

Reactie BankTrack netwerk op de Equator Principles

Samenvatting

Washington, 4 juni 2003

Berne Declaration (Switzerland), Campaga per la Riforma della Banca Mondiale (Italy), CornerHouse (UK), EuroNature (Germany), Friends of the Earth (United States, England, Wales, Northern Ireland, Brazilian Amazonia), PowerShift (US), Rainforest Action Network (US), Wilderness Society (Australia), WWF (UK)

As representatives of the non-governmental organizations (NGOs) that drafted the Collevocchio Declaration calling for environmental and social responsibility from financial institutions, we welcome the efforts of leading banks to grapple with these critical issues. The Equator Principles recognizes that financiers have a role in and responsibility for the social and environmental impacts of their transactions. We believe that the EPs, aptly implemented, can be helpful springboard from which financial institutions can examine and confront their role in destructive projects. Whether or not the Equator Principles (EPs) represent a significant initiative or a negligible one depends on banks' commitment to strengthen them and be transparent in their implementation of the Principles. Like the guidelines from multilateral lending institutions on which they are modeled, the Principles are only as good as the commitment behind them.

Ultimately, financial institutions will be judged by the real world impacts of the projects they support, not the loftiness of the principles they articulate. In particular, NGOs will measure banks' commitment and progress towards sustainability based on a broader vision for the financial sector, which is articulated in the Collevocchio Declaration on Financial Institutions and Sustainability.

Released in January 2003 with the endorsement of over 100 civil society groups, the Collevocchio Declaration is a tangible symbol of NGOs' increasing scrutiny of the financial sector, which has fallen relatively far behind other corporate sectors in understanding its role and responsibilities in advancing sustainability. We are beginning to see banks develop initiatives such as the EPs as a response to society's increasing social and environmental expectations of the financial sector, and notably all the banks that drafted the EPs have been the subject of NGO advocacy.

The following eight points summarize our main reactions to the Equator Principles:

1. EPs in the context of the Collevocchio Declaration. The EPs are consistent with, but fall far short of, the vision elaborated in the Collevocchio Declaration. For example, the "Do no harm" Principle in the Collevocchio Declaration would call for an explicit commitment to categorical prohibitions for the most socially and environmentally egregious transactions. The Declaration also emphasizes a precautionary-based approach rather than one based on mitigation.
2. Scope of applicability and effectiveness. NGOs recognize the limitations of the Principles (applies to project finance only, only pertains to direct loans, etc.). We urge the banks to review the environmental and social impacts of different segments of their portfolios and develop appropriate policies. For example, mining and forestry are often very sensitive sectors but are not commonly project financed.
3. Implementation is a key concern. Even with 30 environmental staff, the International Finance Corporation (IFC) itself has a poor track record of implementing its own safeguard policies. Projects that do not meet IFC standards (e.g. Oleoducto Crudos Pesados pipeline in Ecuador, which IFC did not finance but whose sponsors claimed met World Bank standards) often are financed anyway. Banks

must prove that they are serious about implementation by rejecting unsuitable projects, increasing staff resources, disclosing their Environmental Management Systems (how they implement and monitor the EPs and who's responsible), disclosing social and environmental loan covenants, etc.

4. Lack of accountability mechanisms. A fatal flaw of the EPs is that there is no mechanism for ensuring that endorsing banks actually implement them. The lack of transparency requirements prevents endorsing institutions, peer banks and the public to monitor implementation of the Principles. In addition, the EPs should have captured other IFC accountability policies and embraced the concept of prior and informed consent in community consultation

5. The Principles have some critical loopholes. The EPs should explicitly state that all projects must comply with IFC guidelines, rather than emphasizing the need for Environmental Assessments. It includes language like "generally consistent" (with IFC criteria), "reasonable minimum period" that is vague and can lead to poor implementation.

6. Weak on social issues. IFC standards, compared with those of the World Bank, are relatively weak on social issues, and the Equator Principles reflect this weakness. For example the late January version of the EPs referenced "human rights," but was replaced by "socially responsible" in subsequent versions.

7. IFC standards are not necessarily best practice. NGOs hope that the adoption of the EPs will not delay the adoption of best practice sector standards such as the World Commission on Dams guidelines and the forests policies proposed by WWF and Friends of the Earth, and categorical prohibitions (such as those used by export credit agencies such as the U.S. Overseas Private Investment Corporation). The EPs should have also explicitly committed to adhering to IFC standards as they improve, while not adopting any potential rollbacks.

8. Recourse & responsibility. The Principles put most of the responsibility on the borrower, and there is currently no mechanism for affected communities to have recourse to the bank in cases where standards are not being met or implemented. In contrast, the IFC has a Compliance Advisor Ombudsman, which investigates complaints from affected communities affected on alleged non-compliance with IFC's own policies.