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IFAD's Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations (2022)

Note to Executive Board representatives

Revised to correct referencing in paragraph 17

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For: Approval

Contents

Executive Summary	ii
I. Introduction	1
II. Scope and definitions	2
III. Information routinely made available by IFAD	3
A. Pre-approval disclosure	3
B. Member state no-objection	6
C. Post approval disclosure	6
IV. Exceptions and important considerations for disclosure	7
V. Access to information and appeals process	8
VI. Implementation of the NSO Policy	9

Annex

Appeal process for NSOs' access to information

Appendix

Review of selected international financial institution practices compared to IFAD's proposed NSO Disclosure Policy (as of April 2021)

Executive summary

1. The presumption of full disclosure is at the core of IFAD's disclosure efforts, and IFAD believes that transparency and accountability are fundamental to fulfil its development mandate. Since 2020, IFAD has strategically expanded into the provision of direct financing to the private sector in the form of non-sovereign private sector operations (NSOs). This led to the approval in 2019 of IFAD's Private Sector Engagement Strategy 2019-2024 (PSS)¹ and, in 2020, to the approval of the Framework on Non-Sovereign Private Sector Operations.² The framework outlines the broad approach and modalities to deliver IFAD's NSOs and defines the eligibility and other criteria for financing private sector entities.
2. IFAD's Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations applies to NSOs, and is therefore distinct from IFAD's 2010 Disclosure Policy. This policy affirms and reflects IFAD's commitment to ensure transparency regarding its NSOs, improve development effectiveness and promote good governance, while taking into consideration the need to preserve the business interests and proprietary information of private sector recipients.
3. This document sets out the scope and definition of the policy. It provides a description of the information that will be routinely made available on each NSO project before and after approval, including a description of the project and environmental and social information in accordance with the Environmental and Social Framework for Private Sector Operations³ and the updated Social, Environmental and Climate Assessment Procedures (SECAP), 2021 edition. The policy also describes the no-objection approval process by a Member State, and specifies exceptions to and important considerations for disclosure. Details are provided on where information will be routinely made available, in addition to the appeals process for access to NSO information.
4. Management is preparing internal guidelines to govern the implementation of this policy. These guidelines will define divisional responsibilities for implementation within IFAD and will be updated as needed to reflect any organizational changes.
5. This policy will enter into effect upon approval by the Executive Board.

¹ EB 2019/127/R.3.

² EB 2020/129/R.11/Rev.1.

³ As included in the Framework on Non-Sovereign Private Sector Operations (EB 2020/129/R.11/Rev.1), the Environmental and Social Framework for private sector financial intermediary operations is derived from international best practices, chiefly the International Finance Corporation's Performance Standards (2012), Environmental and Social Review Procedures (2016) and Interpretation Note on Financial Intermediaries (2018). The Framework has been adapted for IFAD's purposes and served as guidance for the update of IFAD's SECAP in 2021.

Recommendation for approval

The Executive Board is invited to approve the following decision:

"The Executive Board of IFAD, having considered the IFAD Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations (2022);

Decides to:

(a) Adopt the IFAD Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations (2022) as set out in this document;

(b) Adopt the proposal for the IFAD Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations (2022) to become effective upon its approval by the Executive Board."

Annex III of the IFAD Policy on the Disclosure of Documents (2010) shall be amended to include an additional exception (13) to read as follows:

"Information governed by a separate disclosure regime established under IFAD's Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations (2022)."

IFAD's Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations (2022)

I. Introduction

1. The presumption of full disclosure is at the core of IFAD's disclosure efforts, and IFAD believes that transparency and accountability are fundamental to fulfil its development mandate. Transparency enhances governance efficiency, informs better decision-making, promotes public ownership, increases development effectiveness and, above all, leads to better development results. IFAD recognizes that increasing transparency is not a one-time effort but a continuous process. As such, IFAD committed to an ambitious transparency agenda whose implementation is guided by the Increasing Transparency for Greater Accountability – Action Plan.⁴ As part of this broader corporate-wide process directed at helping IFAD to be a transparent organization and maximizing its development results, IFAD discloses a wide range of information and documents, including on its sovereign operations following guidance in IFAD's Policy on the Disclosure of Documents.⁵
2. In order to accelerate progress towards the achievement of the Sustainable Development Goals (SDGs), notably SDG 1 and SDG 2, through greater private investment in small producers and poor rural areas, since 2020 IFAD has strategically expanded into the provision of direct financing to the private sector in the form of NSOs. This move led to the approval in 2019 of IFAD's Private Sector Engagement Strategy 2019-2024 (PSS)⁶ and in 2020, to the approval of the Framework on Non-Sovereign Private Sector Operations.⁷ The framework outlines the broad approach and modalities to deliver IFAD's NSOs and defines the eligibility and other criteria for financing private sector entities.
3. IFAD intends to continue to operate under the same principle of transparency for all of its NSOs and encourages private sector recipients of its funding to be transparent about their activities in order to help broaden understanding of their undertakings and results. Nevertheless, some of the information IFAD receives and prepares in connection with NSOs from private sector recipients and other parties

⁴ EB 2017/122/R.29.

⁵ EB 2010/100/R.3/Rev.1.

⁶ EB 2019/127/R.3.

⁷ EB 2020/129/R.11/Rev.1.

is often not publicly available, and is shared with IFAD in its capacity as investor for the purpose of assessing business opportunities and risks, or to monitor and evaluate existing NSOs. IFAD respects the confidentiality of any such information in accordance with annex III of IFAD's Policy on Disclosure of Documents under the section concerning proposed exceptions of disclosure, particularly exceptions 8 and 9,⁸ and proposes to include an additional exception in paragraph 13 of the 2010 Policy to read as follows: (13) information governed by a separate disclosure regime established under IFAD's Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations. Upon approval of this Policy, the list of exceptions provided in annex III of IFAD's Policy on the Disclosure of Documents will be updated to include an additional exception 13 as described above.

4. IFAD's Policy on Disclosure of Documents for Non-Sovereign Private Sector Operations applies to NSOs, and is therefore distinct from IFAD's 2010 Disclosure Policy. This policy affirms and reflects IFAD's commitment to ensure transparency regarding its NSOs, improve development effectiveness and promote good governance, while taking into consideration the need to preserve the business interests and proprietary information of private sector recipients.

II. Scope and definitions

5. This document sets out IFAD's policy regarding the scope of information that it makes available to the public either routinely or upon request, specifically and exclusively with regard to NSOs. It is aligned with IFAD's transparency agenda and IFAD's membership in, and commitment to, the principles of the International Aid Transparency Initiative.
6. This policy does not apply to: (i) any financing extended to public sector entities or any other entity having a sovereign guarantee or (ii) any financing classified by IFAD as a sovereign operation or grant. Any financing extended to public entities or having a sovereign guarantee or classified by IFAD as a sovereign operation or grant will follow IFAD's 2010 Disclosure Policy. This policy does apply to IFAD's NSO activities as defined in the framework, and takes into account IFAD's commitment to transparency while recognizing the distinctive character of NSOs. IFAD analysed disclosure practices among a select group of international financial institutions (IFIs) (see the appendix) and concluded that it would be preferable to create a separate NSO disclosure policy in order to encourage trust and mutual accountability with its private sector clients.
7. In the context of this policy, private sector parties include the following non-sovereign entities as defined in the framework: for-profit private business companies, private and institutional investors, commercial banks, investment funds (such as private equity funds, blended finance funds and impact funds), other financial vehicles that are majority-owned and/or managed by private entities or interests, and state-owned enterprises with sound financial and governance structures that comply with private sector practices. Private sector companies can be local, regional or global. They can also span the spectrum in terms of size, from micro, small and medium-sized enterprises (MSMEs), including cooperatives, corporate farms and social businesses, to large multinational companies (MNCs).
8. In this policy, NSOs are defined as investment operations without a sovereign guarantee relying on one (or several) of the three instruments defined in the framework. These instruments are as follows: (i) debt instruments, including working capital and long-term loans for capital expenditures (i.e. investment) to eligible agri-SMEs, cooperatives and selected agri-focused value chain actors; lines of credit and loans to financial institutions, rural and agricultural banks, microfinance institutions, commercial banks, investment funds and other types of institutions targeting small producers and agri-SMEs; (ii) equity instruments; and

⁸ EB 2010/100/R.3/Rev.1, annex III.

(iii) risk mitigation. To further strengthen the development impact of these financial instruments, IFAD may also provide targeted technical assistance to private sector recipients.

III. Information routinely made available by IFAD

9. IFAD's investment priorities, eligibility criteria, selection and screening process, and the broad implementation modalities of NSOs, are described in the PSS and the framework. Both documents are publicly available. A summary of this information is also available on a dedicated page on IFAD's website. In addition to this general information, IFAD makes publicly available certain information for each proposed NSO, including relevant project, environmental and social, and development impact information (see details below). Except as noted in paragraph 33 (delayed disclosure), IFAD makes this information available when the NSO investment is still under consideration by IFAD and provides periodic updates on the NSO investment throughout its life.

A. Pre-approval disclosure

10. **Summary of investment information.** For each proposed NSO, IFAD discloses a summary of investment information (SII), which provides a factual summary of the main elements of the potential NSO and includes the following information:
- (i) Full name of the project and identity of the private sector recipient;
 - (ii) Information about the shareholders of the project or private sector recipient;
 - (iii) The total project cost, where applicable;
 - (iv) The location of the project and the activities funded and supported by the NSO;
 - (v) A brief description of the project or investment;
 - (vi) The amount and nature of IFAD's investment;⁹
 - (vii) The projected date for a decision on the investment by IFAD's Executive Board (or other relevant internal authority);
 - (viii) The expected development outcomes of the NSO;
 - (ix) IFAD's expected role and additionality;
 - (x) IFAD's categorization of the project or investment for environmental and social purposes and, for projects categorized as a moderate or low environmental and social risk, a brief statement describing the rationale for such categorization; and
 - (xi) Contact details for IFAD's relevant person for enquiries.
11. For direct NSOs¹⁰ where communities could potentially be affected, the SII also includes:
- (i) Guidance on how and where information about the proposed project can be obtained locally; and
 - (ii) Contact information to address inquiries and comments or concerns about the project, i.e. for project-related information, details of the contact person at the project company, including address, telephone number, fax and e-mail address.

⁹ IFAD will adapt this content to include information on the use of concessional finance in the event of a proposed blended finance investment.

¹⁰ A direct NSO investment is an investment made directly to a private sector entity as opposed to an NSO investment made to a financial intermediary for the purpose of providing access to finance for agriculture and agribusiness entities.

12. **Environmental and social information.** In accordance with the Environmental and Social Framework for Private Sector Operations¹¹ and the updated Social, Environmental and Climate Assessment Procedures, 2021 edition,¹² IFAD requires private sector recipients to engage with project-affected communities, including through the disclosure of information, in a manner commensurate with the risks and impacts their projects pose to such stakeholders. IFAD makes publicly available the following environmental and social information:
- (i) **Direct investments.** For each proposed project categorized as a high, substantial or moderate environmental and social risk,¹³ IFAD discloses an environmental and social review summary (ESRS),¹⁴ which includes:
 - (a) Reference to IFAD's SECAP and any applicable grievance mechanisms;¹⁵
 - (b) The rationale for IFAD's categorization of the project;
 - (c) A description of the main identified environmental, social and climate risks and impacts of the project;
 - (d) Key measures identified to mitigate those risks and impacts, specifying any supplemental actions that will need to be taken by the private sector partner to undertake the project in a manner consistent with IFAD's SECAP, including actions identified to strengthen the Environmental and Social Management System (ESMS), as specified in the Environmental and Social Action Plan (ESAP);
 - (e) Electronic copies or web links, where available, to any relevant environmental and social document (e.g. environmental and social impact assessments [ESIAs], environmental and social management frameworks, resettlement action plans and frameworks [RAPs/RAFs]) prepared by or on behalf of the private sector recipient; and
 - (f) For those projects where the verification of the Free, Prior, and Informed Consent (FPIC) of indigenous peoples is required, a description of the status of the consent process.
 - (ii) **Financial intermediary investments.** Investments through financial institutions (indirect investments) are classified in one of four environmental and social risk categories for financial institutions.¹⁶ For each proposed project categorized as a high, substantial or moderate environmental and social risk,¹⁷ IFAD discloses an ESRS,¹⁸ which includes:
 - (a) Reference to IFAD's SECAP and any applicable grievance mechanisms;¹⁹
 - (b) The rationale for IFAD's categorization of the project;

¹¹ As included in the Framework on Non-Sovereign Private Sector Operations (EB 2020/129/R.11/Rev.1) the Environmental and Social Framework for private sector financial intermediary operations is derived from international best practices, chiefly the International Finance Corporation's Performance Standards (2012), Environmental and Social Review Procedures (2016) and Interpretation Note on Financial Intermediaries (2018). The Framework, has been adapted for IFAD's purposes and served as guidance for the update of IFAD's SECAP in 2021.

¹² <https://www.ifad.org/en/-/social-environmental-and-climate-assessment-procedures>.

¹³ The project is assigned one of four environmental, social and climate risk ratings: high, substantial, moderate or low. For projects with a low risk rating, no social and environmental assessment is required.

¹⁴ All studies for high-risk projects will be disclosed at the local level and on IFAD's website for a period of 60 days prior to Executive Board approval.

¹⁵ IFAD's grievance and redress mechanism is outlined in section 1.8, volume 1, of the updated SECAP, 2021 edition and <https://www.ifad.org/en/accountability-and-complaints-procedures>.

¹⁶ See annex 3, table 5, of volume 1 of IFAD's updated SECAP, 2021 edition.

¹⁷ The project is assigned one of four environmental, social and climate risk ratings: high, substantial, moderate or low. For those projects assigned a low risk rating, no social and environmental assessment required.

¹⁸ All studies for high-risk projects will be disclosed at the local level and on IFAD's website for a period of 60 days prior to Executive Board approval.

¹⁹ IFAD's grievance and redress mechanism is outlined in section 1.8, volume 1, of the updated SECAP, 2021 edition and <https://www.ifad.org/en/accountability-and-complaints-procedures>.

- (c) A description of the main identified environmental, social and climate risks and impacts associated with IFAD's project and a summary of the ESMS; and
 - (d) Key measures identified to strengthen the ESMS, as specified in the ESAP, to ensure compliance with IFAD's SECAP.
13. **Broad community support.** As outlined in the Framework for Operational Feedback from Stakeholders (2019) and the updated SECAP (2021), IFAD is committed to engaging stakeholders and mobilizing their feedback in the projects it supports. Engagement includes stakeholder analysis and planning, public disclosure and dissemination of information, consultation and participation, grievance mechanisms and ongoing reporting to affected communities. For NSOs, IFAD will determine the need for broad community support as indicated by a collection of expressions by affected communities in relation to the proposed business activity.
 14. At a minimum, financial intermediaries and direct investees are required to establish procedures for external communications on environmental and social matters proportionate to the risks and impacts of projects or subprojects, and their overall risk profile.²⁰ FPIC must be sought when project activities affect the land access and use rights of communities.
 15. **Timing.** An SII is made publicly available once IFAD has determined that:
 - (i) There is reasonable certainty that the NSO will be submitted to the Executive Board for consideration;
 - (ii) IFAD has assured itself that the private sector recipient can be expected to undertake the project in a manner consistent with the SECAP; and
 - (iii) The private sector recipient has undertaken its disclosure obligations and, where applicable, conducted an effective consultation process consistent with IFAD's SECAP.
 16. IFAD makes the SII and/or ESRS and all necessary environmental and social safeguards documentation publicly available no later than 60 working days (in the case of high-risk projects) or 30 working days (in the case of all other projects) prior to Executive Board consideration of the NSO.
 17. There may be some limited circumstances preventing the observance of these time periods (see paragraph 16). In such cases, the Executive Board will be informed of any such delay in the release of the SII and ESRS, and the relevant environmental and social information.
 18. **Early disclosure.** For projects or investments with potential significant adverse environmental or social risks and/or impacts, disclosure of the ESIA should occur early in the environmental and social assessment process. For these NSOs, IFAD will also endeavour to provide access to the draft SECAP documents, such as ESIA and ESAP, prepared by the private sector recipient even before IFAD has completed the review of its investment.
 19. **Client review.** Before IFAD releases the SII and ESRS (including, if applicable, the preliminary ESIA), the NSO private sector recipient reviews the contents to verify the factual accuracy of information relating to the client and the project.
 20. Before the scheduled date of Executive Board consideration, IFAD, in consultation with the NSO private sector recipient, updates the SII as necessary to reflect any significant changes to the project or to IFAD's investment since the initial posting of the summary. Any such revised or additional information will be made publicly available through an updated SII.

²⁰ See volume 1, standard 8 of the updated SECAP, 2021 edition.

21. Such updates do not restart the time periods referred to in paragraph 16 above, unless IFAD determines that the changes are material to the environmental or social risks and/or impacts of the project.²¹

B. Member state no-objection

22. IFAD will not finance a private sector recipient in the territories of any Member State if the Member State objects to such financing. IFAD will endeavour to engage early on in the review process with the concerned government and disclose its intention to invest in the private sector recipient. IFAD will also maintain regular communication to ensure genuine government positive feedback on IFAD's intention to invest.
23. Additionally, a no-objection notice will be prepared and sent to the host Member State of the proposed NSO no later than 30 working days prior to submission for consideration of the investment by the Executive Board. The notice will take the form of a letter from IFAD to the host Member State government describing the NSO project and seeking a response within 30 working days if there is any objection on the part of the host government to proceeding to submission to the Executive Board for investment approval.
24. In the case that the host Member State government has not responded with objections to IFAD's notice within the 30-day notification period prior to submission to the Executive Board and the notification period has expired, investment approval will be sought from the Executive Board.

C. Post approval disclosure

25. **Project information.** Throughout the life of each NSO, IFAD updates the SII, as necessary, to ensure the continued accuracy of the information disclosed pursuant to section A above.
26. **Environmental and social information.** For each investment, other than those expected to have minimal or no environmental or social risks and/or adverse impact, IFAD updates the ESRS and/or SII with the following environmental and social information, as it becomes available:
- (i) A summary of the partner's ESMS and any ESAP required by IFAD produced after approval of the investment by the Executive Board; and
 - (ii) The status of implementation of the ESAP, where required by IFAD.
27. For NSOs with a high or substantial environmental and social risk rating, IFAD makes available, if applicable:
- (i) Any final ESIA reviewed by IFAD for specific activities required for the NSO (for direct and indirect investments), as they become available; and
 - (ii) Third-party monitoring reports, where required by IFAD, in accordance with the Environmental and Social Framework.
28. If, during the life cycle of an NSO, a material change occurs that leads to a change in its environmental and social risk rating, IFAD will update the disclosed ESRS and/or SII accordingly. For an NSO that needs to be upgraded to a high risk rating during implementation, the ESRS will be revised and any required additional studies will be prepared and made publicly available. In line with IFAD's Restructuring Policy,²² NSOs requiring an upgrade to a high environmental and social risk rating (level 1 restructuring) are also submitted to the Evaluation Committee for review and then to the Executive Board for approval.

²¹ As long as the update does not change the ESRS rating, the timeline is not increased. If the ESRS risk rating changes to high, the timeline will have to increase to allow for a notification period of 60 days prior to Executive Board consideration as per SECAP guidelines.

²² EB 2018/125/R.37/Rev.1.

29. **Development results information.** NSO private sector recipients will be required to prepare results frameworks containing appropriate indicators to demonstrate the development results or outcomes and contribution to IFAD's strategic objectives and results.
30. IFAD's sovereign lending operations currently must utilize core indicators as part of their logical frameworks. IFAD will adapt this method to NSO investment and technical assistance projects by using a core set of indicators as reported in the framework,²³ and will develop a logical framework for each operation including areas broadly applicable to NSO projects such as job creation, youth and women's empowerment, increased income, improved access to finance and uptake of technologies or practices intended to adapt to and mitigate climate change risks.
31. Performance against the indicators in the results frameworks will be tracked during implementation and reported on through periodic progress reports submitted by the private sector partner. This information will be updated in the SII, as the results become available.

IV. Exceptions and important considerations for disclosure

32. IFAD will make publicly available selected project-level information regarding every NSO supported by IFAD in a timely manner. Such information will enable its clients, partners and relevant stakeholders, including project-affected communities and other interested members of the public, to (i) better understand the project objectives and IFAD's rationale for support; and (ii) engage in informed discussions about the project activities, expected development outcomes and other impacts on the communities and environment.
33. In making the determination of whether or not to disclose information with respect to NSOs, IFAD takes into account the following general considerations in respect of information given to IFAD by a third party in confidence:
 - (i) **Commercially sensitive and confidential information.** Consistent with the practice of commercial banks and most IFIs for their private sector investments,²⁴ IFAD should not disclose to the public any financial, business, proprietary or other non-public information about its NSO private sector recipients. To do so would be contrary to the legitimate expectations of such parties, who need to be able to provide IFAD with detailed information with no fear of compromising the confidentiality of their projects or other detailed proprietary information in a highly competitive marketplace. Similarly, IFAD should not disclose:
 - (a) Legal documentation or correspondence pertaining to IFAD's NSOs, including documents or information relating to negotiations between IFAD and its NSO private sector recipients or other third parties relating to such NSO private sector investment or NSO private sector advice services;
 - (b) Executive Board and other governance documents or papers relating to specific NSO private sector investments or NSOs containing commercially sensitive or confidential information;
 - (c) Any information or document that may be covered by a confidentiality or non-disclosure agreement with no prior written authorization to disclose such information or document has been received by IFAD; or

²³ Framework for IFAD Non-Sovereign Private Sector Operations and Establishment of a Private Sector Trust Fund (EB 2020/129/R.11/Rev.1), annex VIII, table 2: IFAD NSO core indicators.

²⁴ See appendix I: Review of selected international financial institution practices compared to IFAD's proposed NSO Disclosure Policy.

- (d) Any information and documents where it is not the sole owner thereof and the prior written authorization to disclose such information and documents has not been received from all owners of such information.
- (ii) Attorney client privilege. IFAD does not provide access to information subject to attorney client privilege, including, inter alia, communications provided and/or received by the General Counsel, in-house counsel and other legal advisers.
34. **Violation of certain laws.** IFAD may decline to disclose information if such disclosure would violate the laws applicable to certain instances or persons (such as restrictions imposed by securities or banking laws).
35. **Violation of IFAD governing documents.** IFAD will not disclose information if such disclosure would contravene the Agreement Establishing the International Fund for Agricultural Development, which was adopted by the United Nations Conference on 13 June 1976 and entered into force on 30 November 1977, as amended or any IFAD's rules and regulations.
36. **Investigative information.** IFAD may decline to disclose information if such disclosure might prejudice an investigation or any legal regulatory proceedings, or subject IFAD to undue risk of litigation.
37. **Prerogative to disclose information in the public interest.** In exceptional circumstances, IFAD reserves the right to disclose information that it would ordinarily not release to third parties. IFAD may exercise this right if, in connection with an NSO, IFAD determines that the disclosure of certain non-public information would be likely to avert imminent and serious harm to public health, safety or security, and/or imminent and significant adverse impacts on the environment.
38. Any such disclosure by IFAD would be on the most restricted basis necessary to achieve the purpose of the disclosure, such as notifying the appropriate regulatory authorities. If the non-public information has been provided by or relates to an IFAD NSO private sector recipient, IFAD would make such a disclosure only after informing the recipient of IFAD's concerns and considering the recipient's plan to address and mitigate the impact involved.
39. **Delayed disclosure.** IFAD may delay the disclosure of certain information that it would otherwise make publicly available because of market conditions, legal or other regulatory requirements such as timing requirements relating to securities offerings, equity investments in publicly listed companies, purchases of shares in a private placement or a financial restructuring. This prerogative may be exercised by the director responsible for the NSO project, with respect to such information, and subject to IFAD's Disclosure Committee,²⁵ which would also decide if the decision is appealed.
40. **Historical information.** The same general principles that apply to proposed and existing NSO investments and related technical assistance apply to information held by IFAD about NSO investments and technical assistance that have been concluded.

V. Access to information and appeals process

41. **Where to access information.** General information about IFAD and its NSO activities may be obtained on IFAD's website at www.ifad.org. High level information on projects or activities, as included in the SII and ESRS, regarding IFAD's NSO investment or technical assistance is disclosed at <https://www.ifad.org/en/psfp>. ESRS studies for high-risk projects will also be

²⁵ As per the annex.

disclosed at the local level for a period of 60 days prior to Executive Board approval.

42. **Submitting a request for information.** Information that is not readily available on IFAD's website can be obtained by either sending an e-mail request to the Global Communications and Advocacy Division at ifaddisclosure@ifad.org, or to the Sustainable Production, Markets and Institutions Division at pmi@ifad.org, (with the subject "disclosure").
43. Requests for information must identify the specific information requested; blanket requests for information will not be accepted although an explanation will be provided as per other IFI best practices.
44. **Appeals process.** Third parties that believe IFAD has denied or restricted access to information can submit a request to appeal the decision to the same address indicated in paragraph 42. The appeal process is detailed in the annex.
45. The request of appeal can be based on the grounds that:
 - (i) A third party has been denied the disclosure of a previously undisclosed document or information eligible for disclosure under this policy; or
 - (ii) A third party considers that IFAD has violated the terms of this policy by improperly or unreasonably restricting information that should be disclosed under its terms.

VI. Implementation of the NSO Policy

46. This policy enters into effect upon its approval by the Executive Board.
47. IFAD's Executive Board will monitor the Fund's disclosure regime with respect to NSOs, and may, in response to requests from Member States, review and amend this policy to provide greater public access to documents.
48. Management is preparing guidelines to govern implementation of this policy. These guidelines will define divisional responsibilities for implementation within IFAD and will be updated from time to time to reflect any organizational changes.
49. Disclosure of documents with regard to NSO activities will rely on IFAD's robust information and communication technology foundation. Several approved and/or planned IT capital investments should help strengthen IFAD's capacity to implement this policy. The preparation of the relevant documents and their updates are meant to be covered by the regular budget that is set aside each year by IFAD to design and supervise NSOs and through existing systems and processes. Additional budget arrangements will have to be made for the additional work related to the Appeal Committee Secretariat and any investigations. These costs are expected to be covered in large part by the management fees generated by the private sector financing programme and NSOs.

Appeal process for NSOs' access to information

1. An appeal may be initiated by: (i) a third party who has been denied the disclosure of a previously undisclosed document eligible for disclosure under this policy or a document contained in a previously undisclosed agenda; or (ii) a third party who considers that the Fund has violated the terms of its disclosure policy by improperly or unreasonably restricting information that should be disclosed under its terms.
2. The requester may appeal to the Disclosure Committee. The Committee shall be composed of: a Programme Management Department (PMD) Director; Director, Global Communications and Advocacy Division (COM); Director of Sustainable Production, Markets and Institutions Division (PMI); and one senior representative from each of the following offices: Office of the Secretary (SEC) and Office of the General Counsel (LEG). COM shall designate a representative who shall serve as secretary to the Committee. The Committee shall be chaired by the Director of PMI and decisions shall be taken by consensus and considered final.
3. The Committee shall review the appeals during its scheduled quarterly meetings and inform the requester of its decision within 10 working days of the meeting.
4. In identifying the documents subject to disclosure, due consideration shall be given to protecting the confidential nature of information that, if disclosed, could be potentially detrimental to the interests of others or the Fund, as well as to safeguarding proprietary and financial information whose disclosure could interfere with IFAD's ability to carry out its activities.
5. Accordingly, before disclosing documents, appropriate attention shall be paid to identifying text or data that is confidential or may adversely affect the relationship between IFAD and the borrower and/or recipient, if disclosed. If appropriate, IFAD may consult with the borrower and/or recipient and/or other third parties, and/or make adjustments to documents to address issues of concern to the borrower and/or recipient, before the documents are disclosed.
6. In the event that IFAD is not the sole owner of the documents or information, authorization shall be sought before disclosing such documents or information. Said authorization shall be in writing, and an internal process shall be defined in the implementation guidelines to record and file these written authorizations.

Review of selected international financial institution practices compared to IFAD's proposed NSO Disclosure Policy (as of April 2021)

IFAD conducted a review of disclosure practices of selected International Financial Institutions (IFI), including: International Finance Corporation (IFC); African Development Bank (AfDB); Asian Development Bank (AIB); and the Inter-American Development Bank (IADB). The analysis shows that some IFIs have one disclosure policy covering sovereign and non-sovereign operations while others opt for separate policies.

Three of the institutions; AfDB, ADB, and IADB, which conduct both sovereign and non-sovereign operations and projects have one disclose policy and/or access to information policy that spans across all institutional activity. Self-reported key policy principles align with descriptions of "maximum disclosure" and "presumption of information disclosure" and "maximize access to information". Notwithstanding the presumption of full disclosure, each policy includes a list of exceptions of information disclosures in order to protect the confidentiality of sensitive information (financial, commercial, proprietary) shared with each institution as part of its assessment process, in particular of non-sovereign operations. The World Bank Group, of which IFC is a part, opts for separate access to information policy for each of its group members, thus IFC has a separate access to information policy concerning only non-sovereign operations and projects. While IFC's key principles and exceptions are similar to other IFI's compared in the analysis, IFC along with AfDB opt not to allow for the declassification of archived information. As reported in the table below (Table 1) each institution developed a disclosure policy with similar key principles, but with some difference of approaches as best serves each institution.

After review of these selected policy practices, IFAD concluded that the development of a separate policy for NSOs is needed, given: (i) The differing approach to disclosure of NSOs compared to sovereign projects with the sensitive nature of financial and/or proprietary information shared with IFAD by private sector partners as part of its assessment process; and (ii) The need for clarity regarding IFAD's approach to disclosure of information requirements for NSOs given IFAD's expansion into the provision of direct financing to private sector recipients as outlined in IFAD's Private Sector Strategy.

Table 1: Review of selected International Finance Institution practices compared to IFAD's proposed NSO Disclosure Policy (As of April 2021)

	Issue	IFAD's NSO Proposed Disclosure Policy (2021)	IFAD	IFC	AfDB	ADB	IADB
1	Policy Title	IFAD Policy on non-Sovereign Private Sector Operations Disclosure of Information (2021)	IFAD Policy on the Disclosure of Documents (2010)	Access to Information Policy (2012)	Disclosure and Access to Information (2012)	Disclosure and exchange of information (2011)	Access to Information (2010)
2	Scope	NSO	Sovereign	NSO	Sovereign and NSO	Sovereign and NSO	Sovereign and NSO
3	Self-Reported Key guiding principles	Make available information to enable public and stakeholders to understand better and to engage in informed discussions about IFAD's NSO activities and development outcomes.	Policy of presumption of full disclosure of documents produced by IFAD	Make available information to enable public and stakeholders to understand better and to engage in informed discussions about IFCs activities and development outcomes.	Maximum disclosure; enhance access; limit list of exceptions; consultative approach; proactive disclosure; and right to appeal.	In the absence of a compelling reason for confidentiality, ADB will presume information can be disclosed	Maximize access to information
4	Statement in favor of disclosure	Yes (but, with prescription of what is to be disclosed)	Yes	Yes (but, with prescription of what is to be disclosed)	Yes	Yes (but, with prescription of what is to be disclosed)	Yes

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	Issue	IFAD's NSO Proposed Disclosure Policy (2021)	IFAD	IFC	AfDB	ADB	IADB
5	Policy contains positive list	Yes	No (list included as annex)	Yes	No	Yes (included as part of policy)	No (list of examples)
6	Policy contains exceptions	Yes	Yes	Yes	Yes	Yes	Yes
7	Confidentiality for "deliberative process"	Yes	Yes	Yes	Yes	Yes	Yes
8	Multiple-category Information Security classification System	Yes	Yes	Yes	Yes	No	Yes
9	Declassification of archived information	No	Yes	No	Yes	No	Yes
10	Ability to deny blanket requests	Yes (with explanation)	Yes (with explanation)	Yes (with explanation)	Yes (with explanation)	Yes (with explanation)	Yes (with explanation)
11	Review/appeal mechanism	Yes (Disclosure Committee)	Yes (Disclosure Committee)	Yes	Yes	Yes	Yes (review mechanism)