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February 24, 2005

Closing Date: Tuesday, March 8, 2005

FROM: Vice President and Corporate Secretary

**World Bank Disclosure Policy: Additional Issues  
Follow-Up Consolidated Report (Revised)**

1. Attached is a President's Memorandum together with a report entitled *World Bank Disclosure Policy: Additional Issues - Follow-up Consolidated Report (Revised)*.
2. The previous version of this report (R2003-0112/9[IDA/R2003-0128/9]) was discussed at a meeting of the Executive Directors on November 18, 2004. At the conclusion of that meeting, Management was asked to address the issues that came up with respect to three specific proposals—i.e. on unifying the policies on the disclosure of CASs, disclosing Board minutes, and a program to pilot the disclosure of operational policy reviews simultaneously with their distribution to the Board—and send the revised report for Board approval on an absence-of-objection basis. The attached report responds to that request.
3. In the absence of objection (to be communicated to the Vice President and Corporate Secretary by close of business on **March 8, 2005**), the recommendation in paragraph 4 of the attached President's memorandum will be deemed approved, and be so recorded in the minutes of a subsequent meeting of the Executive Directors.
4. Questions on this report should be referred to Mr. Bruce (ext. 34160) or Mrs. Gunaratne (ext. 84421).

Distribution:

Executive Directors and Alternates  
President  
Bank Group Senior Management  
Vice Presidents, Bank, IFC and MIGA  
Directors and Department Heads, Bank, IFC and MIGA



OFFICE OF THE PRESIDENT

February 14, 2004

## MEMORANDUM TO THE EXECUTIVE DIRECTORS

### World Bank Disclosure Policy: Additional Issues

#### Follow-Up Consolidated Report (Revised)

1. On July 3, 2003, when the Executive Directors discussed a report entitled *World Bank Disclosure Policy: Progress Report on Implementation* (R2003-0112, IDA/R2003-0128), they asked Management to conduct additional work to explore the scope for (a) unifying the policies on the disclosure of Country Assistance Strategies (CASs) across all borrowers, (b) disclosing Board minutes, and (c) disclosing Board documents before Board deliberation. In addition, some Executive Directors underlined the need for a more open policy on the disclosure of all policy and strategy papers related to operations, and asked Management to examine ways to make such documents routinely available to the public. At two subsequent informal meetings on May 4, 2004 and July 15, 2004, and at a formal Board meeting on November 18, 2004, the Executive Directors discussed three reports that addressed these issues and several additional disclosure issues that had arisen during the implementation of the 2002 disclosure policy (see R2003-0112/3, IDA/R2003-0128/3; R2003-0112/7, IDA/R2003-0128/7; and R2003-0112/9, IDA/R2003-0128/9). At the conclusion of the November 18, 2004 Board discussion, staff were asked to address the issues that came up with respect to three specific proposals—on unifying the CAS disclosure policy, disclosing Board minutes, and a program to pilot the disclosure of operational policy reviews simultaneously with their distribution to the Board—and send the revised paper for Board approval on an absence-of-objection basis. As a first step toward revising the paper, on January 10, 2005, Management sent an informal note to all Executive Directors, laying out how it proposes to address these issues, and seeking the Executive Directors' initial comments on the draft proposals. The attached report reflects the emerging compromises on the three difficult proposals cited at (a), (b), and (c) above, and the consensus already reached on the remaining proposals—all of which are presented for the Board's approval on an absence-of-objection basis.

2. The measures proposed in the attached report are well justified in light of the shared vision of disclosure that Management and the Board have developed over the last decade, and would help sustain the Bank's leadership in this area. They would extend, rationalize, or simplify the provisions of the current disclosure policy. All these changes, if approved and incorporated in the Bank's disclosure policy, would then be subject to the relevant constraints set forth in Part IV of the disclosure policy and the provisions on confidential or sensitive information set out in para. 52 of the disclosure policy. The report also clarifies the types of information individual Executive Directors or their offices may make available to the public, the Bank's position with respect to member governments' disclosure of their views relating to matters considered by the Bank's Board, and the types of information the Bank may disclose with respect to debt-service payments by borrowers.

3. **Effectiveness and Monitoring.** If the Executive Directors approve the proposals contained in the attached report, they would all take effect on April 1, 2005. Following the Board decision, Management would revise the 2002 disclosure policy as needed to incorporate the changes approved. Management would also inform all staff of the changes, make additional training available to the information officers in Public Information Centers and other staff who need to implement the changes, and update the

*Disclosure Handbook.* Management would closely monitor the cost of implementing the measures approved by the Board, and report to the Board at the end of the second year of implementation.

4. ***Recommendation.*** I recommend that the Executive Directors approve the proposals set out in para. 33 of the attached report, and the disclosure of the report.

James D. Wolfensohn  
President

by Shengman Zhang

**WORLD BANK DISCLOSURE POLICY:  
ADDITIONAL ISSUES**

**FOLLOW-UP CONSOLIDATED REPORT (REVISED)**

**OPERATIONS POLICY AND COUNTRY SERVICES  
FEBRUARY 14, 2004**

## ABBREVIATIONS AND ACRONYMS

AsDB	Asian Development bank
BP	Bank Procedure
CAS	Country Assistance Strategy
CODE	Committee on Development Effectiveness
COGAM	Committee on Governance and Executive Directors' Administrative Matters
CPIN	CAS public information notice
CRN	Country Reengagement Note
CY	Calendar year
DGF	Development Grant Facility
FY	Fiscal year
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Association
IMF	International Monetary Fund
MOP	Memorandum of the President
OP	Operational Policy
OPCS	Operations Policy and Country Services
PIC	Public Information Center
PID	Project Information Document/Program Information Document
PIN	Public Information Notice
SEC	Corporate Secretariat
SSP	Sector Strategy Paper
TPIN	Public information notice on Transitional Support Strategy

# WORLD BANK DISCLOSURE POLICY: ADDITIONAL ISSUES

## FOLLOW-UP CONSOLIDATED REPORT (REVISED)

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## WORLD BANK DISCLOSURE POLICY: ADDITIONAL ISSUES

### FOLLOW-UP CONSOLIDATED REPORT (REVISED)

1. On July 3, 2003, when the Executive Directors discussed a report entitled *World Bank Disclosure Policy: Progress Report on Implementation* (R2003-0112, IDA/R2003-0128), they asked Management to conduct additional work to explore the scope for (a) unifying the policies on the disclosure of Country Assistance Strategies (CASs) across all borrowers, (b) disclosing Board minutes, and (c) disclosing Board documents before Board deliberation. In addition, some Executive Directors underlined the need for a more open policy on the disclosure of all policy and strategy papers related to operations, and asked Management to examine ways to make such documents routinely available to the public. At two subsequent informal meetings on May 4, 2004 and July 15, 2004, and at a formal Board meeting on November 18, 2004, the Executive Directors discussed three reports that addressed these issues and several additional disclosure issues that had arisen during the implementation of the 2002 disclosure policy.<sup>1</sup> At the conclusion of the November 18, 2004 Board discussion, the Chairman asked staff to address the issues that came up with respect to three specific proposals—i.e. on unifying the policies on the disclosure of CASs, disclosing Board minutes, and a program to pilot the disclosure of operational policy reviews simultaneously with their distribution to the Board—and send the revised report<sup>2</sup> for Board approval on an absence-of-objection basis. As a first step toward revising the report, on January 10, 2005, Management sent an informal note to all Executive Directors, laying out how it proposes to address these issues, and seeking the Executive Directors' initial comments on the draft proposals. The revised report reflects the emerging compromises on the three difficult proposals cited at (a), (b), and (c) above, and the consensus already reached on the remaining proposals—all of which are presented for the Board's approval on an absence-of-objection basis.

#### I. ADDITIONAL PROVISIONS

##### A. Country Assistance Strategies

2. Country Assistance Strategies (CASs) were disclosed for the first time under a policy that took effect on August 1, 1998.<sup>3</sup> Under this policy, CASs for both IBRD and IDA countries were made available to the public at the request of the country. In January 1999, in the context of the IDA12 replenishment, the Board decided that CASs for IDA-eligible countries would be disclosed unless, in exceptional circumstances, the country concerned objected to such disclosure

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<sup>1</sup> *World Bank Disclosure Policy: Additional Issues* (R2003-0112/3, IDA/R2003-0128/3), *World Bank Disclosure Policy: Revised Report – Additional Issues* (R2003-0112/7, IDA/R2003-0128/7), and *World Bank Disclosure Policy: Additional Issues, Follow-Up Consolidated Report* (R2003-0112/9, IDA/R2003-0128/9).

<sup>2</sup> *World Bank Disclosure Policy: Additional Issues, Follow-Up Consolidated Report* (R2003-0112/9, IDA/R2003-0128/9).

<sup>3</sup> See *Enhancing Board Discussion of Country Assistance Strategies* (R98-199), July 16, 1998.

and the Board agreed not to disclose the CAS.<sup>4</sup> This policy change, affecting only IDA CASs, thus introduced differential treatment of similar documents.<sup>5</sup>

3. During the two informal Board meetings on May 4, 2004 and July 15, 2004, and at the formal Board meeting held on November 18, 2004, the Executive Directors reviewed options for adopting a more consistent policy on CAS disclosure. After a careful review of the Executive Directors' views on this matter, it is proposed that the policies on the disclosure of both IBRD and IDA CASs be revised as follows:

CASs would be made publicly available after they have been discussed by the Executive Directors and finalized, subject to two considerations: first, any confidential or sensitive information that is excluded from the CAS, but relevant to the Board discussion, could be transmitted to the Executive Directors separately in a Memorandum of the President (MOP) which will not be disclosed. Second, consistent with para. 52 of the 2002 disclosure policy, Management may restrict the release of a CAS in exceptional cases if extensive issues of confidentiality arise, or if disclosure could result in adverse relations between the Bank and the country concerned.

4. In implementing this policy, Management is firmly committed to the principle of transparency and disclosure, and achieving this in a manner that fully respects the country's ownership of the program supported by the CAS. Therefore, the detailed step-by-step procedures for disclosing CASs would be as follows:

- Step 1: Early during the preparation of a CAS, the country director would inform the country authorities in writing that the Bank's general policy is to disclose CASs after they have been discussed by the Executive Directors and finalized. The country director would further indicate that prior to finalizing the CAS for Board distribution, the country will be requested to (a) identify any text or data in the draft CAS that is confidential or sensitive, or information the disclosure of which may adversely affect relations between the Bank and the country, and (b) provide the country's written "no-objection" to disclosure of the CAS once it has been finalized after the Board meeting.
- Step 2: Prior to finalizing the CAS for distribution to the Board, the task team would make adjustments to the CAS to deal with any concerns raised by the country. If there are extensive issues of confidentiality or sensitivity, the task team would work closely with the country to resolve these issues, as is the current practice. With the concurrence of the country authorities, this may include moving any highly confidential or sensitive information to a Memorandum of the President (MOP), which would not be disclosed. In addition, if the country authorities have specific concerns about any issue raised in the CAS, such concerns will be incorporated in the CAS. After reaching agreement on the content of the CAS, the task team would seek the country's written "no-objection" to disclose the CAS; in most cases, this would end the consultation process on this issue.

<sup>4</sup> *Additions to IDA Resources: Twelfth Replenishment—A Partnership for Poverty Reduction* (IDA/R98-195), December 23, 1998, approved by the Executive Directors on January 12, 1999.

<sup>5</sup> See paras. 7 and 8 of the 2002 disclosure policy. The policy on the IDA CAS applies to all countries eligible for IDA support, including the countries known as "blend" countries.

The Board transmittal memorandum that accompanies the CAS when it is distributed to the Board for discussion would clearly indicate whether or not the country has given its "no-objection."

- Step 3: Given that the MOP can be used to convey any outstanding confidential or sensitive matters, and given that the country can now express its concerns about issues raised in the CAS in the CAS itself, we believe it would be very rare that the country authorities and the task team will not be able to reach agreement on the content of the CAS and resolve any disclosure issues before the CAS is transmitted to the Board for discussion. In the very rare event that the country authorities continue to object to the disclosure of a CAS, during the Board discussion on the CAS, Management will inform the Executive Directors about the country's concerns about disclosure, and seek the Board's views on this matter.
- Step 4: After the Board discussion, the task team will finalize the CAS based on the Chairman's Concluding Remarks, and send the revised CAS to the country for final comments. Management expects to resolve any remaining disclosure issues at this point and obtain the country's "no-objection" to disclosure if it has not yet been granted. Management hopes that these procedures will result in 100 percent disclosure of CASs. In the very rare case that a government does not grant its "no-objection", Management's final decision on disclosure would fully consider both the views expressed by the Board, and the concerns expressed by the country on this matter. In the event that a CAS is not disclosed, Management will ensure a subsequent discussion with the country concerned on how the next CAS can be managed in a way that would facilitate its disclosure. When the finalized CAS is transmitted to the Board, the Board submission form will clearly indicate its disclosure status. As is the current practice, any revisions made after the CAS was discussed by the Board will be indicated in an attachment to the Board submission form.

## **B. Board Minutes**

5. The Corporate Secretariat prepares minutes of all formal Board meetings. The minutes typically contain the following information:

- Names of those who were present
- Record of the approval of minutes of previous Board meetings
- Name of the presenter and the broad subject of any oral briefings
- Titles of any papers discussed, and the agreements and decisions reached, and
- Names of Executive Directors who wish to be recorded as abstaining or objecting.<sup>6</sup>

6. Under the Rules of Procedure for the Meetings of the Executive Directors, the proceedings of the Board, including Board committees, are confidential except when the Board decides to authorize the Chairman to arrange for suitable publicity in respect of particular decisions. Accordingly, the minutes of Board meetings and Board committee meetings are

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<sup>6</sup> Therefore, the names of Executive Directors who supported the decision may be inferred.

presently not available to the public. During the Board meetings held on May 4, 2004, July 15, 2004, and November 18, 2004, the Executive Directors discussed a proposal to disclose Board minutes, which drew in part on the experience of other international financial institutions. These discussions, and further exchanges with Executive Directors (via the January 10, 2005 informal note to all Executive Directors) indicated an emerging consensus to move toward greater transparency in this respect, with the understanding that the content of Board minutes would not change from its present form.

7. **Recommendation.** It is proposed that Board minutes, in their present form, be made available to the public after the Board has approved the minutes.<sup>7</sup> Material deemed by the Board to be confidential or sensitive will be redacted prior to disclosure, and the Board members will have the opportunity to identify any material to be redacted from the minutes before the minutes are approved and disclosed. As is the current practice, and in accordance with the Board's rules of procedure, draft minutes will be prepared as soon as possible after a Board meeting, and will be circulated to the Executive Directors for their approval within a designated period of 10 working days. To provide the public with a context for understanding the minutes, when the Bank releases minutes to the public, it will also provide references or web links to other forms of public information related to that Board discussion, such as press releases and Chairman's Concluding Remarks or Summings Up. Minutes of Executive Sessions of the Board will not be disclosed. Board transcripts and summaries of Board discussions,<sup>8</sup> and Board committee minutes and reports to the Board (i.e., green sheets) will also not be disclosed.

8. At least one regional development bank already has a policy to make Board minutes available to the public: in November 2003, the Executive Directors of the Inter-American Development Bank (IADB) approved the disclosure of its Board minutes.<sup>9</sup> In accordance with this policy, material deemed by IADB's Board to be too sensitive for public distribution may be redacted. IADB's experience to date in implementing this policy appears to be smooth, with no adverse implications for its internal deliberative process. A proposal to disclose the minutes of the Asian Development Bank's regular Board meetings is under consideration by its Board.<sup>10</sup>

### C. Operational Policy Reviews: Proposed Pilot

9. During the Board meetings on May 4, 2004, July 15, 2004, and November 18, 2004, the Executive Directors discussed Management proposals to pilot-test the ramifications of disclosing

<sup>7</sup> The minutes would be disclosed irrespective of whether the Board document that is discussed will be disclosed. For an Executive Director of a multi-country constituency, his/her opposition or abstention would be disclosed in Board minutes as representing his/her whole unit.

<sup>8</sup> Summaries of formal Board discussions are prepared solely to inform Bank staff about the meeting, and are not approved by the Board.

<sup>9</sup> According to IADB's disclosure policy, Board minutes are made available to the public no later than 60 calendar days after the Executive Directors approve the minutes. This policy applies only to meetings of the Board of Executive Directors where formal decisions are made; it does not apply to meetings of committees of the Board, which serve as a discussion forum for the Executive Directors before Board decisions are taken. It is useful to note that the minutes of IADB's Board meetings are very similar in content to those of the World Bank's Board meetings.

<sup>10</sup> See para. 153 of a working paper entitled *The Public Communications Policy of the Asian Development Bank, Disclosure and Exchange of Information*, December 2004, accessible at <http://www.adb.org>.

selected Board documents—including operational policy reviews<sup>11</sup>—before they are deliberated by the Board.<sup>12</sup> After a careful review of the Executive Directors' diverse views on this matter, Management proposes to refine the proposal discussed on November 18, 2004 in the following manner.

10. **Recommendation.** It is proposed to disclose, on a pilot basis, operational policy reviews simultaneously with their distribution to the Executive Directors for an informal Board discussion. The main aspects of this pilot are as follows:<sup>13</sup>

- The pilot will be limited to operational policy reviews that are subject to an external consultation process.
- Inclusion of a specific operational policy review in the pilot will not be automatic. In each case, Management's intention to include an operational policy review will be discussed with the Board at a preliminary stage of the review process, and reflected in the consultation plan for the policy review. This discussion would typically take place during an informal meeting of the Board when the initial Issues Note is discussed—i.e. before external consultations are launched. Hence, all Executive Directors will have an early opportunity to raise any concerns or issues about the appropriateness of including the specific policy review in the pilot. It would also help manage public expectations during the external consultation process.
- As is the current practice, external consultations will normally take place on the basis of the Issues Note endorsed by the Executive Directors. At the end of the external consultation process, Management would prepare the draft Operational Policy Review (and any associated draft OP/BP) and transmit it to the Board for an informal discussion. This paper will be made available to the public at the same time as it is distributed to the Executive Directors for the informal Board discussion. When releasing the document, Management will specifically request that any outside comments on the document be addressed to OPCS, which in turn will ensure that the Executive Directors are fully informed about the substance of such comments.
- Following the informal Board discussion, the paper (and any associated draft OP/BP) will be revised to take account of the Executive Directors' views. In the event that there will be additional Board discussions subsequent to the informal meeting referred to in the

<sup>11</sup> These are Management reviews of the Bank's operational policies with recommendations to the Board, for example, *World Bank Disclosure Policy Review, Revised Discussion Draft* (R2001-0146), July 27, 2001; and *Audit Policies and Practices for World Bank-Financed Activities—Proposed Changes* (R2003-0007), January 27, 2003.

<sup>12</sup> The paper *World Bank Disclosure Policy: Additional Issues* (R2003-0112/3, IDA/R2003-0128/3), discussed on May 4, 2004, proposed to include the following document categories in the pilot: Project Appraisal Documents, Program Documents for Poverty Reduction Support Credits, CASs, SSPs, and operational policy reviews. The revised paper (R2003-0112/7, IDA/R2003-0128/7), discussed on July 15, 2004, limited the scope of this pilot to only CASs, SSPs, and operational policy reviews. The follow-up paper, *World Bank Disclosure Policy: Additional Issues, Follow-Up Consolidated Report* (R2003-0112/9, IDA/R2003-0128/9), discussed on November 18, 2004, further narrowed down the scope of this pilot to only operational policy reviews.

<sup>13</sup> The proposed routine disclosure procedures outlined in para. 12 of this paper will not apply to operational policy reviews included in the pilot. Concomitantly, the operational policy reviews that will not be included in the proposed pilot will follow the disclosure process proposed in para. 12 below.

above bullet, Board papers related to such meetings will not be disclosed in order to facilitate a free and candid Board deliberative process.

- After the Board has approved the proposed policy/policy revisions, the finalized paper will be made available to the public. As is the current practice, the final OP/BP issued to staff will be available to the public via the Bank's Operational Manual as well.

11. ***Evaluation of the Pilot.*** After the Board discussions of the first two policy reviews to be simultaneously disclosed under the pilot, Management will report back to the Board with an assessment of experience. This assessment will be based primarily on the findings of a survey of the experience of Board offices as well as feedback from the business sponsor of the policy review (i.e., the team responsible for the policy review and associated external consultations). The assessment will focus on (a) implications for the Board's deliberative process, and (b) implications for the administrative capacity of Executive Directors' offices. In particular, the assessment will address (a) the likely costs of simultaneous disclosure—including undue pressure from special interest groups, and any adverse implications for the Board's deliberative process by reducing candor, or by politicizing the decision-making process; and (b) the likely benefits of simultaneous disclosure—including whether simultaneous disclosure had enriched the Board discussion by enabling the Board to take into account a variety of external views (rather than the views of a few privileged special interest groups which tend to gain access to confidential Board papers). Simultaneous disclosure of additional operational policy reviews under the pilot program would take place only after Management reports to Executive Directors on the experience with the first two policy reviews, and after reaching agreement with the Board on the scope and timing of the remainder of the pilot (including the total number of operational policy reviews to be tested, and the timeline for reporting back to the Board).

#### **D. Other Operational Policy and Strategy Papers Not Listed in the 2002 Policy**

12. The Bank has a number of operational policy and strategy documents that are not explicitly itemized in the current disclosure policy.<sup>14</sup> At present, if Management wishes to disclose such a document, it seeks the Board's approval to do so, either during a Board discussion, or on an absence-of-objection basis. It is proposed to simplify this process as follows: all operational policy and strategy papers that are distributed to the Executive Directors for Board consideration would be made publicly available after they have been discussed by the Board and finalized, unless the Executive Directors decide otherwise.<sup>15</sup> When such an operational policy or strategy document is distributed to the Executive Directors, SEC's transmittal memorandum would notify the Executive Directors that it will be made available to

<sup>14</sup> Part III of the 2002 disclosure policy explicitly lists CASs and Sector Strategy Papers (SSPs) among the categories of information disclosed by the Bank, but does not explicitly provide for the disclosure of other operational policy and strategy documents prepared by the Bank.

<sup>15</sup> This proposal excludes CASs and SSPs since they are already listed in Part III of the 2002 disclosure policy. The proposal is limited only to other operational policy and strategy documents, thus excludes documents related to financial, administrative, and institutional matters of the Bank. This proposal also excludes operational policy reviews that are included in the pilot proposed in para. 10 of this paper.

the public after the Board discussion, or after a designated period during which an Executive Director may raise objections to disclosure.<sup>16</sup>

### **E. Trust Funds Annual Report**

13. In early 2004, the Bank finalized the new *2003 Trust Funds Annual Report* containing aggregate financial information<sup>17</sup> on activities supported by trust funds administered by the Bank in FY03, as well as information on the main activities carried out under some of the major trust fund programs. It is proposed that this report and future trust funds annual reports be made available to the public.<sup>18</sup> It is further proposed that the Bank may make publicly available the annual reports for specific trust fund programs after obtaining the consent of the donor(s) concerned.

### **F. Information Related to IDA Mid-Term Reviews**

14. Under the current disclosure policy, Chairman's Summaries of IDA replenishment meetings and papers written for information or consideration during replenishment negotiations are publicly available.<sup>19</sup> But the current policy does not specifically address documents related to IDA Mid-Term Reviews. In the spirit of enhancing transparency with respect to IDA replenishment negotiations, it is proposed that Chairman's Summaries of IDA Mid-Term Review meetings, and papers written for information or consideration at, or as follow-up to, IDA Mid-Term Review meetings be made publicly available.

### **G. The Staff Manual**

15. The Bank receives a number of requests each year from outside parties for access to the Staff Manual which contains the Principles of Staff Employment (Principles) adopted by the Executive Directors<sup>20</sup> and the Staff Rules established by the President to implement the Principles. While the 2002 disclosure policy provides for the disclosure of general information

<sup>16</sup> As with all operational documents, disclosure would be subject to the relevant constraints set forth in Part IV of the 2002 disclosure policy. Any confidential or sensitive information would be handled in accordance with para. 52 of the disclosure policy.

<sup>17</sup> Includes aggregate information on contributions by donors, disbursements, and unaudited trust fund annual financial statements prepared by the Bank.

<sup>18</sup> Before the report is made available to the public, staff will ensure that all concerned donors have provided their consent for the disclosure of the aggregate financial information and financial statements included in the report, as required under para. 37 of the disclosure policy.

<sup>19</sup> See para. 62 of the disclosure policy.

<sup>20</sup> *Minutes of Meeting of the Executive Directors of the Bank and IDA* (M99-3 [Corr.], IDA/M99-3 [Corr.]), January 26, 1999; *Minutes of Joint Meeting of the Boards of Directors of IFC and MIGA and the Executive Directors of the IBRD and IDA* (M98-73, IDA/M98-72, IFC/M98-48, MIGA/M98-14), December 22, 1998; *Salary and Benefits Review: Proposals for Modernizing the Compensation System* (R98-262/2, IFC/R98-231/2, MIGA/R98-60/2), December 7, 1998; *Minutes of Meeting of the Executive Directors of the Bank and IDA* (M83-47, IDA/M83-44), September 27, 1983; *Minutes of Meeting of the Executive Directors of the Bank and IDA* (M83-45, IDA/M83-42), August 26, 1983; and *Minutes of Meeting of the Executive Directors of the Bank and IDA and the Board of Directors of IFC in Executive Session* (XM83-30, IFC/XM83-2), August 24, 1983; *Principles of Staff Employment* (R83-259, IDA/R83-105, IFC/R83-93), August 4, 1983; *Principles of Staff Employment* (R83-236, IDA/R83-96, IFC/R83-85), July 13, 1983.

on the Bank's salary structure and methodology, staff benefits, and similar information,<sup>21</sup> it does not explicitly provide for the disclosure of the Staff Manual. In the spirit of greater transparency, it is proposed that the Staff Manual be made available to the public, after removing any references to individual staff.

## H. Procurement Plans

16. In November 2003, the Executive Directors approved modifications to the Bank's procurement guidelines.<sup>22</sup> The revised guidelines established that, as part of project preparation, the borrower prepares a procurement plan and furnishes it to the Bank for its approval. The procurement plan, incorporated by reference in the legal agreement, sets forth (a) the particular contracts for the goods, works, and/or services required to carry out the project during the initial period of at least 18 months, (b) the proposed methods for procuring the contracts that are permitted under the Loan Agreement, (c) the particular contracts for consulting services required to carry out the project during the initial period of at least 18 months, (d) the proposed methods for selecting consultant services, and (e) the related Bank review procedures. The borrower updates the procurement plan annually or as needed throughout the project. To enhance transparency with respect to procurement processes under Bank-financed operations, it is proposed that the Bank make borrowers' procurement plans and updates of such plans available to the public.<sup>23</sup>

## I. CAS Public Information Notices

17. In the late 1990s, when CAS disclosure rates were low, the CAS Public Information Notices (CPIN) played an important role in informing the public about the proposed Bank assistance strategy for the country. Today, when almost all CASs are disclosed, the CPIN has become almost redundant.<sup>24</sup> There is little use in expending staff time on preparing an additional summary document on the CAS when the CAS itself is publicly available. It is therefore proposed that CPINs and public information notices on transitional support strategies (TPIN) be issued only when the main document is not made available to the public. In implementing this policy, prior to finalizing the public information notice, Bank staff will work closely with the country authorities to identify any confidential or sensitive issues in the document, and make adjustments to deal with any concerns raised by the country. Before releasing the public information notice, Management will ensure that the country authorities have provided their formal clearance to release the document.

<sup>21</sup> See para. 70 of the disclosure policy.

<sup>22</sup> See *Guidelines: Procurement under IBRD Loans and IDA Credits* and *Guidelines: Selection and Employment of Consultants by World Bank Borrowers* (R2003-0129/3, IDA/R2003-0152/3), October 21, 2003.

<sup>23</sup> The *Guidelines on Procurement Under IBRD Loans and IDA Credits* (normally referred to as "Procurement Guidelines") sets forth instructions on the preparation, update, and disclosure of procurement plans (see section 1.16 of the Procurement Guidelines). The initial procurement plan would be disclosed after the related operation has been approved. Subsequent procurement plans would be disclosed after they have been officially received and approved by the Bank.

<sup>24</sup> Feedback from the InfoShop indicates that CPINs are most in demand when the CAS is not disclosed. See *World Bank Disclosure Policy Review* (R2001-0146), July 27, 2001.

## J. IMF-Bank Relations Annexes

18. In the context of strengthening Bank-Fund collaboration on country programs and conditionality, IMF staff prepare a Fund Relations Note to accompany the Bank's Program Documents for development policy lending, and Bank staff prepare an IMF-Bank Relations Annex to accompany Board documents for new IMF programs or when warranted by significant changes in country circumstances.<sup>25</sup> Both Boards look to these annexes to transparently document the division of labor and each institution's substantive views on reform priorities and conditionality in the areas in which it takes the lead. It is proposed that the IMF-Bank Relations Annex may be made publicly available by the Bank after it is distributed to the Executive Directors for information, taking into account the need to protect confidential or sensitive information, and relations between the Bank and the country concerned.<sup>26</sup>

## K. Country Reengagement Notes

19. In early 2003, a new CAS product—the Country Reengagement Note (CRN)—was developed to lay out a short-term strategy for countries in which the Bank's involvement has been interrupted, and is now being resumed more actively than in a watching brief—but where the conditions are not conducive to a normal Transitional Support Strategy or CAS approach or the Bank has not yet completed the analytic work and dialogue necessary to formulate a full assistance strategy. The CRN is a lighter, short-term version of a CAS and it lays the foundation for developing a more complete diagnosis and strategy over time.<sup>27</sup> It is proposed that the CRN be made publicly available in the same manner, and subject to the same conditions, as a CAS.

## L. Grant Programs under the Development Grant Facility (DGF)

20. The current disclosure policy does not provide for the disclosure of documents relating to grant programs under the DGF. It is proposed that the following documents be made available to the public:

- (a) *DGF Annual Review*, after it is discussed by the Executive Directors;
- (b) Grant Letters of Agreement, after they are signed on behalf of the Bank and the recipient, and have entered into effect, and after the parties to such agreements have given their consent to such disclosure; and
- (c) Evaluation Reports, if the governing body of the program agrees.

<sup>25</sup> See *Strengthening IMF-World Bank Collaboration on Country Programs and Conditionality—Progress Report*, February 24, 2004.

<sup>26</sup> The IMF has agreed not to disclose the IMF-Bank Relations Annex, whenever the Bank requests so. See *Strengthening IMF-World Bank Collaboration on Country Programs and Conditionality—Progress Report*, February 24, 2004, para. 42.

<sup>27</sup> Note that Management is considering streamlining the CAS product line, including CRNs.

### **M. Project Completion Notes**

21. An Implementation Completion Report (ICR) is not prepared for a loan that fails to become effective or is canceled before significant implementation is initiated; instead, a Project Completion Note to the Board is prepared to summarize the project and explain why it was not implemented. The current disclosure policy does not provide for the disclosure of Project Completion Notes; consequently, they are not currently available to the public. It is proposed that Project Completion Notes be made publicly available after they have been distributed to the Executive Directors for information. Following a process similar to the preparation of an ICR, the country authorities' views on the PCN will be incorporated in the PCN, in a separate annex.

### **N. The Budget Paper**

22. The current disclosure policy does not specifically address the disclosure of the annual paper to the Board seeking its authorization of the World Bank's administrative budget. Therefore, as with all other documents that are not listed under Part III of the 2002 disclosure policy, the disclosure of this paper requires Board approval on a case-by-case basis (see para. 25). In the spirit of enhancing transparency with respect to the Bank's budget process, it is proposed that the paper recommending the Board's approval of the Bank's administrative budget<sup>28</sup> be made available to the public after the Board has authorized the budget, and after the paper has been finalized.

### **O. Staff Compensation Paper**

23. The current disclosure policy does not specifically address the disclosure of the Board paper on staff compensation. Therefore, as with all other documents that are not listed under Part III of the 2002 disclosure policy, the disclosure of the staff compensation paper requires Board approval on a case-by-case basis (see para. 25). In the spirit of enhancing transparency with respect to the Bank's salary setting process, it is proposed that the staff compensation paper be made available to the public after the Board discussion and finalization, and after removing any proprietary information and non-public information about third parties. This policy will be effective for all such documents starting with the Board paper entitled *2004 Review of Staff Compensation for the World Bank Group*, May 12, 2004.

### **P. Information on Project Modifications (including Supplemental Financing)**

24. Since the publication of the 2002 disclosure policy, there had been several inquiries from the public for information on project modifications that are approved by the Board, including information relating to supplemental loans and credits. At present, such project modifications are submitted for Board approval on the basis of a MOP which is not available to the public. In the spirit of transparency, it is proposed that all proposals for project modifications (including supplemental investment loans and credits) be submitted for Board approval on the basis of a concise Project Paper which will be made publicly available after the operation has been approved. Similarly, proposals for supplemental financing in the context of development policy

<sup>28</sup> This Board paper for FY05 is entitled *The World Bank's Budget: Trends and Recommendations for FY05* (R2004-0102/4, IDA/R2004-0144/4), July 13, 2004.

lending will be submitted for Board approval on the basis of a concise Supplemental Financing Document which will be disclosed after the Board approves the operation. It is also proposed that in all cases, the Project/Program Information Document (PID) for the original (parent) operation be updated and made publicly available during the preparation of the modified (or supplemental financing) operation.

### **Q. Simplifying and Accelerating Disclosure**

25. The categories of information that the Board has approved for disclosure to the general public or to interested individuals or groups are set out in Part III of the 2002 disclosure policy, "Information Available from the Bank."<sup>29</sup> The disclosure of information that is not provided in Part III of the policy requires Board authorization on a case-by-case basis. This could prevent the Bank from sharing pertinent information with interested outside parties or the development community in a timely manner. It is therefore proposed to simplify the clearance procedure for disclosing information not covered in Part III of the disclosure policy as follows:

- (a) *Documents distributed to the Executive Directors for discussion.* When Management intends to disclose a document that is distributed to the Executive Directors for discussion, the Secretary's transmittal memorandum will notify the Executive Directors that the document will be made publicly available after the Board discussion or after a designated period, unless the Executive Directors decide not to disclose.
- (b) *Documents distributed to standing committees of the Board.* When Management intends to disclose a document that is distributed to a standing committee of the Board<sup>30</sup> for discussion and a subsequent Board discussion is not anticipated, the Secretary's transmittal memorandum will inform all Executive Directors that the document will be made available to the public after a designated period, unless the Executive Directors decide not to disclose.
- (c) *Documents distributed to the Executive Directors for information.* When Management intends to disclose a document that is distributed to the Executive Directors for information, the Corporate Secretariat will notify the Executive Directors that the document will be made available to the public after a designated period, unless the Executive Directors decide not to disclose.
- (d) *Other documents and information that are not distributed to the Executive Directors.* In response to requests from the Executive Directors, member countries, or other interested outside parties, or when Bank Management determines that it is in the best interest of the development community to disclose specific information or documents that are not covered in Part III of 2002 policy (or elsewhere in this paper), the President of the World Bank (or a person designated by the President) may authorize disclosure, in consultation with the General Counsel. This proposed provision will enable Senior Management to respond to public requests in a timely manner. While

<sup>29</sup> The categories of information listed in Part III of the policy are sometimes referred to as the "positive list" of information available from the Bank.

<sup>30</sup> CODE and its subcommittee, Audit Committee, Budget Committee, COGAM, and Personnel Committee.

it is difficult to specify, *ex ante*, all types of information and documents that may be considered for disclosure under this provision, documents that could be considered include Country Portfolio Performance Reviews, information relating to mid-term reviews, aide-mémoire, various guidelines issued to staff (such as Implementation Completion Report Guidelines or Guidelines to Staff on Project Supervision). In releasing such information, Management will take into account the need to protect confidential or sensitive information, or information that may affect relations with the country concerned. In addition, before releasing any information that is part of the deliberative process between the Bank and the country (for example, an aide-mémoire), the Bank will seek the country's consent. Finally, consistent with para. 84 of the disclosure policy, if the document includes information provided by a third party on the understanding that the information will not be disclosed to the public, the Bank will seek the consent of the third party or the source of information before making it available to the public.

26. In all cases, the release of information would be subject to the relevant constraints set forth in Part IV of the 2002 disclosure policy. Confidential or sensitive information would be handled in accordance with para. 52 of the disclosure policy. Management would monitor the implementation of this simplified procedure for two years, reporting to the Board on its application at the end of each year, and proposing any changes that might be necessary for effective implementation.

## II. CLARIFICATIONS

### A. Disclosure of Information by Individual Executive Directors or Their Offices

27. Some Executive Directors have requested clarification of the types of information an Executive Director may make available to the public electronically (including through individual pages on the World Bank Group Boards of Directors' external website) or through other means. The Bank's information disclosure policy applies to all Bank information, wherever it is located. Therefore, as specifically confirmed in the Code of Conduct of Board officials, the disclosure policy applies to all information that the Executive Directors derive from Bank sources.<sup>31</sup> In practice, this means that the Executive Directors are free to make publicly available any information derived from a Bank source, provided that such disclosure is consistent with the Bank's disclosure policy. Management has taken a number of steps to facilitate the Executive Directors' desire to be more open about the responsibilities and activities of their offices. An important recent initiative in this respect was the launching of 24 individual Executive Director's office websites on the Bank's external website. In addition to basic information about the specific Executive Director's office (such as the names of the staff and voting power), these websites provide a wealth of information to the public about the Bank's activities in each constituency, including direct links to information on all operations, project documents that have been made available to the public, contract awards, research, publications, advisory, and analytical work.

<sup>31</sup> See *Code of Conduct for Board Officials* (R2003-0151), Section 7: Disclosure of Information, approved by the Board on August 22, 2003.

28. During the implementation of the 2002 disclosure policy, some chairs have raised questions about the kinds of information that they can disclose related to the proceedings of the Board. The following clarifications may be useful:

- (a) ***Proceedings of the Board of Executive Directors and Board Committees.*** The Bank's disclosure policy states that "proceedings of the Board of Executive Directors and committees thereof are, under the Board's Rules of Procedure, confidential. Thus, unless disclosure is approved by the Board, documents prepared for the consideration or review and approval of the Executive Directors (other than those specifically made publicly available as provided for in this statement) are not publicly available."<sup>32</sup> If information or a document is prepared by an individual Executive Director (or an Executive Director's office) for a Board discussion or contains information derived from nonpublic Board papers and Board proceedings, that information or document is covered by these provisions. The statements of the Executive Directors and the summary of discussions of the Executive Directors are considered part of the proceedings of the Board, and are thus confidential unless the Board has approved disclosure.
- (b) ***Information Sharing with Government Authorities.*** In the course of an Executive Director's responsibilities, he/she may distribute Bank documents or information to the relevant government authorities. In addition, written communications with the government authorities about Board meetings (e.g., instruction notes to the Executive Director from the country authorities and reports prepared by the Executive Director's office on Board meetings) may include confidential information derived from nonpublic Bank-held information or Board proceedings. Board documents and their contents remain subject to the requirement stated on the document's cover (i.e., that it "has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization"). Recipient government authorities thus have an obligation to maintain the confidentiality of restricted Board documents and other confidential information from Bank sources, and to make such documents or information available to others only with the Bank's authorization and subject to the provisions of the Bank's disclosure policy. A member country's release of documents or information that should not be disclosed under the Bank's policy would be inconsistent with its obligations as a member of the Bank.<sup>33</sup>
- (c) ***Other Information and Documents Generated by Executive Directors' Offices.*** Executive Directors' offices generate a variety of other materials, including written statements, speeches, office annual reports, constituency newsletters, and reports to ministries. The disclosure of such material—through electronic or other means—is also governed by the Bank's disclosure policy. Accordingly, material published by

<sup>32</sup> See para. 83 of the 2002 disclosure policy.

<sup>33</sup> Each member of the Bank is obliged under the Articles of Agreement to give effect to the provisions of the Articles, including the provision under Article VII, Section 5, which provides that "the archives of the Bank shall be inviolable." Nonpublic information is provided to members with the expectation that the information will remain confidential.

individual Executive Directors on the Bank's external website should not contain any information that cannot be disclosed in accordance with the Bank's disclosure policy.

## **B. Member Government Views on Board Matters**

29. During the informal Board meeting on May 4, 2004, one member asked for greater clarity on the Bank's position on member governments' disclosure of their views relating to matters considered by the World Bank's Board. While the Executive Directors' statements are not normally disclosed (see para. 28 (a)), governments of member countries are free to release statements of their positions on matters considered by the Board. However, such public statements should not contain information that is confidential and nondisclosable, or has not been disclosed yet in accordance with the Bank's disclosure policy.

## **C. Information on Loans and Credits**

30. The Bank has received questions from outside parties on whether and when specific borrowers had made debt-service payments. Actual debt-service payments by borrowers can be derived, with a time lag, by comparing repayment data provided in successive *Statements of Loans and Credits*. General information on IBRD and IDA countries declared to be in nonaccrual status is available in published financial statements; in addition, a press release is issued when an IBRD country is placed in nonaccrual status. However, existing practice requires that Bank staff neither disclose nor publicly discuss when *actual* debt service payments have been made by borrowers; this practice will continue. The Bank has established a set of responses to the various stages of borrower non-payment from the due date to a borrower's loans being placed in nonaccrual status. This carefully prescribed structure provides incentives for timely repayment by borrowers. The immediate public disclosure of a borrower's payment status could alter the effectiveness of the structure from both the Bank's and the borrower's perspective, adding external considerations about the borrower's status and relations with respect to commercial creditors. In addition, overly rapid disclosure could be misleading if the Bank's failure to receive a borrower's scheduled payments were the result of logistical problems e.g., a delay in mail service, an erroneous account number, etc.

## **III. RECOMMENDATION AND CONCLUSION**

31. Over the past decade, the World Bank has made considerable progress toward greater transparency.<sup>34</sup> Under its disclosure policy, it now makes an enormous amount of operational information available to the public—ranging from project and policy documents to strategy and

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<sup>34</sup> External stakeholders have acknowledged this progress in such documents as *The Global Accountability Report 1, 2003: Power without Accountability?* One World Trust, 2002/2003, and *Human Development Report 2002: Deepening Democracy in a Fragmented World*, UNDP, 2002.

evaluation documents. Management has also embarked on an extensive program to proactively enhance information dissemination and outreach.<sup>35</sup> On the whole, policy implementation has been good. Many in the international community—including some Multilateral Development Banks—have looked to the Bank for leadership on the issue of disclosure.<sup>36</sup>

32. This report aims to improve and enhance the Bank's record on disclosure with a set of proposals that would extend, rationalize, or simplify the provisions of the current disclosure policy. All are subject to the relevant constraints set forth in Part IV of the current policy and the provisions on confidential or sensitive information set out in para. 52 of the policy. The paper also clarifies the types of information Executive Directors or their offices may make available to the public, the Bank's position on member governments' disclosure of their views relating to matters considered by the Bank's Board, and the types of information the Bank may disclose with respect to debt-service payments to borrowers.

33. **Recommendation.** Management recommends that the Executive Directors approve the proposals of this report with respect to the following: (a) CASs (para. 3); (b) Board minutes (para. 7); (c) the pilot program to disclose operational policy reviews simultaneously with their distribution to the Board (para. 10); (d) other operational policy and strategy papers that are not listed in the 2002 policy (para. 12); (e) Trust Funds Annual Report and other annual reports on specific trust fund programs administered by the Bank (para. 13); (f) Information related to IDA Mid-Term Reviews (para. 14); (g) the Staff Manual (para. 15); (h) procurement plans (para. 16); (i) CAS Public Information Notices (para. 17); (j) IMF-Bank Relations Annexes (para. 18); (k) Country Reengagement Notes (para. 19); (l) Grant Programs under the Development Grant Facility (para. 20); (m) Project Completion Notes (para. 21); (n) the budget paper (para. 22); (o) Staff Compensation Paper (para. 23); (p) information relating to project modifications (para. 24); and (q) a simplified procedure for disclosing information that is not included in Part III of the 2002 disclosure policy (para. 25). If the Executive Directors approve these proposals, they would all take effect on April 1, 2005. Following Board approval, Management would revise the 2002 disclosure policy accordingly. In addition, Management will inform all staff of the changes, make additional training available to the information officers in Public Information Centers and other staff who need to implement the changes, and update the *Disclosure Handbook*.

34. **Cost Implications.** Each measure proposed in this report is well justified in the context of the shared vision of disclosure that Management and the Board have developed over the last decade, and taken together they help maintain the Bank's position of leadership in this area. Most of the infrastructure (in terms of technology, and of staff positions in OPCS, Board Operations Unit, Legal, External Affairs) needed to support the changes proposed in this paper is

<sup>35</sup> This includes a program to upgrade some 70 PICs, and a policy framework for translating documents into international, national, and local languages. See *Strengthening the World Bank's Public Information Centers—Final Text* (SecM2003-0008/1, IDA/SecM2003-0007/1, IFC/SecM2003-0001/1, MIGA/SecM2003-0004/1), August 11, 2003, and *A Document Translation Framework for the World Bank Group* (SecM2003-0284, IDA/SecM2003-0369, IFC/SecM2003-0037, MIGA/SecM2003-0045), June 12, 2003. Qualified staff are being recruited and trained to serve as in-house experts and advisers on disclosure and translation, and to facilitate dissemination partnerships within and outside the Bank.

<sup>36</sup> For example, on September 4, 2003, World Bank staff were invited to brief IADB's Board on the World Bank's disclosure policy and related work.

already in place. While the simultaneous disclosure of operational policy reviews on a pilot basis (para. 10), and the proposed procedure to simplify the disclosure of information (para. 25) could potentially result in an increase in requests for information,<sup>37</sup> it is difficult to estimate the scale and incremental costs of such an increase. Management would therefore closely monitor the cost implications of these measures and report to the Board at the end of the second year of implementation.

35. ***Evolving Vision for Disclosure.*** The importance of information disclosure in the Bank's corporate agenda has also evolved over time. Information disclosure is more than an issue for development agencies; rather, it is a key pillar of countries' efforts to improve governance. The Bank's longer-term vision for information disclosure is not to focus only on the transparency and accountability of Bank-financed operations, but to move the disclosure agenda to the country level to facilitate transparency and accountability in all development programs. As a leader in this process, the Bank has a responsibility to further open up access to its own information. The proposed changes with respect to (a) unifying the treatment of all CASs, (b) providing access to additional information on Board proceedings, and (c) expanding the list of information available to the public (including the proposed framework for simplifying and accelerating disclosure) would move the Bank further along the path toward increased transparency and accountability.

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<sup>37</sup> An increase in the demand for information, for instance, could lead to an increase in staff-hours spent on dealing with disclosure issues, and an increase in costs associated with translating core documents into international, national, or local languages. While the cost of providing information through electronic means would not add much to costs, increased provision of hard copies could have significant cost implications.