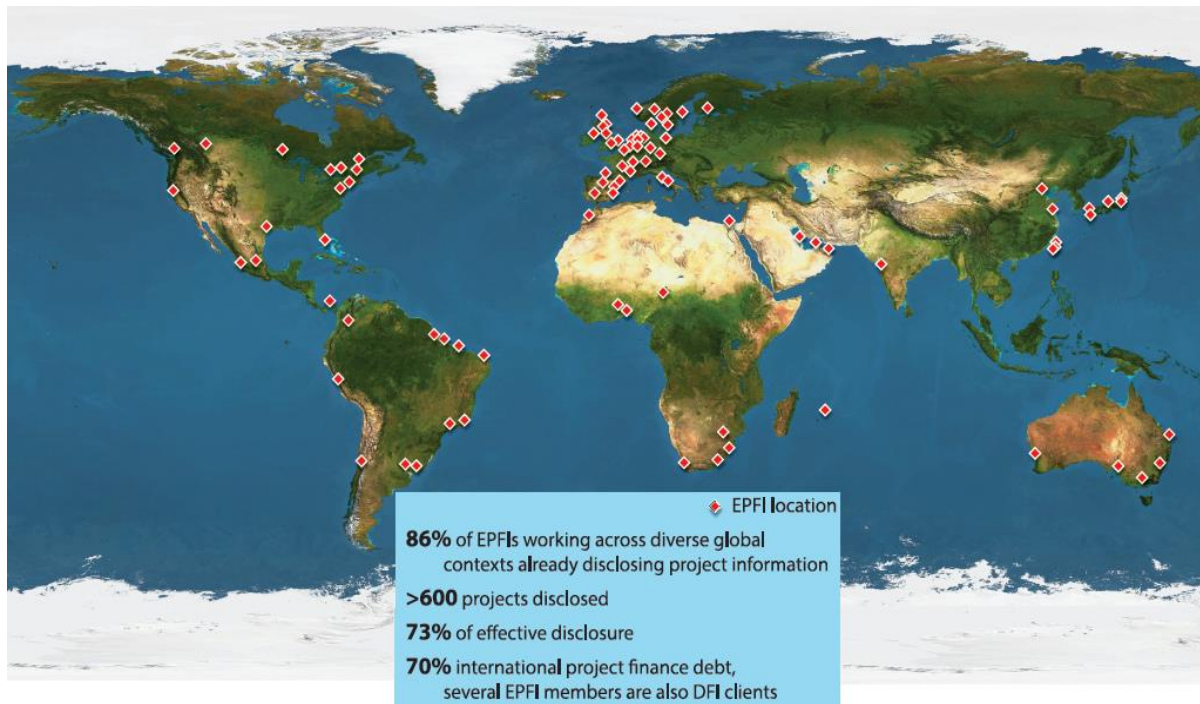
In addition to listing the sectors in which they will not do business, it is critical that DFIs exclude and list publicly companies and financial intermediary clients that are persistently recalcitrant on compliance with DFI environmental and social standards or the recommendations of DFI accountability mechanisms when investigated. As noted by a CAO Audit of IFC investments in financial intermediaries, “a number of examples where failure to comply with E&S [environmental and social] covenants in legal agreements did not cause IFC to refuse additional IFC financing, although IFC staff advised that it was not accepted practice to do this.”<sup>66</sup> Certainly there are precedents for these types of public lists. A similar system exists at the World Bank Group’s Integrity Unit, which investigates and pursues sanctions related to fraud and corruption, where “the firms and individuals listed are ineligible to be awarded a World Bank-financed contract”.<sup>67</sup>



## 4 WHY NOW?

DFIs often pride themselves as leaders in sustainable banking and on trailblazing new standards and accountabilities. Given their development mandate and financial power, DFIs are, in many aspects, leading best practice in the development and financial sector. However, with few exceptions, DFIs are now trailing behind on transparency in their financial intermediary lending. While almost 100 banks have initiated project-name reporting under the Equator Principles, DFIs have yet to replicate this process and require the same of their financial intermediaries. Although commercial banks have obtained client consent to disclose literally thousands of deals to paywalled financial sector databases, DFIs have no process to capture this existing reporting and render it accessible to a broader public when financing commercial banks.

**Figure 8: Four years ago, few, if any, banks disclosed their lending. Today under the Equator Principles alone, 93 banks operating across five continents are disclosing their project finance lending for activities in a dizzying array of country contexts.**



Source: Oxfam calculations using data from the Equator Principles website.

This lack of systematic transparency is a missed opportunity for DFIs to model best practice by showcasing the kinds of activities that their financial intermediary lending supports. It is a critical gap in DFI efforts to influence and shape improved outcomes from the commercial financial sector. Further, a lack of transparency undermines the credibility of DFI reporting on the benefits gained via financial intermediary lending, as claims without an independently verifiable evidence base will likely attract concerns and critique. As the CAO notes, the IFC does not, in general, have a basis to assess FI clients' compliance with its environmental and social requirements.

The digital disruption of new online technologies is also driving pressures for increased transparency. Communities are using social media and other tools to communicate to the world about projects with poor practices that violate their human rights. In turn, a small, but growing, number of CSOs and investigative journalists are developing the tools to ‘follow the money’ in harmful projects or practices on the ground to uncover the financial institutions that back them. In recent years, such initiatives have named and shamed a series of financial institutions and led to an increasing number of community complaints to accountability mechanisms and campaigns against banks.<sup>68</sup> The bottom line is that in this new digital era, if DFIs and their financial intermediaries do not disclose basic (sub-)project information and their financial relationships, they face the reputational risk that someone else will.

In 2017, the UN Office of the High Commissioner on Human Rights clarified that responsibilities under the UN Guiding Principles on Business and Human Rights extend to financiers themselves, not just their clients (Guiding Principle 21).<sup>69</sup> It is difficult to envisage how financial intermediaries, and the DFIs that finance them, can meet their responsibilities under Guiding Principle 21 without promoting accountability through publicly disclosing the link between DFIs and high-risk activities through their financial intermediary lending. This begins with disclosing the names of higher-risk projects, and companies undertaking activities with equivalent risk. This should initially focus on sectors with high environmental and social risks, such as infrastructure (i.e. power, energy projects, roads, telecoms, water, rail, airports, and ports), agribusiness, logging, mining, and oil and gas.

DFIs should be able to proactively address and show leadership in some of the most fundamental challenges confronting commercial banks and investors on issues such as human rights, transparency, and accountability. In the absence of systematic transparency on financial intermediary lending it is not possible to ascertain whether problematic cases, revealed in media and NGO exposés, are aberrations or indicative of broader systemic problems. What is clear is that the inability of DFIs to uphold their existing standards as they expand their financial intermediary lending threatens not only communities, but their ability to attract responsible development partners.

In the end, DFIs as development institutions with a development mandate have a responsibility to their ultimate client—not financial intermediaries, but the people whom they are supposed to benefit. Otherwise, it will be vulnerable communities on the ground who bear the greatest consequences of the lack of transparency.

*“Provide information that is sufficient to evaluate the adequacy of an enterprises’ response to the particular human rights impact involved.”*

United Nations Guiding Principles on Business and Human Rights: Guiding Principle 21

*“The clients are the poor people in the country, the government [and private sector] is your intermediary, you are working with the government as [a] way to help the poor people in the country, they are the ultimate beneficiaries.”*

Shanta Devarajan, Senior Director, Development Economics, and Acting Chief Economist of the World Bank Group. State of Disruption: Governance GP conference 2018. Wednesday, June 27, 2018, Washington, D.C.

# 5 A PROPOSED NEW FRAMEWORK: OPEN BOOKS FOR HIGH-RISK FINANCING

DFIs are uniquely positioned to lead the global financial community towards greater accountability and good transparency practices given their convening and financial leverage, their strategic position to bridge the private and public sector, and their role as public institutions with a development mandate. DFIs should pick up the bar where they dropped it and lead transparency and disclosure practices for their financial intermediary lending, taking into account some of the emerging reporting practices of banks, including those in emerging markets, and the regulatory and other drivers of disclosure. This report shows that DFIs are out of excuses and that the time is right for the DFIs to take a decisive step towards more transparency in their intermediary operations. It also presents a central test of DFI claims that financial intermediary lending raises, rather than lowers, the bar on social and environmental standards.

To this end, DFIs should:

1. Commit to setting up and convening a regular multi-stakeholder dialog on “Open Books on High-Risk Financing” with financial intermediary clients, commercial banks, bank regulators, and civil society to discuss practices, tools, and approaches to transparency and disclosure and how to apply them in different legal contexts. The IFC has expressed interest in leading such an effort, but others could step up too.
2. Commit to a time-bound financial intermediary disclosure reform agenda of disaggregated project-level information of higher-risk project finance and project-related corporate finance transactions, including other project finance instruments such as bonds. Such an agenda should take into account the following principles as well as emerging global disclosure and reporting initiatives and practices:
  - a. Prior to a contract agreement, DFIs should support financial intermediaries to understand and secure consent and understand how to disclose information in their legal context.
  - b. Require all financial intermediaries to develop a disclosure policy and set up the appropriate mechanisms for disclosure and transparency as part of the Environmental and Social Management System (ESMS). Transparency and disclosure of information is an integral part of the ESMS.
  - c. Screen out financial intermediaries that are not willing to step up with their clients to promote a global norm of higher-risk project-related information disclosure regardless of the financial instrument, in the same manner as they approach their direct investments.

*Similar to the HSBC standard for the palm oil sector.*

- d. Require that all financial intermediaries request consent of their future clients to disclose their name, project name, sector and location of higher risk activities regardless of the financial instrument (project finance, project-related corporate finance and other project finance instruments such as bonds, among others).

*Phase in provisions towards the HSBC standard for the palm oil sector but in all high-risk sectors.*

- e. Incentivize financial intermediaries to extend finance only to clients who consent to disclosing their financial relationship. Incentives could include the following: requiring higher-risk management standards where disclosure does not occur, providing more favourable financing terms where disclosure exists, or ranking disclosure in selection processes and setting time-bound commitments to phase in increased disclosure for all financing.
- f. When consent is granted, require the financial intermediary clients to disclose on their websites the project name, client, project location, and sector of all high- and substantial risk project finance and project-related corporate finance, including project-related bond transactions.

*Matching or exceeding the Equator Principles standard for commercial banks; and matching or exceeding IFC, OPIC, and CDC standards for investment funds.*

- g. Publish on the DFI website the project name, client, project location and sector of all high and substantial risk project finance and project-related corporate finance including project-related bond transactions of their financial intermediary clients.

*Similar to the World Bank and OPIC.*

- h. Develop a public debarment list of companies and financial institutions based on human rights and social and environmental compliance for when financial intermediaries and their clients are persistently recalcitrant with respect to complying with the DFI's Environmental and Social Standards, including disclosure or when financial intermediaries and their clients are not willing to fully comply with the recommendations of the DFI's accountability mechanism after being subject of an investigation.

*Matching or exceeding the standard of the World Bank Group's integrity unit.*

# NOTES

- 1 See, for example, *The Suffering of Others: The human cost of the International Finance Corporation's lending through financial intermediaries*. Oxfam International (2015) <https://www.oxfam.org/en/research/suffering-others>; *Still Banking on Land Grabs*. Oxfam Australia (2016) <https://resources.oxfam.org.au/pages/view.php?ref=1734&k=c456e625dc>; *Owning the Outcomes: Time to make the World Bank Group's financial intermediary investments more accountable*. Oxfam International (2017) <https://www.oxfam.org/en/research/owning-outcomes>; *Outsourcing Development: Lifting the Veil on the World Bank Group's Lending Through Financial Intermediaries*. IDI (2016–2018) <https://www.inclusivedevelopment.net/what-we-do/campaigns/outsourcing-development/>; *The Broken Promises: The World Bank, International Investors and the Fight for Climate Justice in the Philippines*. IDI (2018) <https://www.inclusivedevelopment.net/wp-content/uploads/2018/04/Philippines-Coal-Report.pdf>
- 2 For example, Oxfam's report, *The Suffering of Others*, highlights a case in which an IFC financial intermediary client has been associated with abuses in Laos and Cambodia, where in 13 affected villages at least 164 households lost residential plots and individually-held farmland, while entire communities suffered losses of communal lands and forests. The confiscation of land and destruction of forests has resulted in a sharp deterioration in living standards, with women facing a particular burden as they struggle with daily tasks such as collecting forest products and firewood, tending cattle and working on their farms. <https://www.oxfam.org/en/research/suffering-others>
- 3 CAO. (2012). *Audit of a Sample of IFC Investments in Third Party Financial Intermediaries*. Page 25. Retrieved from [http://www.cao-ombudsman.org/newsroom/documents/Audit\\_Report\\_C-I-R9-Y10-135.pdf](http://www.cao-ombudsman.org/newsroom/documents/Audit_Report_C-I-R9-Y10-135.pdf)
- 4 United Nations. (2017, January 31). *Guiding Principles Reporting Framework Investor Statement*. Retrieved from [https://www.ungpreporting.org/wp-content/uploads/2015/02/1\\_31\\_2017-UN-GUIDING-PRINCIPLES-REPORTING-FRAMEWORK-INVESTOR-STATEMENT.pdf](https://www.ungpreporting.org/wp-content/uploads/2015/02/1_31_2017-UN-GUIDING-PRINCIPLES-REPORTING-FRAMEWORK-INVESTOR-STATEMENT.pdf)
- 5 Short-term finance (two years or less) and trade finance programs are beyond the scope of this report.
- 6 IFC's environmental and social categorization reflects the magnitude of risks and impacts in three categories. FI-3 represent transaction with "minimal or no adverse environmental risks and impacts", which is about 20% of IFC's FI portfolio. On the other hand, FI-1 and FI-2 categories represent transactions with "activities with potential significant adverse environmental or social risks or impacts" (FI-1) and with a "limited number of business activities with potential significant adverse environmental and social risks or impacts" (FI-2). FI-1 and FI-2 categories represent about 80% of IFC's FI portfolio. Numbers are according to IFC's Annual reports. IFC Environmental and Social Categorization. Retrieved from [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/es-categorization](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/es-categorization)
- 7 These figures are derived from IFC annual reports for fiscal years 2015, 2016, 2017, and 2018. [http://www.ifc.org/wps/wcm/connect/publications\\_ext\\_content/ifc\\_external\\_publication\\_site/publications\\_listing\\_page/previous-annual-reports](http://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications_listing_page/previous-annual-reports)
- 8 As mentioned in this report, financial intermediary investments include investment in banks, non-bank financial institutions and funds. In the case of CDC Group, with the available data, it is difficult to aggregate and report on its total financial intermediary investments. CDC Group differentiates and reports both separately by sector and by product. According to CDC Group's annual reports, one of its priority sectors is financial services where they invest in financial institutions like banks and non-bank financial institutions. CDC Group total portfolio in financial services is 24%. However, CDC Group differentiates its investments in financial services from its investments in funds, reporting a total portfolio of 52% in intermediated equity (by product), which are investment in funds. For more information see Product breakdown of CDC Group portfolio: <https://www.cdcgroup.com/en/our-investments/key-data/>. For product descriptions, see <https://www.cdcgroup.com/en/how-we-invest/investment-strategy/products/>.
- 9 Interview with Eva Mayerhofer, Lead Environmental Specialist at EIB who specializes in E&S due diligence applied to FI Investments, and Georges Gloukoviezoff, Civil Society Officer handling NGO queries related to FIs on January 22, 2018.
- 10 Interview with Dan Siddy from FMO on February 2, 2018.

- 11 See endnote 2.
- 12 Project-related information starts with disclosing the name of the project or client, the location of the project, and the sector. In addition, project-related information also consists of all relevant project documents such as environmental and social impact assessments, resettlement plans, impact mitigation plans, and environmental audits, among others.
- 13 See endnote 1.
- 14 Shift. (2015). *Human Rights Due Diligence in High Risk Circumstances: Practical Strategies for Businesses*. Page 3. Retrieved from [https://www.shiftproject.org/media/resources/docs/Shift\\_HRDDinhighriskcircumstances\\_Mar2015.pdf](https://www.shiftproject.org/media/resources/docs/Shift_HRDDinhighriskcircumstances_Mar2015.pdf)
- 15 See endnote 1.
- 16 IFC. Performance Standards. Available at: [https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards)
- 17 Inclusive Development International. Retrieved from <https://www.inclusivedevelopment.net/>
- 18 Bank Information Center Europe. Retrieved from <http://bic-europe.org/>
- 19 Philippine Movement for Climate Justice. Retrieved from <http://climatejustice.ph/main/>
- 20 World Bank. (2015). *Bank Policy: Access to Information*. <http://pubdocs.worldbank.org/en/393051435850102801/World-Bank-Policy-on-Access-to-Information-V2.pdf>
- 21 World Bank List of Exceptions. Retrieved from <http://www.worldbank.org/en/access-to-information/ai-exception>
- 22 IFC. (2012). IFC Access to Information policy. <http://documents.worldbank.org/curated/en/232091480670640577/IFC-access-to-information-policy>
- 23 For example, the 2002 World Bank “Policy on Disclosure of Information,” states in section 2: “In addition, timely dissemination of information to local groups affected by the projects and programs supported by the Bank, including nongovernmental organizations, is essential for the effective implementation and sustainability of projects. Experience has demonstrated that consultation and sharing of information with co-financiers, partners, and groups and individuals with relevant knowledge of development issues help to enhance the quality of Bank-financed operations.” <http://siteresources.worldbank.org/OPSMANUAL/Resources/DisclosurePolicy.pdf>.
- 24 IFC. (2012). Access to Information policy, op. cit.
- 25 A. Mehta and M. Landy. (2017). *Sustainable Practices for Private Equity Funds Business*. Retrieved from Medium: [https://medium.com/@IFC\\_org/sustainable-practices-for-private-equity-funds-business-5d841850f7c5](https://medium.com/@IFC_org/sustainable-practices-for-private-equity-funds-business-5d841850f7c5)
- 26 IFC Project Information Portal, Private Equity Fund, Sub-project disclosure. Retrieved from <https://disclosures.ifc.org/#/enterpriseSearchResults>
- 27 These figures are derived from IFC annual reports for fiscal years 2010 to 2017. Retrieved from: [http://www.ifc.org/wps/wcm/connect/publications\\_ext\\_content/ifc\\_external\\_publication\\_site/publications\\_listing\\_page/previous-annual-reports](http://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications_listing_page/previous-annual-reports). See endnote 6 for an explanation of IFC’s environmental and social categorization. Numbers are according to IFC’s Annual reports. IFC Environmental and Social Categorization, op. cit.
- 28 CDC Group Portfolio Key Data. Retrieved from <https://www.cdcgroup.com/en/our-investments/key-data/>
- 29 CDC Group Investments Portal. Retrieved from <https://www.cdcgroup.com/en/our-investments/search-results/>; see also CDC Group List of Investee Business (project name, country and sector information). Retrieved from <http://www.cdcgroup.com/PageFiles/147/investeebusinesses-dec2012-april2013%5b0%5d.pdf>



- 30 N. Bugalski. (2016). *Owning the Outcomes: Time to Make the World Bank Group's Financial Intermediary Investments More Accountable*. Oxfam Briefing Note. Retrieved from [https://www.oxfam.org/sites/www.oxfam.org/files/file\\_attachments/bn-ifc-owning-outcomes-031016-en\\_0.pdf](https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/bn-ifc-owning-outcomes-031016-en_0.pdf)
- 31 World Bank's Operational Procedure BP 4.03 Performance Standard for Private Sector Activities. Retrieved from <https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0823092b9.pdf>
- 32 IFC Environmental and Social Categorization, op. cit.
- 33 See also World Bank financial intermediary projects Bosnia and Herzegovina: Enhancing SME Access to Finance, retrieved from <http://projects.worldbank.org/P111780/enhancing-sme-access-finance?lang=en&tab=overview>; and Nigeria: Development Finance Project, retrieved from <http://projects.worldbank.org/P146319/?lang=en&tab=documents&subTab=projectDocuments>
- 34 World Bank. (2017). *The World Bank Environmental and Social Framework*. Retrieved from <http://pubdocs.worldbank.org/en/837721522762050108/Environmental-and-Social-Framework.pdf>
- 35 These showed that the financial intermediary loan supported three categories of sub-projects: commercial renewable energy (hydropower projects of capacity exceeding 10 MW); emerging renewable energy (including solar, biomass, geothermal, wind, and hydropower projects of less than 10 MW capacity—53 sub-projects financed under the operation); and energy efficiency (sub-project that would achieve a minimum of 20% reduction in energy consumption, or cost saving from energy consumption of at least 50 percent). Retrieved from <http://projects.worldbank.org/P112578/private-sector-renewable-energy-energy-efficiency-project?lang=en&tab=overview>, and additional financing information retrieved from <http://projects.worldbank.org/P124898/private-sector-renewable-energy-energy-efficiency-additional-financing?lang=en&tab=overview>
- 36 Even though ADB's operations manual on financial intermediation loans states that the summary EIA or summary IEE must be disclosed to the public at least 120 days before the sub-project is approved, in practice no sub-project ESAs or any other indication of sub-projects could be found on the website. It is not clear whether this is because no Category A sub-projects have been funded or whether environmental and social sub-project information is not posted. ADB's project website displays 56 FI projects approved since 2005, of which four appeared to be infrastructure/natural resources funds. Two of these have an environmental and social safeguards framework (an indication of how the FI will apply the safeguards in the future to projects that are still unknown at the time of board approval), whereas the other two do not. <https://www.adb.org/projects>
- 37 Ibid.
- 38 EBRD. (2014). *Environmental and Social Policy*. Retrieved from <https://www.ebrd.com/downloads/research/policies/esp-final.pdf>
- 39 IFC. (2017). *Interpretation Note on Financial Intermediaries*. IN23. Retrieved from <https://www.ifc.org/wps/wcm/connect/38d1a68049ddf966af3cbfda80c2ddf3/IN+on+FI+Revised+April+11+2017.pdf?MOD=AJPERES>
- 40 Ibid. IFC FI interpretation note IN40 states: "The FI should require its borrowers/investees to submit regular E&S performance reports to provide an update on progress made with respect to the ESAP (if there is one), overall E&S performance, and any changes in its operations that may result in additional E&S risks and impacts."
- 41 CAO. (2012). *Audit of a Sample of IFC Investments in Third Party Financial Intermediaries*, op. cit.
- 42 United Nations. (2017, January 31). *Guiding Principles Reporting Framework Investor Statement*, op. cit.

- 43 The concept of materiality should recognize that disclosure of information of potential project risks and impacts is not only important to investors in making investment decisions, but is equally important to other stakeholders, especially communities that bear the consequences of those investment decisions. DFIs should embrace the approach of salient human rights issues within a broader materiality concept suggested by the UN Guiding Principles on Business and Human Rights (UNGPs), which takes the viewpoint of the rights holders in addition to the risks for the business, client, or reporter. See also: *Defining Materiality: What matters to reporters and investors* (2015). Global Reporting Initiative and ROBECOSAM. <https://www.globalreporting.org/resource/library/Defining-Materiality-What-Matters-to-Reporters-and-Investors.pdf>
- 44 Sustainability Accounting Standards Board. About Materiality. Retrieved from <https://www.sasb.org/materiality/important/>
- 45 See endnote 1.
- 46 P. Le Hou  rou. (2017). *Re-examining our work with financial institutions*. Retrieved from Medium: [https://medium.com/@IFC\\_org/re-examining-our-work-with-financial-institutions-208c4161d9e3](https://medium.com/@IFC_org/re-examining-our-work-with-financial-institutions-208c4161d9e3)
- 47 IFC Environmental and Social Categorization, op. cit.
- 48 Triodos Bank. Retrieved from <https://www.triodos.co.uk/en/about-triodos/why-were-different/transparency/>
- 49 Thomson Reuters Eikon. Retrieved from <https://financial.thomsonreuters.com/en/products/tools-applications/trading-investment-tools/eikon-trading-software.html>
- 50 S. Narayanasamy. (2014). *Banking on Shaky Ground: Australia's Big Four Banks and Land Grabs*. Retrieved from [https://www.oxfam.org.au/wp-content/uploads/site-media/pdf/2014-47%20australia%27s%20big%204%20banks%20and%20land%20grabs\\_fa\\_web.pdf](https://www.oxfam.org.au/wp-content/uploads/site-media/pdf/2014-47%20australia%27s%20big%204%20banks%20and%20land%20grabs_fa_web.pdf)
- 51 Equator Principles. EP Association Members and Reporting. Retrieved from <http://equator-principles.com/members-reporting/>
- 52 These calculations are based on data collected from the Equator Principles website, retrieved on July 9, 2018 from <http://equator-principles.com/>.
- 53 There are 93 Equator Principles Financial Institutions from 37 countries, of which 18 are from the global south and 19 are from the global north. During the last reviewed reporting period, about 628 projects were disclosed on the EP website. 235 projects were not disclosed as per the disclosure conditions specified in Annex B of the Equator Principles. Annex B states that "The EPFI will seek client consent at any time deemed appropriate but no later than Financial Close." It also states that "Individual EPFIs may want to publish the data as part of their individual reporting, but there is no obligation to do so." Equator Principles. (2013). *The Equator Principles June 2013*. Annex B, page 13. Retrieved from [http://equator-principles.com/wp-content/uploads/2017/03/equator\\_principles\\_III.pdf](http://equator-principles.com/wp-content/uploads/2017/03/equator_principles_III.pdf)
- 54 Nedbank Limited and FirstRand Limited from South Africa, Ita   Unibanco from Brazil, IDFC from India, and Ecobank from Togo, as well as Santander, BNP Paribas, Rabobank, Cr  dit Agricole, HSBC and Soci  t   General are IFC clients and Equator Principles banks.
- 55 Equator Principles. (2013). *The Equator Principles June 2013*. Annex B, page 13. Retrieved from [http://equator-principles.com/wp-content/uploads/2017/03/equator\\_principles\\_III.pdf](http://equator-principles.com/wp-content/uploads/2017/03/equator_principles_III.pdf)
- 56 HSBC. (2017, February 20). *Statement on Revised Agricultural Commodities Policy: Palm Oil*. Retrieved from <https://www.hsbc.com/news-and-insight/media-resources/media-releases/2017/hsbc-statement-on-revised-agricultural-commodities-policy>
- 57 Equator Principles. HSBC Holdings Plc. Retrieved from <http://equator-principles.com/hsbc-holdings-plc-3/>
- 58 IFC Project portal. Project Number 10469. Retrieved from <https://disclosures.ifc.org/#/projectDetail/SPI/10469>

- 59 N. Bugalski. (2016). *Owning the Outcomes: Time to Make the World Bank Group's Financial Intermediary Investments More Accountable*, op. cit.
- 60 C. Donaldson. (2017). *A Year After Promising to Improve, What Has the IFC Done to Clean Up Their Financial Intermediary Lending?* Retrieved from Medium: <https://medium.com/@OxfamIFIs/a-year-after-promising-to-improve-what-has-the-ifc-done-to-clean-up-their-financial-intermediary-a8c88f09bf81>
- 61 P. Le Hou  rou. (2017). *Re-examining our work with financial institutions*, op. cit.
- 62 OPIC. (2010). *Environmental and Social Policy Statement*, p.14. [https://www.opic.gov/sites/default/files/consolidated\\_esps.pdf](https://www.opic.gov/sites/default/files/consolidated_esps.pdf)
- 63 The Standard Bank of South Africa Limited has been an Equator Principles Bank since 2009 and an IFC client in 2009.
- 64 OPIC Information Summary for the Public. Standard Bank of South Africa Limited. Retrieved from [https://www.opic.gov/sites/default/files/files/PublicSummary\\_StandardBankofSouthAfrica.pdf](https://www.opic.gov/sites/default/files/files/PublicSummary_StandardBankofSouthAfrica.pdf)
- 65 OPIC Lake Turkana – Standard Bank of South Africa. Retrieved from <https://www.opic.gov/sites/default/files/files/Public-Summary-Lake-Turkana-Standard-Bank-of-South-Africa.pdf>
- 66 CAO. (2012). *Audit of a Sample of IFC Investments in Third Party Financial Intermediaries*. Page 31. Retrieved from [http://www.cao-ombudsman.org/newsroom/documents/Audit\\_Report\\_C-I-R9-Y10-135.pdf](http://www.cao-ombudsman.org/newsroom/documents/Audit_Report_C-I-R9-Y10-135.pdf)
- 67 World Bank Listing of Ineligible Firms & Individuals. Retrieved from <http://web.worldbank.org/external/default/main?theSitePK=84266&contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984>
- 68 See the *Follow the Money to Justice* online resource that provides information, practical tips, and exercises detailing how to map an investment chain behind a project: <https://www.followingthemoney.org/>. See also the Early Warning System of the International Accountability Project: <http://accountabilityproject.org/what-we-do/support-the-frontlines/ews>
- 69 UN Office of the High Commissioner for Human Rights. (2017). *OHCHR Response to Request from BankTrack for Advice Regarding the Application of the UN Guiding Principles on Business and Human Rights in the Context of the Banking Sector*. Retrieved from <https://www.ohchr.org/Documents/Issues/Business/InterpretationGuidingPrinciples.pdf>

# OXFAM

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