Banks Meet with NGOs to Discuss Progress on the Equator Principles

LONDON, 13 July 2004 — Sixteen financial institutions which have adopted the Equator Principles met with representatives of 13 NGOs in London on 1 July 2004 to review the progress being made in the implementation of the Equator Principles and to address issues of concern to NGOs. The issues discussed included implementation, training and disclosure, as well as what role NGOs could play.

The NGOs represented at the meeting were BankTrack, Berne Declaration, Conservation International, Campagna per la Riforma della Banca Mondiale, Environmental Defense, Friends of the Earth (Japan), Friends of the Earth (UK), Friends of the Earth (US), Milieudefensie, The Nature Conservancy, Platform, Rainforest Action Network, Urgewald, World Resources Institute (UK), World Resources Institute (US), and World Wildlife Federation. The NGOs had the opportunity to present their views on which they would like clarification and more information.

One issue raised by the NGOs included their perception of uneven implementation by different banks, with some having done a lot while others had done little, although the NGOs highlighted that they had insufficient information about what most Equator banks were or were not doing.

Other issues raised included whether there would be consistency in categorising projects as A, B or C (high, medium or low risk), how monitoring of environmental issues would be done after the initial financing is closed, and how there would be disclosure of environmental assessments on high risk projects, how outside groups could be confident that banks were following their announced policies, how NGOs can be more engaged and consulted and whether NGOs could be involved in training or environmental assessments. They also expressed the hope that banks would expand the scope of their environmental policies beyond project finance.

ABN AMRO, Barclays, Calyon, Citigroup and WestLB each described in some detail the actions they have taken to date in implementing the Equator Principles, outlining their training of staff, changes to their credit policies and processes, development of tools for bankers to use in implementing the principles, internal auditing procedures to ensure compliance with policies, and how the project finance world has changed since the adoption of the principles. The banks also described the joint conferences and meetings held among more than 20 banks on implementation issues and to share learning, as well as the describing the workshops on the Safeguard Policies and on social risk assessment and training sessions conducted for banks by IFC. The banks also emphasised that most of them have additional environmental policies in addition to the Equator Principles and that the principles are only one, albeit an important part, of their overall policies.

The NGOs said they found this level of detail encouraging.

Representatives of IFC who attended the meeting summarised the customised training that IFC has done for banks - some 365 bankers from 13 banks to date - for banks which have adopted the principles. IFC commented on the benefits of the banks "mainstreaming" environmental and social processes in their business units versus the IFC's approach of a specialist environmental department.

IFC also noted that banks are one of a number of important stakeholder groups in the upcoming revision of IFC Safeguard Policies.
The banks agreed to hold another of these meetings with NGOs and a similar one between banks and project sponsors. The banks proposed to work with NGOs in a smaller group on some of the issues raised by the NGOs, although banks stressed that the primary venue for stakeholder engagement will continue to be with individual banks.

NGOs and the banks expressed the view that the meeting was a success and an excellent dialogue as a group. They agreed on the following next steps:

- They will meet again as a group in January 2005.
- A smaller working group - composed of both banks and NGOs - will work on three issues in the interim: use of the equator-principles.com website as a source of information on implementation practices; transparency and reporting; and how and when NGOs can get involved and add value. The banks involved in the working group will be ABN AMRO, Barclays, Calyon, Citigroup, WestLB and Westpac. NGOs were asked to get back to the banks with their nominees for the working group.