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COMMENTS ON THE EUROPEAN INVESTMENT BANK'S PUBLIC DISCLOSURE AND INFORMATION POLICY

Transparency International welcomes the European Investment Bank's initiative to hold a wide public consultation process on revision of its Disclosure and Information Policy, and appreciates the chance to take part in this process. Dialogue with the public is already common practice in some international financial institutions, such as the European Bank for Reconstruction and Development, and the EIB's decision to review its policy is an encouraging step in this direction.

Disclosure practices and greater transparency are effective tools to prevent corruption, which is a major obstacle to economic and social development. World Bank Institute research shows that "countries that tackle corruption and improve their rule of law can increase their national incomes by as much as four times in the long term and child mortality can fall as much as 75 percent".¹ With World Bank research estimating that over USD 1 trillion is paid in bribes each year², it is imperative that all actors in the international community take action to prevent corruption.

Improving transparency in international financial institutions is a vital step toward greater accountability to stakeholders. Without it, citizens can neither monitor nor influence decisions and expenditures that affect their daily lives. Business cannot know with certainty what the rules are, leaving opportunities for manipulation and distortion in decision making and throughout the procurement process.

¹ Idem.

² World Bank- Feature Story: "The Costs of Corruption", April 8th, 2004. www.worldbank.org

International financial institutions play an increasingly influential role in the economies of countries around the world; their projects affect millions of lives. Corruption has infiltrated their work on many fronts, including projects funded by the EIB. Greater access to information on policymaking as well as at the project level will be an effective deterrent to corrupt practices.

Transparency standards

As a publicly owned and policy driven institution of the European Union, the EIB has a responsibility to ensure that the public's legitimate interest in information about the role and activities of the Bank is recognised and addressed. Within this context, the Bank must carefully consider **the spirit and principles behind *Regulation 1049/2001 of the European Union, and the Aarhus Convention on Greater Access to Information on Environmental Issues***, in order to establish new standards upon which to frame its disclosure and information policy.

Providing information about its general policy and decision-making process, as well as at project level, is fundamental to demonstrating the EIB's commitment to a meaningful and effective disclosure policy.

Principle of maximum disclosure

In line with internationally accepted principles and best practices in legislation in member states, **the principle of maximum disclosure** should be the overarching concept for the revised policy. Where confidentiality is required, the policy should spell out a clear definition of exceptions, accompanied by a specific mechanism of independent review. The present policy contains qualifiers and conditions ("wherever feasible", "as much as possible") which leave room for misunderstanding on when a document is, in fact, available.

Specific comments

Institutional transparency

Based on internationally accepted standards, it is vital that the Bank disclose basic information about itself; a culture of secrecy is the best breeding ground for corruption. In opening itself to public scrutiny, the Bank will create trust and enhance relations with its stakeholders, while conforming to EU directives and national member standards. Basic information such as organisational, a staff and contact directory, and a detailed operating budget, are examples of information that should be easily accessible to the public.

As a public institution, the Bank must also inform citizens about its own governing bodies. The Board of Governors and the Board of Directors have

broad decision-making powers on policy and operations. Disclosing meeting agendas, minutes, overall working plans and other information on their discussions is directly relevant to the public interest.

Policy and strategic decision-making

As in EIB member states, it is important that citizens understand and be offered the opportunity to influence policies or strategies that can affect their lives. As such, the EIB should provide information about the policies it formulates, and publicise the details of its process. Such an open policy process levels the field and allows all interested parties to participate under clear and common guidelines. Cases of privileged access with unclear criteria, which pose a high risk of corruption, are thus avoided.

This bias toward openness should apply not only to policy formulation, but also to the approval and monitoring of policy implementation.

Information on EIB projects

It is at the project level where the greatest risks of corruption are identified: conflicts of interest and corrupt practices in contracting, for example. Information on the use of resources allocated to projects is not disclosed, or is handled with discretion among a group of privileged owners of information. This opens the door to manipulation and corruption.

Considering the overarching principle of accountability to stakeholders, it is vital that information about projects be disclosed in a timely manner to citizens whose lives or economies will be affected by EIB financed projects. A wide range of input not only benefits a specific project, but also improves future project planning, implementation and monitoring.

Clear disclosure guidelines at all steps of the project cycle should be formulated.

Conclusion

Transparency International looks forward to working closely with the EIB as the Bank revises this critical policy.