DISCUSSION PAPER

TRANSPARENCY AND ACCOUNTABILITY SERIES

Discussion paper 1

Enhancing the New Development Bank’s practice of information disclosure
A Civil Society perspective

JUNE 2022
About Oxfam South Africa

Oxfam South Africa (OZA) is a social justice organisation working at the intersection of poverty and inequality. OZA is part of Oxfam International made up of 21 Affiliates who together work in more than 90 countries across the world to end poverty and injustice.

www.oxfam.org.za

About the Centre for Human Rights

The Centre for Human Rights, Faculty of Law, University of Pretoria, is an internationally recognised university-based institution combining academic excellence and effective activism to advance human rights, particularly in Africa. It aims to contribute to advancing human rights, through education, research and advocacy.

www.chr.up.ac.za

About the Civil Society Forum on the New Development Bank

The Civil Society Forum on the New Development Bank (CSF-NDB) is co-chaired by Oxfam South Africa and African Monitor. It was established in 2018 under Civil BRICS when South Africa acted as Chair of the 10th BRICS Summit in Johannesburg. The CSF-NDB is a civil society network that engages with the New Development Bank to support development that is pro-poor, inclusive and accountable for the benefit of all, especially communities, women and youth in South Africa and the region.
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgements</td>
<td>4</td>
</tr>
<tr>
<td>List of Acronyms</td>
<td>4</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>5</td>
</tr>
<tr>
<td>Introduction</td>
<td>9</td>
</tr>
<tr>
<td>Purpose and methodology</td>
<td>10</td>
</tr>
<tr>
<td>The rationale for the concept of DFI information disclosure and the NDB’s Information Disclosure Policy</td>
<td>12</td>
</tr>
<tr>
<td>Rationale for greater disclosure by DFIs for better project impacts</td>
<td>12</td>
</tr>
<tr>
<td>Overview of the NDB’s Information Disclosure Policy</td>
<td>15</td>
</tr>
<tr>
<td>Testing the NDB’s IDP: The experiences of the CSF-NDB Forum</td>
<td>18</td>
</tr>
<tr>
<td>The perspective of project affected communities</td>
<td>21</td>
</tr>
<tr>
<td>Key findings and policy recommendations</td>
<td>24</td>
</tr>
<tr>
<td>The need for a mechanism for communities that cannot access this information</td>
<td>25</td>
</tr>
<tr>
<td>The need for clarity on how the NDB puts into practice section 23 of the ESF</td>
<td>25</td>
</tr>
<tr>
<td>Greater transparency is needed</td>
<td>26</td>
</tr>
<tr>
<td>The need for improved procedures and an improved online platform</td>
<td>27</td>
</tr>
<tr>
<td>Appendixes</td>
<td>28</td>
</tr>
<tr>
<td>Information request 1 - Oxfam South Africa (OZA)</td>
<td>28</td>
</tr>
<tr>
<td>Information request 2 - African Forum and Network on Debt and Development (AFRODAD)</td>
<td>30</td>
</tr>
<tr>
<td>Information request 3 – International Development Law Unit, Centre for Human Rights (University of Pretoria)</td>
<td>32</td>
</tr>
<tr>
<td>Outline of interview questions that tackle both the topic of the IAM and Information Disclosure</td>
<td>34</td>
</tr>
<tr>
<td>References</td>
<td>37</td>
</tr>
</tbody>
</table>
ACKNOWLEDGEMENTS

Oxfam South Africa and the International Development Law Unit (University of Pretoria) would like to extend their thanks and acknowledge the contributions of the following persons:

- **Author**: Dr Magalie Masamba, Centre for Human Rights, University of Pretoria and member of the Civil Society Forum on the New Development Bank (CSF-NDB).\(^1\)
- **Co-author**: Marianne Buenaventura Goldman, Oxfam South Africa and Co-Chair of the CSF-NDB.
- **Advisor/reviewer**: Prof Daniel D Bradlow, Centre for Human Rights, University of Pretoria.
- **Peer reviewers**: Ariella Scher, Centre for Applied Legal Studies and a CSF-NDB Member; Stephanie Amoako, Accountability Counsel; and Christian Donaldson, Oxfam International.

LIST OF ACRONYMS

- **AoA**: Articles of Agreement of the New Development Bank
- **BRICS**: Brazil, Russia, India, China and South Africa
- **CSF-NDB**: Civil Society Forum on the New Development Bank
- **CSO**: Civil Society Organisation
- **DFI**: Development Financial Institutions
- **IAM**: Independent Accountability Mechanism
- **IDP**: Information Disclosure Policy
- **LHWP**: Lesotho Highlands Water Project
- **NDB**: New Development Bank
- **PAP**: Project Affected Person
- **PWYF**: Publish What You Fund
- **SOLD**: Survivors of Lesotho Dams
EXECUTIVE SUMMARY

Transparency and access to information are essential to enable communities to exercise their voice, and to effectively monitor and hold their governments accountable for the impacts of projects. Very closely linked to this is the need for accountability of funders which may include Development Finance Institutions (DFIs). The New Development Bank (NDB) is the world’s newest multilateral development bank to become part of the development finance landscape. It was founded in 2014 by the governments of the BRICS countries (Brazil, Russia, India, China and South Africa).

With the creation of this new institution, it was hoped the NDB would be able to improve its openness and accountability. This, however, remains questionable. On paper, the NDB purports to be governed by, amongst others, transparency and accountability. The NDB’s website for instance notes that ‘[t]he New Development Bank believes in transparency and complete disclosure. We are committed to ensure that our proceedings are transparent, and all our policies, procedures and documents are publicly accessible’. More importantly, the NDB’s Articles of Agreement (AoA) state that ‘[t]he Bank shall ensure that its proceedings are transparent and shall elaborate in its own Rules of Procedure specific provisions regarding access to its documents’. In line with this commitment to transparency in the AoA and development of rules
of procedure, the NDB developed an Interim Information Disclosure Policy in July 2016, and later an Information Disclosure Policy (IDP) in June 2017. Despite these commitments to transparency, concerns remain on how truly open the NDB is. This issue of information disclosure has been a major concern in some communities facing challenges with projects that have been financed or co-financed by the NDB, as well as civil society organisations (CSOs) and community-based organisations in the Southern African region.

As part of the development of this discussion paper, three information requests have been submitted pursuant to article 3(2) of the Information Disclosure Policy to test the NDB information request system. Further, two interviews have been conducted to enquire about the communities’ knowledge on who is financing the projects in their region, how much information they have on the projects and what mechanisms they are privy to should they have concerns. Notably, the responses by the NDB to the information requests raised concern from a procedural perspective that the institution does not abide by its policies in terms of timelines, and from a substantive perspective, the concern that the institution is quite opaque in sharing information. With respect to the discussion with two members of community-based organisations, on the (South Africa) Lesotho Highlands Water Project Phase II (LSHWP II) and the Environmental Protection Project for Medupi Thermal Power Plant (Medupi project), both discussions revealed a lack of knowledge that the NDB is one of the financiers of both projects. The interviewees, who were greatly involved in advocacy activities, were also not aware of any of the policies of the NDB or even that they could request information directly from the NDB. This is demonstrative of the need for bringing awareness to communities of their right to know about projects and project funders, and possibly raise concerns at an Independent Accountability Mechanism (IAM). This paper is notably the first in a two-part series, the second dealing with why the NDB needs an IAM as soon as possible.

Civil Society Forum on the NDB members meet in Cape Town, 2021.
SUMMARY OF KEY RECOMMENDATIONS

This paper argues that much more can be done to improve transparency and accountability within the NDB. In finding a way forward for a potential IAM at the NDB, the paper recommends that:

- There is a need for a functioning structure or platform for affected communities/people who cannot access project information and are not consulted. In line with the second discussion paper in this series, this is again evidence of the need for an IAM.

- The NDB also needs to show how it puts into practice section 23 of the ESF, which states that the ‘NDB is committed to working with the client to ensure that social and environmental documents are made available in a timely manner, in an accessible place, and in a form and language(s) understandable to affected people and to other stakeholders, including the general public, so they can provide meaningful inputs into project design and implementation’.

- The NDB needs further transparency:
  - The NDB needs to endeavour to disclose project documents and information to communities/the general public during the project design and implementation phases (not just after projects are approved) and throughout the project lifecycle.
  - This discussion paper has highlighted that while exceptions to disclosure do exist for certain types of information, there should be a preference for more transparency, rather than less. In the event that information is confidential, this should be justified. In order to be more transparent, the Information Disclosure Policy should have a presumption that information is able to be disclosed unless it can be categorised as one of an explicit list of exceptions.
  - The NDB classifies projects as either sovereign or non-sovereign and applies different standards of transparency to both. Clarity is needed on how each project is classified and the nature of the information that should be made public. In all instances, however, there is preference for more transparency rather than less, unless disclosure may lead to substantial and irreparable harm.

- The NDB needs improved procedures and an improved online platform:
  - The IDP sets out the process and timeframe for requests for information. It is important that the NDB ensures compliance with its own policies. For instance, as required by the IDP, the NDB should provide confirmation of receipt of correspondence in five working days without requiring follow up emails to be sent.
  - This discussion paper has already illustrated the challenges with the use of the NDB online information portal. The general experience is that it can be made more user friendly, and that the online platform needs to be redesigned. Some improvements could include, for instance, an acknowledgement that the information request has been delivered once it is submitted. This could be an automated response.
Enhancing the New Development Bank's practice of information disclosure
INTRODUCTION

Transparency and access to information are essential to enable communities to exercise their voice, and to effectively monitor and hold their governments accountable for the impacts of projects. Very closely linked to this is the need for accountability of funders which may include Development Finance Institutions (DFIs). For DFIs, transparency and accountability are critical to advance the development impact of the projects they fund. Accountability and transparency facilitate knowing what projects a DFI is financing, where the project is located, the details of the project including the financial details, the positive and negative impacts, as well as what redress options are available in the event of potential or actual harm. The challenge with the lack of transparency in development projects is that it ‘makes it difficult to see what DFIs are doing, what impact their investments are making, whether they are adhering to their accountability and environmental, social, and governance (ESG) responsibilities’ amongst others. As such the information disclosure policies and frameworks of DFIs are critical components for transparency and accountability. In practice, the information disclosure processes of DFIs should result in timely and comprehensive access to information. This requires testing their information disclosure policies and the processes.
PURPOSE AND METHODOLOGY

This discussion paper has been developed to discuss the subject of DFI information disclosure. It specifically assesses the policies and practice of the disclosure of information for projects funded by the New Development Bank (NDB) and its broader policies. This assessment centres around two broad questions. The first question that this discussion paper seeks to explore is: **Have project-affected communities in South Africa and the surrounding region had sufficient access to project and policy information?** Closely linked is the second question: **How effective are the NDB’s information disclosure processes?**

The discussion paper explores these questions by directly testing the NDB information disclosure processes through the submission of information requests, and also by obtaining the experiences of project-affected communities through interviews, in addition to desktop research. The research team in developing this discussion paper conducted two interviews that were aimed at extracting thoughts on the main challenges that are being faced by communities, the knowledge and awareness of communities on who the funders of projects are, and their policies. These conversations with interviewees also sought to get a sense of the community buy-in into the projects. The interviews solicited
views from an anonymous interviewee who is a member of the Survivors of Lesotho Dams (SOLD), a community-based organisation working on projects that affect communities impacted by dams and other large infrastructure developments such as the (South Africa) Lesotho Highlands Water Project Phase II (LSHWP II).³ The interviews also solicited the views of Elana Greyling on the (South Africa) Environmental Protection Project for Medupi Thermal Power Plant (Medupi project).⁴ Elana Greyling is not only a freelance journalist, and environmental activist, but is also a long-term resident of Lephalale with extensive experience and activism on the Medupi and other projects, including as a consultant with Earthlife Africa (Johannesburg) and with eight other women’s and environmental justice groups.

This discussion paper is structured as follows: it firstly provides an overview of the rationale of the concept of information disclosure, and then concentrates on the Information Disclosure Policy (IDP) of the NDB. It then discusses the experience and challenges faced by the members of the CSF-NDB in soliciting information from the NDB through the IDP process. The discussion paper will then summarise the discussion with the two interviewees and will conclude with recommendations to improve access to information from the NDB.
THE RATIONALE FOR THE CONCEPT OF DFI INFORMATION DISCLOSURE AND THE NDB’S INFORMATION DISCLOSURE POLICY

Rationale for greater disclosure by DFIs for better project impacts

Transparency and accountability are among the pillars of development finance. At the core of transparency and accountability is information disclosure. While there are many benefits of transparency through information disclosure, an important benefit from the perspective of project-affected communities is that they are better able to seek protection from the negative impacts of projects or policies of DFIs. Environmental and Social Frameworks of DFIs will generally require that there be proactive and continuous engagement with communities throughout the lifecycle of a project. In addition, most DFIs will also offer direct access to information through an information disclosure process. The transparency of DFIs is especially critical to ensure accountability because ‘typically, information disclosure policies at DFIs are based on decisions taken privately by its senior management and/or its Board of Directors’. As such, without a comprehensive policy and approach to disclose the decisions (including investment decisions), processes and frameworks of DFIs, they cannot be held accountable. Various DFIs have developed information disclosure/
access to information policies that allow members of the public to directly request information, and over the years some of these policies have been revised in favour of greater transparency and accountability. In addition to developing an information disclosure policy, access to information requires proper internal systems to collect and disclose information in appropriate and accessible formats, actual accessibility. In a previous study by Oxfam India, it was noted that additional drivers to transparency beyond the information disclosure policy itself, include the actual accessibility of documents, appeal mechanisms in response to a denial of access to information and access to documentation in a language that is representative of a community.

Access to project-related information, policies and institutional information is important for various stakeholders. In describing who needs information on DFI investments, George Ingram notes that the key stakeholders are:

**For host countries (being the recipient government and its citizens)**

Information on current projects is needed, especially financial information, as well as the information on the negative and positive impacts of the projects. Information on whether a project is actually benefitting the community where the project is located is also very critical for a host country. For a country like South Africa that has a dual role as both a founding shareholder in the NDB and is also a recipient or host country of financing, transparency and accountability play an especially important role in both positions. As a funder or donor country, South Africa should be satisfied that the projects being developed have positive developmental impacts on communities and achieve their desired outcomes. As a recipient or host country, access to information is an important tool (possibly the starting point) for the community to have a voice and be protected from harm or potential harm.

**For donor countries (being the donor government and its citizens)**

The information that is critical is on the impact of projects, specifically, whether projects are in fact achieving their desired objectives and are therefore a good public expense.

**For other DFIs**

Project-related information helps them measure if the objectives of a project are being met, but also sharing information among DFIs is critical to learn lessons and find ways to fill the financing gaps.
An important addition to this list of stakeholders who need access to information on the conditions and details of projects, is the project-affected communities themselves. This group in particular, which is the most vulnerable, needs transparency to help protect them from the negative impacts of DFI-financed projects and to ensure that there is a positive impact. They may be joined or assisted by CSOs and other community-based organisations that represent their interests. Access to information should go beyond information provided in community engagements conducted by national implementing authorities or contracting authorities of projects prior to the onset of the project, but rather, there should be an ongoing right to access information from funders themselves, subject to the exception that access to information is likely to cause harm. In fact, the need to access up to date information is not just a component for better project outcomes, but is a right. Oxfam India, has noted that this right to information is both a ‘recognized component of the freedom of expression and a fundamental human right’. As such, not only is access to information a right in itself, it is also critical to ensure a rights-based approach to lending as it facilitates the protection of and access to other rights, like socio-economic rights. Further, Shreya Kaushik takes this view a step further and notes that access to information ‘is not just a right for communities affected by projects, but also increases community involvement and buy-in of projects, allows for proper consultation, and enhances coordination of development finance among other benefits’. It should be noted that the information to which affected communities have a right must also be up to date (to enable them to properly assess the impacts of the project). As a result, the right is not extinguished at the start of the project, but rather continues throughout the life-cycle of the project.

While it is common cause that transparency and accountability are critical, the question is what minimum information should be disclosed, especially with respect to projects. On this subject of minimum information that should be disclosed about DFI’s investments, Charles Kenny notes that while it is preferable that the entire text of the agreements between the DFI and clients be disclosed, if not, at the minimum the following should be disclosed:
Basic features of the investment

This includes the status of the investment; the region, country and actual location of the investment; the investment type and the sector; the duration of the investment; and also the rational and objectives of the investment.

Details of the DFI’s client

This includes, but is not limited to, the contact details of the client, domicile and management structure. Beyond the contact details of the client, it is necessary to also include contact information of the DFI team leader of the project, including the contact information of the designated social and environmental specialist.

Financial details of the investment

This includes the amount of the investment, financial terms and financing structure etc. Different financial details should be shared depending on the nature of the investment.

Environmental and social safeguards

Full details of the social and environmental impact assessments, stakeholder engagement and mitigation measures to deal with negative impacts of projects.

Impacts of the investment

This includes a ‘description of intended impact of the investment and development impact justification including anticipated and re-evaluated economic rate of return estimates and calculations if available along with gender-disaggregation of impact; summary description of achieved impact and related data (including gender disaggregation of impact); project evaluations; audits; [and] defaults/restructuring’.12

Overview of the NDB’s Information Disclosure Policy

The NDB has the mandate of partnering ‘with nations through capital and knowledge, achieving development goals with transparency and empathy and creating an equal opportunity for the development of all countries’.13 According to the NDB, transparency is among its central values. The NDB’s website for instance notes that ‘[t]he New Development Bank believes in transparency and complete disclosure. We are committed to ensure that our proceedings are transparent, and all our policies, procedures and documents are publicly accessible’.14 More importantly, the NDB’s Articles of Agreement (AoA) state that ‘[t]he Bank shall ensure that its proceedings
are transparent and shall elaborate in its own Rules of Procedure specific provisions regarding access to its documents’.15

In line with this commitment to transparency in the AOA and development of Rules of Procedure, the NDB developed an Interim Information Disclosure Policy in July 2016, and later an Information Disclosure Policy (IDP) in June 2017. Further, section 23 of the NDB’s Environmental and Social Framework (ESF), states that the ‘NDB is committed to working with the client to ensure that social and environmental documents are made available in a timely manner, in an accessible place, and in a form and language(s) understandable to affected people and to other stakeholders, including the general public, so they can provide meaningful inputs into project design and implementation’.16

The IDP not only sets out the NDB’s processes for disclosure, but also purports to set the highest levels of transparency, accountability and probity.17 Information disclosure under the IDP is governed by three broad principles, namely:

1) **promoting transparency** which requires the underlying assumption of timely information disclosure;
2) **enhancing accountability** through information disclosure with stakeholders; and
3) **protecting confidentiality** which grants the NDB the right to restrict access to information if disclosure ‘could cause harm to specific parties or interests, particularly its members, clients, employees and other partners’.18

The IDP permits the public to submit information requests, however, the NDB reserves the right to determine if the information requested should be disclosed. In the event that access to information is restricted, written reasons are to be provided.19 ‘Publish What You Fund’ (PWYF) has developed the DFI Transparency Tool that amongst other things, tests the transparency of information disclosure policies.20 The PWYF guidance on Disclosure/Access to Information Policy sets out indicators that are used to test disclosure policies.21 These are to an extent similar to the principles set out in the NDB IDP. The PWYF indicator firstly mentions the **presumption in favour of disclosure**, which requires compelling reasons to refuse disclosure.22 As such, as much project information should be included on the DFI’s website. Notably, in line with the need for greater transparency, various DFIs (including the World Bank, African Development Bank and Asian Development Bank) have revised their access to information policies to enhance transparency by expanding disclosure to include the disclosure of documents such as the country strategy papers and the disclosure of documents throughout the life cycle of the project.23 Another indicator, against which the PWYF tests DFI disclosure policies, is the **restriction of access to certain types of information**.24 This includes a limitation of access to commercially sensitive information and sensitive internal deliberations within the DFI.

This limitation on access to information requires three considerations, namely:

1) clearly delineating a legitimate interest that is being protected.
by the restriction to access to information;
2) the restriction should be limited to protecting that interest against actual harm; and
3) the restriction to access should be subject to a public interest override.

Notably institutions such as the World Bank, African Development Bank and Asian Development Bank have expressly indicated the types of information that are exempt from disclosure. This includes personal information; high level communication; legal (attorney-client privilege), disciplinary (privacy) and investigative matters; security and safety information; confidential client/third party information; deliberative information while decisions are ongoing; agreements; and financial information like forecasts on future borrowing and transactions. The NDB’s IDP is not this specific, and so its systems must be tested in order to determine the parameters. A third indicator that the PWYF tests DFI disclosure policies against is the requirement of an independent appeals process being lodged with an independent body with the power to make decisions on how the disclosure policy was applied.

The Mokolo River, which runs through Lephalale in Limpopo Province used to provide clean drinking water and be used for agricultural and other livelihood purposes. However, it has now been contaminated due to increased mining activities in the area.
The assessment in this discussion paper goes beyond a desktop review of the literature and disclosure policies. In line with the right to request information in the IDP, three organisations submitted information requests to the NDB through both a direct email to the NDB and by submission through the information request platform. The information requested was required to assist with research that formed part of this and other discussion papers, to assist with project monitoring and the general work of the CSF-NDB.

The first information request was submitted by Oxfam South Africa on 28 July 2021 (see Appendix 1 below). This request concerned the need for information on the signed COVID-19 Emergency programme loan documents concluded between the NDB and the South African State/National Treasury. In summary, the request sought information on the breakdown of the utilisation of the loan funds, and various reports and documents including but not limited to project performance assessment reports, progress reports, project monitoring reports, project compliance reports, project monitoring, administrative and/or financial appraisal mission reports and audited financial statements.
The second request was sent by AFRODAD (see Appendix 2 below) requesting information on the Lesotho Highlands Water Project (LHWP), sent on 22 October 2021. The documents requested related to the second phase of the project, and included questions on the nature of the policies that will apply to the second phase of the LHWP, a question on the implication of co-financed projects and how to hold the NDB accountable to its policies, and a request for various project-related documents like environmental and social safeguard documents.

The NDB responded to these two separate information requests with a similar response: ‘According to the Information Disclosure Policy, the Bank aims at publishing Project Documents to the Board for sovereign operations and summary documents for non-sovereign operations after Board approval’. No further information was provided in either response on which project documents would be published, or the possible timeframe for publication.

The final request was from the International Development Law Unit (see Appendix 3 below) sent on 4 September 2021, which concerned the possible development of an independent accountability mechanism (IAM). The NDB has stipulated that information disclosure is an important component of promoting transparency and a presumption that Bank related information should be made available, with exceptions. As such, it was anticipated that the response would provide detailed information and timelines. This information request, specifically raised questions on:

1) the prospects for developing an IAM;
2) any potential timeframe for its development and opportunities for public consultations;
3) the possible structure of the mechanism and the procedures to operationalise the mechanism;
4) the issues dealt with by the mechanism; and,
5) the relationship between the NDB’s IAM and the grievance redress mechanisms that exist at a project level.

In the response provided by the NDB on 20 October 2021 after a follow up because of no confirmation of receipt of the information request, the NDB noted that it is in the process of developing an IAM (see response from NDB in Box 5 below). The response by the NDB highlighted that the current approach of the NDB is that at project level complaints about the NDB staff are handled under the whistle-blower procedures of the NDB’s Compliance and Investigations (C&I) Department, as well as project grievance redress mechanisms that are required as per the NDB’s Environment and Social Framework. The NDB notes that the C&I Department (as per the new organisational structure approved in December 2020) ‘shall be in charge of the grievance redress that also deals with complaints from individuals, communities and organizations that are considered being negatively affected by the Bank’s activities and operations’ (see Box 5 below). While it is clear from the NDB response that the development of an IAM is underway, no further information was provided. Further is the question of whether there will be public consultations with stakeholders in the development of the policy and
what efforts will be made to provide the project-affected communities with the knowledge and capacity to make use of the mechanism. However, the fact that the NDB is making efforts to develop an IAM is a step in the right direction. This process should nevertheless be done in a consultative and participatory manner.

Paragraph 3.2 of the IDP requires that the NDB provide a confirmation of receipt of a request in five working days. A common experience by all the organisations that submitted information requests is that the online platform for submission does not indicate whether the information request has been received once it has been submitted. The online platform does not provide any confirmation of receipt, even in the form of an automated message. As an alternative, the IDP also allows for the submission of requests through email and by fax. The requisite email address and fax number have not been set out in the IDP, nor is it very easily identifiable on the information request portal. A second challenge shared in all three experiences was the fact that the NDB did not provide a confirmation of receipt. A follow up email was sent by Oxfam South Africa and the International Development Law Unit, which included a reminder of the requirement of a confirmation of a receipt. Finally, while the NDB did provide a short response, queries were not fully addressed.

Kwezilomso Mbandazayo of Oxfam South Africa makes the linkages between the global financial infrastructure and the lived realities in Marapong, Lephalale in Limpopo Province.
THE PERSPECTIVE OF PROJECT-AFFECTED COMMUNITIES

In assessing the subject of access to information, the perspective of community members is important. In this respect, the views of community representatives were also sought in the development of this discussion paper. The interviews solicited views from a member of SOLD (concerning the South Africa Lesotho Highlands Water Project Phase II [LSHWP II]), and the views of Elana Greyling, a community member and activist based in Lephalale, Limpopo Province in South Africa on the (South Africa) Environmental Protection Project for Medupi Thermal Power Plant (Medupi project). Both interviewees expressed in great detail the impact that the respective projects have had on their communities, as well as some concerns (see Box 1). Some of the challenges are cross-cutting, for instance, the impact of the influx of migrant workers into the community which put a strain on utilities. Other challenges are project specific. For instance, with respect to phase two of the LHWP, the Lesotho representative expressed the concern that the project may result in the resettlement of over 3,000 individuals and may affect approximately 20,000 individuals in Lesotho in different ways, including with respect to access to water. There are already calls from the community to revise the Treaty between South Africa and Lesotho which underpins the project. However, the Lesotho representative is raising the concern that the community is discontented and that lessons should be learnt from Phase I of the project.
Box 1

The magnitude of the challenges with LHWP I and concerns with LHWP II
Excerpt from interview with a member of SOLD, a community-based organisation in Lesotho

‘We have a problem with the feasibility study report because the feasibility study report has said that they would implement Community views (they would take Community views and incorporate them into the policy), but they have not done that. For example, hundreds of communities, said that they wanted compensation for life. I think I have to be straight and, to the point. There was an attempt to make community engagement. But the position of different groups was not, let’s say, solicited for. That is number one.

The Community engagement was done by the Lesotho Highlands Water Authority alone; there were no other institutions like the financial institutions, hence why we have so many gaps in the engagement in the Community participation strategies. One is the failure to take the views of the people in terms of how many years they have to be compensated, so the compensation for life was not picked up.’

One theme that stood out from both discussions was the lack of knowledge that the NDB is one of the financiers of both projects. The interviewees who are greatly involved in advocacy activities, were also not aware of any of the policies of the NDB or even that they could request information directly from the NDB. This is demonstrative of the need to bring awareness to communities of their right to know about projects and project funders, and possibly challenge a project through the procedures of an independent accountability mechanism (IAM).
The concerns with Medupi project
A community perspective
Excerpt from interview with Elana Greyling, community member and activist based in Lephalale, Limpopo Province, South Africa

‘Giving Eskom loan after loan, after loan to install pollution abatement technology, and them not doing it is problematic. We can speak from experience, that is what the previous World Bank lending has taught us. They gave Eskom a loan specifically for the pollution abatement Eskom had at that stage, which was for flue-gas desulfurization (FGD) technology. It was not installed.

Lenders like the World Bank and NDB, believed that the country laws should be applicable to projects. In other words, the lenders do not police adherence to laws. That is the country prerogative. They believed that country laws should apply and be enforced by country mechanisms, for instance pollution related laws. This has not really happened with respect to emission levels for instance. Eskom is violating laws regarding emissions. They have applied for exemptions from laws on multiple occasions and for once National Air Quality officers denied this exemption again. Which is actually fabulous.

My main questions on this pollution abatement loan are:

a) What type of guarantee do we have, or how do we make sure that if Eskom received the money from multilateral lenders they will do what they said they will, what measures are put in place that they will?; and
b) What will happen if they don’t? Actually, what would be different with this loan?

Eskom has yet to decide on the type of technology they will use. You can use the terms FGD or scrubber. But we don’t know what they will do. In the first round of public participation of FGD, EarthLife Africa (Johannesburg) got an expert in this technology to demonstrate that there are FGD technologies that require less water. And Eskom refused to consider this despite the issue of potential shortage of water. The representative of Eskom at these meetings stated that there would be sufficient water to run 3 units of FGD. Now water has been an excuse against the use of the FGD technology. Instead, Eskom is waiting for the development of the Mokolo and Crocodile River (West) Water Augmentation Project. A project that is far behind. The delays with this project are a cumulative impact of failure to decide on the appropriate technology. They are now waiting for proposals to be potentially received in April 2022. This will be inevitably followed by potentially long procurement etc.

Eskom can’t make decisions. How do you give a loan for something that has not been decided? This is not a loan for scrubbers or FGD they haven’t decided. It’s a loan for some sort of pollution abatement technology that no one knows yet. This does not make practical sense at all.’
KEY FINDINGS AND POLICY RECOMMENDATIONS

This discussion paper addressed the concept of information disclosure, exploring the importance of the concept to project outcomes and its importance to the project-affected communities. It also assessed the policy and practice of information disclosure by the NDB. While it is commendable that the NDB has acknowledged the importance of the principles of transparency and accountability, as well as developed the IDP, there is room for improvement on how information is accessed in practice. Below are recommendations.
**Recommendation 1**
The need for a mechanism for communities that cannot access this information

Challenges confront communities in Southern African nations where the NDB finances and co-finances projects. Inadequate access to information exacerbates these difficulties. It is necessary to provide a functioning structure or platform for affected groups or individuals who are unable to access project information and are not consulted. Access to information in a timely way is critical for communities to take actions to mitigate or avoid any negative consequences of the project.

**Recommendation 2**
The need for clarity on how the NDB puts into practice section 23 of the ESF

The NDB also needs to show how it puts into practice section 23 of the ESF, which states that the ‘NDB is committed to working with the client to ensure that social and environmental documents are made available in a timely manner, in an accessible place, and in a form and language(s) understandable to affected people and to other stakeholders, including the general public, so they can provide meaningful inputs into project design and implementation’. This is not being done. The NDB needs to strengthen their role and commitment to communities to improve client performance, and explain steps on how this important role will be undertaken.
Recommendation 3
Greater transparency is needed

a) Disclosure of projects during project design and development

The NDB currently has not published project documents for sovereign projects. An information request sent to the NDB by Oxfam South Africa on 2 August 2021, included an enquiry on the publication of project information. In its response email of 13 September 2021, the NDB noted the following:

As for the disclosure of information, the Bank discloses information on its website in accordance with the Information Disclosure Policy (IDP), which includes lists specifying Public and Confidential information.

As for publishing the Project Documents to the Board (PDB). According to the IDP, the Bank shall aim at publishing Project Documents to the Board for sovereign operations and summary documents for non-sovereign operations after Board approval. Currently, we are preparing for publishing PDBs for sovereign operations. Such PDBs contain the financial and economic analyses of projects and provide insights on the decision-making rationale and due diligence outcomes. We are expecting that starting from Q1 2022, newly approved PDBs would be made public, subject to consultations with the borrowers in line with the IDP.

While it is a good step forward that the NDB intends to include the above-mentioned project information on their website in 2022, more needs to be done for clients and the NDB to disclose this information to communities/general public during the project design and implementation phases (not just after projects are approved) and throughout the project lifecycle.\(^{35}\)

b) A presumption in favour of the disclosure of information

The requirement for disclosure is not absolute. This discussion paper has highlighted that while exceptions to disclosure do exist for certain types of information, there should be a preference for more transparency, rather than less. In the event that information is confidential, this should be justified in writing. In order to be more transparent, the IDP should have a presumption that information that is capable of being disclosed should be, unless it can be categorised as one of an explicit list of exceptions. On the issue of confidentiality, the IDP merely notes that ‘[a]s a financial institution and an international organization, the Bank has a responsibility to restrict access to information [the disclosure of which] could cause harm to specific parties or interests, particularly its members, clients, employees and other partners’.\(^{36}\)

Not only is there a need for a presumption of disclosure, and further clarity is needed on the exceptions to disclosure, but the burden should furthermore rest on the NDB to justify non-disclosure. Even where public interest considerations in some circumstances may override confidentiality, these should be fully explained. The need for transparency of loan agreements and project documents for sovereign projects is even greater in order to protect the public interest.
c) Clarity is required on how projects are classified – Sovereign versus sub-sovereign
The NDB classifies projects as either sovereign or non-sovereign and applies different standards of transparency to both. Clarity is needed on how each project is classified and the nature of the information that should be made public under each class of project; it cannot be that all documents relevant to a particular class of project are immediately precluded from disclosure without more justification. In all instances, however, there is preference for more transparency rather than less, unless disclosure may lead to harm. Sub-sovereign projects should not entirely escape the transparency requirements.

Recommendation 4
The need for improved procedures and an improved online platform

a) The NDB should adhere to its IDP
The IDP sets out the process and timeframe for requests for information. It is important that the NDB ensures compliance with its own policies. For instance, as required by the IDP, the NDB should provide confirmation of receipt of correspondence in five working days without requiring follow up emails to be sent.

b) There is a need to improve the NDB’s information request online platform
This discussion paper has already illustrated the challenges with the use of the NDB online information portal. The general experience is that it can be made more user friendly, and that the online platform needs to be redesigned. Some improvements could include for instance: an acknowledgement that the information request has been delivered once it is submitted. This could be an automated response. Further, the online platform should include all relevant information on information submission, including relevant email addresses and fax numbers. This information should be easily identifiable.
APPENDIX 1
Information request 1 – Oxfam South Africa (OZA)

Organisation: National civil society organisation.

Date of submission of request: 28 July 2021.

Method of submission: Submission on NDB information request platform, followed by an email request to acknowledge receipt of the information request letter sent the NDB Chief of Corporate Communications.

Acknowledgment of receipt of information request: No response received through the NDB information request platform. An acknowledgement of receipt was received after a follow-up email was sent on 12 August 2021.

Date of response from NDB: 9 September 2021

Comments:

Information requested concerning COVID-19 Emergency programme
II. Breakdown of utilisation of the loan funds per South African government departments, inter-departmental utilisation and allocation of their portion of the loan funds, including the Departments of Social Development and Health.
III. Project Performance Assessment Reports.
IV. Progress reports.
V. Project Completion/Final Report.
VI. Project monitoring reports in terms of the time, cost and performance.
VII. Project compliance reports regarding the loan agreement’s covenants.
VIII. Reports related to compliance to statutory and legal requirements such as Environmental, Social and procurement.
IX. Project monitoring, administrative and/or financial appraisal mission reports.
X. Audited Financial Statements.
XI. Any other documents/reports related to the use of the loan monies by National Treasury and relevant state departments.

Box 3  Response from NDB

Thank you for your request submitted via the New Development Bank’s website. We highly appreciate your interest in the NDB and its work.

According to the Information Disclosure Policy, the Bank aims at publishing Project Documents to the Board for sovereign operations and summary documents for non-sovereign operations after Board approval.

As for the disclosure of information, the Bank is publishing online information on projects approved by the Board of Directors at https://www.ndb.int/projects/list-of-all-projects/approved-projects/.

Thank you.

Best regards,
Corporate Communications Division
New Development Bank
Information requested concerning Lesotho Highlands Water Project II (LHWP II)

I. Will the NDB make use of African Development Bank Policies and Frameworks for LHWP II, including but not limited to the AfDB Environmental Management Plan/Framework, Gender Policies etc? Please highlight which policies will apply to the project?

II. Resettlement Policy and Resettlement Compensation Plan: We acknowledge the NDB’s Resettlement guidelines in the NDB ESF in Section ESS2: Involuntary Resettlement [pages 20-22]. Will the NDB be utilising the AfDB Resettlement Action Plans – RAP (and Compensation Plan) or the NDB Resettlement guidelines as per the NDB ESF?

III. In the event that another Multilateral Development Bank’s (MDBs) policies will be used, what happens if there is a conflict between the NDB’s policies and those of another MDB’s policies that are being used for a project? Does the policy with the higher (eg requiring more compensation in cases of involuntary resettlements or greater participation requirements) standard (either NDB or MDB) apply or does the NDB plan to apply the other MDB policy, regardless of whether or not it has lower standards on a particular issue than the NDB?

IV. Will the NDB be bound by the findings of an Independent Accountability Mechanism (IAM) at the other MDB? In other words, if the IAM at the other MDB makes a finding of non-compliance with the applicable policy will the NDB respect the decision and also take remedial action to correct the non-compliance?

V. The Reports of consultations on the LHWP II focussing on Environmental and Social Impact Assessment (ESIA) and Environmental Management Plans that have been conducted to date since the March 2019 AfDB ESIA for the Lesotho Highlands Water Project Phase II. This is in light of concerns that this Phase of the project will have different ESIA and EMPs from Phase I. We are aware that LHWP II comprises different project components, each of which have ESIA. We are so far aware of the ESIA conducted for the Polihali Western Access Road (PWAR) and Bulk Power Supply and Telecommunications (BPST). Please confirm which ESIA have been conducted and are planned and kindly share the reports for the components that have been conducted.

VI. LHWP Community Engagement and Consultation Plan - With regards to the AfDB ESIA which indicates under the section Community Engagement
(page 29) that a total of 39 community meetings were held in the 39 clusters. Over 3,100 people were engaged between 18 January and 16 March 2017. How comprehensive and representative were these consultations considering at least 3,312 households and at least a total of 16,560 people will be affected?

VII. Financing Frameworks – Whilst we understand that the project is co-financed with the NDB being a contributor amongst several multilateral and private sector players. How sustainable are the financing instruments in terms of fiscal liabilities specifically unsustainable debt accrual by the Government of Lesotho? In this respect we kindly request:

i. **Project background information** (LHWP II Program loan document between NDB and South Africa; overview of the breakdown of utilisation of the loan funds);

ii. **Monitoring and evaluation documents** (project performance assessment and monitoring reports; progress reports);

iii. **Project compliance documents** (project compliance reports regarding the loan agreement’s covenants and compliance to statutory and legal requirements such as environmental, social and procurement); and

iv. **Financial documents** (project monitoring, administrative and/or financial appraisal mission reports, audited financial statements; other documents/reports on the use of the loan monies).

---

**Box 4**

**Response from NDB**

Thank you for your request submitted via the New Development Bank’s website. We highly appreciate your interest in the NDB and its work.

According to the Information Disclosure Policy, the Bank aims at publishing Project Documents to the Board for sovereign operations and summary documents for non-sovereign operations after Board approval.

As for the disclosure of information, the Bank is publishing online information on projects approved by the Board of Directors at [https://www.ndb.int/projects/list-of-all-projects/approved-projects/](https://www.ndb.int/projects/list-of-all-projects/approved-projects/).

Thank you.

Best regards,

Corporate Communications Division

New Development Bank
APPENDIX 3
Information request 3 – International Development Law Unit, Centre for Human Rights (University of Pretoria)

Organisation: Academic institution.

Date of submission of request: 4 September 2021.

Method of submission: Direct email and submission on NDB information request platform.

Acknowledgment of receipt of information request: None, follow-up email submitted to confirm receipt on 20 October 2021.

Date of response from NDB: 20 October 2021.

Information requested concerning IAMs
I. The NDB does not seem to currently have an IAM to receive complaints concerning NDB-financed projects. Is there any prospect of the bank developing such a mechanism?
II. If the answer to question 1 above is yes, what is the estimated timeframe to operationalisation of the IAM?
III. Will the NDB IAM be structured similarly to IAMs in other multilateral banks? If not, what model will be used?
IV. If the NDB will develop an IAM, what activities will lead up to operationalisation, for instance, will a draft of the mechanism be shared with stakeholders and will public consultations form part of the process? Will the process include the development of a policy on the IAM?
V. What nature of issues will an NDB IAM deal with?
VI. What will the relationship between the NDBs IAM and the NDB Grievance Redress Mechanism be?
VII. What will the main difference between these two mechanisms be?
Box 5  

Response from NDB

Thank you for your request submitted via the New Development Bank’s website. We highly appreciate your interest in the NDB and its work.

Compliance and Investigations (C&I) Department is an independent department and is in charge of the Whistle-blower Procedures of the NDB (hosted on the Bank’s Website at https://www.ndb.int/about-us/whistleblowing/). Project level complaints involving allegations against the Bank staff are currently handled as per these Procedures. Further, in accordance with relevant operational policies, the Environment and Social Framework of the Bank sets requirements for Bank’s clients on grievance redressal relating to project complaints on the matters covered under the framework. A copy of the framework is available on the Bank’s Website.

Pursuant to the new organizational structure approved in December 2020, the Department of Compliance and Investigations shall be in charge of the grievance redressal that also deals with complaints from individuals, communities and organizations that are considered being negatively affected by the Bank’s activities and operations.

Accordingly, updated guidelines for project complaint mechanism are currently being formulated by the Compliance & Investigations Department. The same shall be reviewed further in due course to evolve into an Independent Accountability Mechanism as may be required for the circumstances of the Bank.

Thank you.

Best regards,

Corporate Communications Division

New Development Bank
APPENDIX 4
Outline of interview questions that tackle both the topic of the IAM and Information Disclosure

Box 6 Outline of proposed interview questions that tackle both the topic of the IAM and Information Disclosure

Interview questions

Set 1: Questions on the issues faced by, and concerns of the community

Projects that are at different stages may face different challenges and impact different members of the community in different ways. Consequently, this set of questions is aimed at obtaining information on the challenges that the project has resulted in, how different groups have been impacted by the challenges, and whether there are any concerns about future issues. The interviewee is required to elaborate on the following:

• Please provide a brief overview of the nature of the project in your community.
• Please briefly describe how this project is currently affecting your community, including how it is affecting different groups in the community.
• How has the project affected vulnerable groups in your community such as women, the elderly, and youth etc?
• Prior to project implementation and during the implementation, was there any community engagement conducted? Who consulted you? Was it the NDB or other multilateral development banks or the project sponsor (eg government, ESKOM etc)?
• If so, what was the nature of the engagement? – Where these in the nature of workshops, community meetings etc?
• Have members of your community had grievances and if so how has the community communicated/addressed these? What has been the response of funders and project sponsors?
• Do you have any concerns on how the project may affect you in the future?
Set 2: Questions on compliance with New Development Bank (NDB) and other multilateral development bank policies

The objective of this set of questions is to determine whether the community is aware that the project is funded by the NDB and to assess their level of knowledge of NDB policies and the project’s compliance with these policies. The interviewee will be required to answer and elaborate on the following:

- Are you aware of who is funding the project in your community?
- Are you aware of the Environmental and Social policies of the multilateral bank funding the project in your community?
- Are you aware of what you are entitled to under these Environmental and Social policies?
- To what extent have your expectations on these policies been met?
- When did you learn of the NDB involvement in the project? How did you learn about the NDB involvement?
- If you are dissatisfied with the compliance with the policies, are you aware of any mechanism that raises concern? And have any concerns been raised with the Multilateral Bank?
- If yes, did you receive a response to the complaint and how was the issue remedied?

Set 3: Who is the responsible party for the issues faced in the project?

The projects in question involve both multilateral funders and local Implementing Authorities. Further, different parties may be responsible for the issues faced in the project. As such, there are both country systems for dealing with grievances, as well as a potential multilateral option to address issues. This set of questions is aimed at determining whether communities are aware of who is responsible for the challenges that the project has resulted in and the different options available to them to raise their concerns.

- What is the grievance mechanism that the project is making use of?
- Have any grievances been formally submitted to the project Implementing Authority or the NDB? What was the nature of the grievance and who do you think was responsible?
- Have you had any concerns with the compliance with the policies of project funders (Multilateral Bank funders)?
Set 4: Accountability Mechanism

- Do you know what an independent Accountability Mechanism is (e.g., World Bank Inspection Panel or African Development Independent Review Mechanism etc.)?
- Do you have any experience with the use of an Independent Accountability Mechanism of any Multilateral Bank? If so, please elaborate and indicate your experience, as well as the strengths and weaknesses of the use of the mechanism.
- Do you have any view on what would make an Independent Accountability Mechanism more effective from the perspective of a community that would use the mechanism?

The water supply to Marapong communities has been contaminated by increased mining activities.
REFERENCES

• UN General Assembly, Universal Declaration of Human Rights, 10 December 1948, 217 A (III).
NOTES

1. In 2022 the SA/Africa CSO NDB Working Group changed its name from the SA/Africa CSO NDB Working Group to Civil Society Forum on the New Development Bank (CSF_NDB).


12. Kenny (n 8).


17. New Development Bank (n 14).
As above.

New Development Bank (n 13) para 3.2.


As above.

As above.

Kaushik (n 11) 25.

Publish What You Fund (n 20).

As above.

Kaushik (n 11) 25.

Publish What You Fund (n 20).

Article 3.2 NDB 'New Development Bank Information Disclosure Policy' (2017 v2).

The SA/Africa CSO NDB Working Group, co-chaired by Oxfam South Africa and African Monitor is a network formed in 2018 during the time of Civil BRICS when South Africa hosted the 10th BRICS Summit in Johannesburg. The SA/Africa CSO NDB working group seeks to engage the NDB and its Africa Regional Centre (ARC) on its role in South Africa and the region, in coordination with BRICS civil society.

See Appendix 1 and 2 of this Discussion Paper.

NDB (n 28) 3.

As above.

NDB (n 4).

Please see 'Discussion Paper 1: Advancing accountability and transparency of the New Development Bank through an Independent Accountability Mechanism: A Community Perspective'.

By the time of this paper’s publication, the project information has yet to be posted to the NDB’s website.

Chapter 1 of IDP, at 1.1.3.

Sovereign projects’ have been defined by PWYF as ‘projects that have been financed with the guarantee of a sovereign entity (a national or sub-national government)’, while ‘non-sovereign projects’ are ‘projects that have been financed without the guarantee of a sovereign entity (a national or sub-national government, or in some cases a municipality)’. Publish What You Fund ‘Core Information: Sovereign / non-sovereign’ https://www.publishwhatyoufund.org/projects/dfi-transparency-tool/sovereign-non-sovereign/ (accessed 5 May 2022).