



Global Environment Facility
Fiduciary Management Standards

Standards and Practices Review Template

Agency: International Bank for Reconstruction and Development

Proprietary and Confidential
For Discussion Purposes Only

March 11, 2008

A. Audit, Financial Management and Control Framework**(1) External Financial Audit**

The external financial audit function ensures an independent (as defined by the International Federation of Accountants (IFAC)) review of financial statements and internal controls.

- a. The agency has appointed an independent external audit firm or organization.
- b. The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).
- c. Financial statements are prepared in accordance with recognized accounting standards such as International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP) that are accepted in major capital markets for listed companies.
- d. The internal controls over financial reporting cover the use of GEF funds, and Management asserts to the agency governing body that these internal controls are adequate.
- e. An annual audit opinion on the financial statements is issued by the external auditor and made public.
- f. An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.
- g. The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.

I. Description of how agency meets this standard:

Inventory of Current Organizational Environment	Documentation References
<p>According to the Articles of Agreement of the IBRD, the accounts of the Bank shall be audited at least once a year by external auditors appointed by the Board of Governors through their delegation of authority to the Executive Directors. In addition, the external auditors attest on the adequacy of the internal controls over external financial reporting on an annual basis.</p> <p>Audits are conducted annually, with review reports issued by the external auditors quarterly.</p> <p>The audit of the financial statements includes operationally related elements such as loan disbursements and repayments, outstanding balances due from borrowers; administrative expenses, and treasury transactions.</p>	<p>Articles of Agreement of the IBRD, Article V, Section 13</p> <p>IBRD Annual Report 2007, Additional Financial Disclosures, (ref pg 104/)</p> <p>IBRD Annual Report 2007, Audit Opinion (ref pg 109/)</p> <p>IBRD Annual Report 2007, Financial Statements, Management's Report</p>
<p>The Executive Directors have established an Audit Committee which is responsible for, among other things, monitoring the accounting practices and internal controls of IBRD. Executive Directors are independent from management.</p> <p>Membership in the committee is determined by the executive directors, based upon nominations by the chairman, following informal consultation with the Executive Directors. Membership is expected to reflect the economic and geographic diversity of IBRD's member countries. Seniority, Continuity and relevant experience are also considered. All members of the committee shall also have a working familiarity with basic finance and accounting practices.</p> <p>The Audit Committee reports to the Executive Directors.</p>	<p>IBRD Annual Report 2007, Financial Statements, Management's Report</p> <p>Management Discussion and Analysis, Section 0. Governance; Audit Committee</p>
<p>The Audit Committee meets regularly. In a typical fiscal year the Committee may meet 20 to 30 times.</p> <p>The Committee has a mandate to assist the Board in overseeing and making decisions regarding the World Bank Group's financial condition, its risk management and assessment processes, the adequacy of its governance and controls, and its reporting and accounting policies and procedures.</p> <p>Other responsibilities include:</p> <ul style="list-style-type: none"> • the integrity of financial statements • (ii) the External Auditor (appointment, qualifications, independence and performance) • the Internal Audit Department • the system of internal controls regarding finance, accounting and ethics (including mechanisms for dealing with and minimizing fraud and corruption), • significant financial and reputational risks • the effectiveness and integrity of financial policies in such areas as trust fund administration, procurement procedures and financial management 	<p>Audit Committee Terms of Reference</p> <p>http://go.worldbank.org/RUEU4UKAO0</p>
<p>The External Auditor's Opinion states that conduct of audits of the financial statements are in accordance with generally accepted standards of the United States of America and International Standards of Auditing.</p>	<p>IBRD Annual Report, 2007, Independent Auditor's Report</p>

Inventory of Current Organizational Environment	Documentation References
<p>Annual Reports are available online and are furnished to the U.S. Securities and Exchange Commission for public availability.</p> <p>IBRD's Articles of Agreement state that IBRD shall publish an annual report containing an audited statement of its accounts</p>	<p>http://go.worldbank.org/8G6DBV0OG0</p> <p>Articles of Agreement of the IBRD, Article V, Section 13</p>
<p>The Audit Opinion covers the fair presentation of the financial statements in accordance with generally accepted accounting principles in the U.S.</p> <p>IBRD assessed its internal control over external financial reporting for financial presentations in conformity with US GAAP, based on the criteria described in <i>Internal Control-Integrated Framework</i> issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).</p> <p>The independent external auditor has issued an attestation report on management's assessment of IBRD's internal control over external financial reporting and on the adequacy of IBRD's internal controls over external financial reporting.</p> <p>The external auditors do not comment specifically on the organizational structure of the organization, although entity level controls, which include organizational elements, are considered as part of their assessment.</p>	<p>IBRD Annual Report 2007, Management's Report Regarding Effectiveness of Internal Controls Over External Financial Reporting</p> <p>IBRD Annual Report 2007, Independent Accountants' Report</p>

II. Description of area(s) in which agency does not meet this standard, and description of agency's monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

(2) Financial Management and Control Frameworks

An internal control framework, as defined by internationally recognized frameworks such as COSO, Cadbury and CoCo, is a risk-based process designed to provide reasonable assurance and feedback to management regarding the achievement of objectives in the following categories:

- *Effectiveness and efficiency of operations*
 - *Reliability of financial reporting and financial management frameworks*
 - *Compliance with applicable policies and procedures.*
- a. A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.
- b. The control framework covers the control environment (“tone at the top”), risk assessment, internal control activities, monitoring, and procedures for information sharing.
- c. The control framework has defined roles and responsibilities pertaining to accountability within the control framework for fiscal agents and fiduciary trustees.
- d. At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses. Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent.
- e. The control framework guides the financial management framework.
- f. Procedures are in place for identifying internal controls and assessing controls details annually in the following financial management areas:
- Budgeting;
 - Accounting;
 - Internal control;
 - Funds flow (including disbursements, cash management, unused fund close-out);
 - Financial reporting; and
 - Auditing arrangements.
- g. Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.

I. Description of how agency meets this standard:

Inventory of Current Organizational Environment	Documentation Reference
<p>Managers are responsible for their unit's resources and the procedures and systems necessary to monitor and secure delivery of their work program. Additionally, managers are responsible for maintaining an effective internal control structure and procedures for proper authorization, recording and financial reporting in accordance with the Bank's policies and practices.</p> <p>The Audit Committee, the Bank's senior management, and the Controller have determined that the Framework set out by the Committee of Sponsoring Organizations (COSO) will be the basis for the Bank's control policies and standards.</p> <p>Units involved in risks and controls, and individual Vice Presidential Units (VPUs):</p> <p>The Integrated Risk Management Secretariat</p> <p>The Internal Auditing Department (IAD)</p> <p>The Department of Institutional Integrity</p> <p>The Controller</p> <p>Trust Fund Quality Assurance and Compliance</p>	<p>Profile Responsibilities: Controlling for All Staff: http://go.worldbank.org/Q1YAZCVMN0</p> <p>Controls Guide: Responsibilities for Business Process Management http://go.worldbank.org/25W3OYCX30</p> <p>Controls guide http://go.worldbank.org/UQFXLPWIA0</p> <p>Controls guide: Roles http://go.worldbank.org/XHBABN6F30</p>
<p>Risk Assessment activities:</p> <ul style="list-style-type: none"> - identify business process risks - prepare control plan - conduct review activities - identify and resolve control issues - improve the process - report on progress - sign letter of representation <p>Each VPU (and other relevant units) carries out risk assessment activities appropriate to the scope of their business objectives. These may range from VPU-level Risk Scan exercises, to portfolio reviews, to project-specific assessments, to detailed process risk reviews, etc.</p> <p>Control Self-Assessment (CSA) workshops are currently used for reviewing the informal control structure within the Bank, and need to conform to Bank standards.</p> <p>Each VPU is responsible for carrying out quality assurance activities in their business area. Occasionally, control issues involve fraud and corruption and these issues are highly sensitive. In cases where there are allegations of Bank staff violating the Code of Professional Ethics, managers must contact the Office of Professional Ethics. For cases where there is suspected or alleged misuse of funds in Bank projects there are numerous Operational Directives that provide guidance.</p>	<p>Controls Guide: Steps for Implementing a Control Program: http://go.worldbank.org/DHH19ICXJ0</p>
<p>The following tools are used by staff as part of the controlling process.</p> <ul style="list-style-type: none"> - The Business Planning and Reporting Tool (BPRT) - The Capital Project Maintenance Tool 	<p>Controlling: Tools for All Staff http://go.worldbank.org/XWN2PKCST0</p>

Inventory of Current Organizational Environment	Documentation Reference
<ul style="list-style-type: none"> - The Leave and Attendance Recording System (LARS) - SAP – Workflow - Task Planning Tool (TPT) - The Time Recording System (TRS) - Work Program Agreement (WPA) - The web-based travel interface (Web Travel) - The Bank's process to review and assess the adequacy of its internal controls over financial reporting (ICFR) 	
<p>Financial risks are managed by units reporting to the Bank's Chief Financial Officer (CFO) and employing state-of-the-art financial risk management techniques. Similarly, units such as General Services Department (GSD) and Information Solutions Group (ISG) have direct risk management responsibilities for important areas of operational efficiency. They have developed dedicated risk management processes for security, technology, facilities, and other activities under their responsibility.</p> <p>A number of policy and process oversight units are involved in activities with many risk management implications. They are also responsible for ensuring that a wide range of processes are performing well; including content, documentation, timeliness, and adequate disclosure. Controller VP (CTR), Legal VP (LEG), Human Resources Services VP (HRS), Environmentally and Socially Sustainable Development Network (ESSD), Operations Policy and Country Services (OPCS) and Corporate Secretariat (SEC) are prime examples of these units, and their contribution to risk management is essential.</p> <p>Finally, the extensive control and evaluation functions in the Bank reflect the range of risks the Bank faces and provide an important foundation for risk management. They include real-time evaluations by the Quality Assurance Group (QAG), as well as the work of the Internal Audit Department (IAD), Department of Institutional Integrity (INT), the Trust Fund Quality Assurance and Compliance Group (TQC) and Independent Evaluation Group (IEG) that allows mid-stream mitigation of risks. They also involve retrospective reviews (particularly by the IEG but also by the other control and evaluation groups) that provide guidance for better risk management in new activities, ensuring that lessons from experience are learned and applied.</p>	<p>Integrated Risk Management – Framework http://go.worldbank.org/86QMNAFMLM0</p> <p>Operational Policies/Bank Procedures OP/BP 10.02 - Financial Management http://go.worldbank.org/ZFCQXEC2U0 http://go.worldbank.org/V8PPX8C2T0</p>

II. Description of area(s) in which agency does not meet this standard, and description of agency's monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

(3) Financial Disclosure

The financial disclosure policy establishes and/or strengthens the process surrounding mandatory financial disclosures of possible or apparent conflicts of interest by identified parties.

- a. A documented financial disclosure policy covering identified parties defines conflicts of interest arising from personal financial interests that require disclosure, including actual, perceived and potential conflicts.
- b. The policy specifies who is required to adhere to the standards, including employees, employee family members, consultants, or independent experts at a management decision making level with the following responsibilities:
 - Contracting or procurement;
 - Developing, administering, managing, or monitoring loans, grants, programs, projects, subsidies, or other financial or operational benefits provided by the bank; and
 - Evaluating or auditing any project, program or entity.
- c. The policy specifies prohibited personal financial interests.
- d. The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.
- e. Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.
- f. The policy establishes processes for the administration and review of financial disclosure interests of the defined parties defined as well as resolution of identified conflicts of interests, under an independent monitoring/administration function.

I. Description of how agency meets this standard:

Inventory of Current Organizational Environment	Documentation Reference
<p>The Staff Rule 03.03 requires the staff members to identify, address and resolve real, potential or apparent conflicts of interest between a staff member's personal financial dealings, outside interests and activities, and their Bank Group duties.</p> <p>This Rule applies to all staff members. It also applies, where specified, to former staff members and immediate family members.</p> <p>In addition, senior managers and staff must complete a confidential financial disclosure instrument with the Office of Ethics and Business Conduct.</p> <p>The Staff Manual – available online on the intranet and as hand-out upon entry on duty, provide clear definitions of personal financial interests, conflicts of interest and specific prohibitions that staff must disclose and/or adhere to.</p>	<p>Staff Manual: Staff Rule 03.03 Financial Interest and Disclosure</p> <p>http://go.worldbank.org/S9NHGAWYV0</p>
<p>The Conflict Resolution System offers World Bank Group staff support ranging from informal counseling to formal review of concerns to preserve fairness in the workplace and maintain a positive working environment for everyone.</p> <p>There are five core offices, which provide staff specialized services, in an impartial manner, ranging from informal counseling to formal review of concerns and issues:</p> <ul style="list-style-type: none"> - Ombuds Services (OMB) - Mediation Services (MEF) - Office of Ethics and Business Conduct (EBC) - Appeals Committee Secretariat (ACO) - World Bank Administrative Tribunal (WBAT) 	<p>Conflict Resolution System – CRS</p> <p>http://go.worldbank.org/DUBGDO0SL0</p>
<p>Each staff member shall disclose any financial interest or business relationship of his/her own or of an immediate family member. Disclosure shall be made promptly and in writing to the staff member's senior manager and the Office of Ethics and Business Conduct.</p> <p>Staff members who are GH level or above, and such other staff members as the President may designate from time to time, shall file annually with the Office of Ethics and Business Conduct, and no later than April 30 of each calendar year, or such other date as determined in writing by the Office of Ethics and Business Conduct, a complete and accurate financial disclosure form in a manner prescribed by the Office of Ethics and Business Conduct.</p>	<p>Staff Rule 03.03 Financial Interest and Disclosure</p> <p>http://go.worldbank.org/S9NHGAWYV0</p>
<p>The Ombudsman is a designated neutral placed outside of the normal management channels to help staff address workplace-related issues in a safe and confidential environment; independent from the management structure, but has access in performing his/her work to any part of the Bank.</p> <p>The Office of Ethics and Business Conduct (EBC) is accessible to all staff, family members of staff members, World Bank Group clients and vendors, and can be contacted anonymously through the Ethics HelpLine anytime, anywhere</p> <p>The Appeals Committee (ACO) is a peer review arbitration process that was established to allow staff to</p>	<p>Staff Manual, section 09</p> <p>http://go.worldbank.org/ID9VAICX60</p> <p>Ombuds Services</p> <p>http://go.worldbank.org/KZE7ARRWC0</p>

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<p>challenge administrative decisions which alter or breach terms of their employment or any formal disciplinary action based on misconduct</p> <p>World Bank Administrative Tribunal (WBAT) is composed of seven judges, appointed by the Executive Directors of the Bank from a list of candidates drawn up by the President of the Bank after appropriate consultation.</p>	<p>Office of Ethics and Business Conduct http://go.worldbank.org/KY8TMHC2Z0</p> <p>Appeals Committee (ACO) http://go.worldbank.org/HUVVPB3US0</p> <p>WBAT http://wbln0018.worldbank.org/crn/wbt/wbtwebsite.nsf</p>
<p>The Bank does maintain a list of vendors, to be used for review of financial interests.</p> <p>It is reviewed and updated on an ongoing basis and it is available online</p>	<p>Vendors List http://intresources.worldbank.org/INTETHICS/Resources/WBGVendorList.pdf</p>

II. Description of area(s) in which agency does not meet this standard, and description of agency's monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

4) Code of Ethics

A code of ethics for agency staff promotes responsible governance and ethical behavior.

- a. A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.
- b. An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.
- c. Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. by posting them to the agency's intranet and external websites).

I. Description of how agency meets this standard:

Inventory of Current Organizational Environment	Documentation Reference
<p>The World Bank has a Code of Professional Ethics, available online.</p> <p>In our work, professional ethics means:</p> <ul style="list-style-type: none"> - upholding both the letter and the spirit of the principles, rules and guidelines applicable to World Bank Group staff members; - fostering accountability; - eliminating unfair and disrespectful treatment of others; - asking questions when we are confronted with ethical issues; - encouraging open dialogue and discussion; - candidly acknowledging, and learning from, our mistakes; - feeling proud of what we have achieved and how we have achieved it; and being humble in considering what we can improve and how we can do it. <p>The Code applies to all World Bank Group staff (including managers, consultants, and temporary employees) all over the world. It also applies to the World Bank Group as a complex of institutions, operating through its management's decisions and actions.</p> <p>Staff Rule 03.01 Standards of Professional Conduct states that Upon appointment, each staff member shall file with the Manager, Human Resources Service Center, a statement representing that she or he has read and will comply with</p> <p>The principles of Staff Employment. Each staff member may be required to complete periodic training regarding the requirements of Principle 3 under the Principles of Staff Employment and Staff Rules 3.01, 3.02 and 3.03. The Office of Ethics and Business Conduct (EBC) is responsible for conducting this training.</p> <p>Staff Rule 08.01 Disciplinary Proceedings spells out to managers and staff what may constitute misconduct, possible disciplinary action and the associated decision-making process, as well as the obligations of managers and staff with regard to reporting alleged misconduct.</p>	<p>The Code of Professional Ethics http://go.worldbank.org/N8OF5J2RD0</p> <p>Staff Manual http://go.worldbank.org/EALPOX30S0</p> <p>Staff Manual http://go.worldbank.org/GJ053KX0A0</p>
<p>The Office of Ethics and Business Conduct (EBC) ensures staff members understand their ethical obligations to the World Bank as embodied in its Core Values the various rules, policies, guidelines under which they operate.</p>	<p>The Office of Ethics and Business Conduct http://go.worldbank.org/YTM34HMAE0</p>

Inventory of Current Organizational Environment	Documentation Reference
<p>According to Staff Rule 8.01:</p> <p>“A staff member has a duty to report suspected fraud or corruption in Bank-Group financed projects or in the administration of Bank Group business to his or her direct manager, or the Department of Institutional Integrity (‘INT’). A manager who suspects or receives a report of suspected fraud or corruption has an obligation to report it to INT.</p> <p>A staff member is encouraged to report all other forms of misconduct to his or her manager, or INT, but is not required to do so. A manager who suspects or receives a report of suspected misconduct, however, has an obligation to report it to INT.”</p> <p>The World Bank has a HotLine to report any allegation of fraud, corruption, or financial irregularities, HotLine for Fraud and Corruption: (800) 831 0463, International Line at (704) 556 7046.</p> <p>For issues that do not relate to fraud and corruption, the Ethics HelpLine--collect at (202) 458 7000--is available. Anonymity and confidentiality are guaranteed.</p>	<p>The Code of Professional Ethics</p> <p>Steps to take</p> <p>http://go.worldbank.org/I31IH85Y50</p>
<p>Any time a staff member contacts the Office of Ethics and Business Conduct, EBC treats them as a client and log the contact as a "case." All information is considered strictly confidential. When the case is closed, EBC sends a customer satisfaction survey to the client. An outside firm compiles the survey data and writes a periodic report, called "Feedback on the Office of Ethics and Business Conduct: Survey Report". This is one set of statistics that helps EBC gauge its effectiveness and improve its customer service</p>	<p>The Office of Ethics and Business Conduct</p> <p>http://go.worldbank.org/2ZBNSSA8Q0</p>

II. Description of area(s) in which agency does not meet this standard, and description of agency's monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

(5) Internal Audit

Internal auditing is an independent, objective activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

- a. Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).
- b. Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.
- c. The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.
- c. The internal audit function has documented a terms of reference/charter that outlines its purpose, authorized functions, and accountability.
- d. The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.
- e. The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.
- f. The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.
- g. The internal audit function has a process in place to monitor the response to its recommendations.
- h. A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.

I. Description of how agency meets this standard:

Inventory of Current Organizational Environment	Documentation Reference
<p>The Internal Auditing Department (IAD) provides independent and objective assurance services designed to add value and improve the Bank Group's operations. IAD uses the COSO framework as a starting point and carries out its work in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. All assurance and advisory services are to be conducted in compliance with World Bank Staff Rules and the Code of Ethics established by The Institute of Internal Auditors.</p>	<p>IAD Terms of Reference http://go.worldbank.org/JEUNFWE1G0</p>
<p>The Audit Committee (appointed by the Board of Executive Directors) participates, reviews and advises on the selection of the Auditor General; reviews the charter, operations, and organizational structure of Internal Audit; periodically reviews the budget, staffing and responsibilities of the function; reviews the effectiveness of Internal Audit, including compliance with the Institute of Internal Auditor International Standards for the Professional Practice of Internal Audit.</p> <p>The Auditor General is responsible for the work of IAD and reports, and is accountable, to the President of the World Bank. The President engages in consultations with the Audit Committee on the appointment, performance and replacement of the Auditor General.</p> <p>The Internal Auditing Department (IAD) follows International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, which require avoidance of any conflicts of interest.</p>	<p>Audit Committee Terms of Reference http://go.worldbank.org/RUEU4UKAO0</p> <p>IAD Terms of Reference http://go.worldbank.org/JEUNFWE1G0</p>
<ul style="list-style-type: none"> IAD functions according to the Terms of Reference (TOR). The Audit Committee reviews the TOR periodically (as needed) and they are approved by the President of the Bank and by the Board of Executive Directors 	<p>IAD Terms of Reference http://go.worldbank.org/JEUNFWE1G0</p>
<p>The Auditor General is responsible for the work of IAD and is required to develop a flexible annual audit plan using an appropriate risk-based methodology and submit that plan to the President for approval and, subsequently, to the Audit Committee to review and recommend to the Board for approval. The audit plan is designed to ensure that:</p> <ul style="list-style-type: none"> - Risks are appropriately identified and managed, including through adequate interaction among the various governance groups. - Significant financial, managerial, and operating information is accurate, reliable, and timely. - Staff and management's actions are in compliance with policies, procedures, and guidelines. - Resources are acquired economically, used efficiently, and adequately protected. - Operations or programs are designed and implemented to produce results that are consistent with established objectives. <p>The Auditor General is responsible to Implement the approved annual audit plan, to periodically inform the President and the Audit Committee on the status and results of the annual audit plan, to provide annually to the President an update of IAD's assessment of the adequacy and effectiveness of the Bank Group's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.</p>	<p>IAD Terms of Reference http://go.worldbank.org/JEUNFWE1G0</p>
<p>The Auditor General reports to management on significant issues related to the processes for controlling</p>	<p>http://go.worldbank.org/4CTVNWJA10</p>

Inventory of Current Organizational Environment	Documentation Reference
<p>the activities of the Bank Group, including potential improvements to those processes, and agreed management actions.</p> <p>IAD periodically monitors progress on the corrective actions and determines if and when follow-up reviews need to be conducted to confirm that management has taken actions and that the action taken has corrected the identified issues. Overdue actions for the most significant issues are included in the IAD quarterly report to senior management and the Audit Committee.</p>	
<p>In accordance with the IIA's International Standards for the Professional Practice of Internal Auditing, IAD maintains a quality assurance and improvement program that coverall all aspects of its activities and continuously monitors its effectiveness. The program includes periodic internal and external quality assessments and ongoing internal monitoring.</p> <p>External assessments are conducted at least every five years by a qualified, independent reviewer or review team from outside the organization. So far, IAD has undergone three such assessments where improvements were recommended and implemented.</p>	http://go.worldbank.org/OTB60LIF70

II. Description of area(s) in which agency does not meet this standard, and description of agency's monitorable program to remedy any such shortfall, including specific target dates for implementation.

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B. Project/Activity Processes and Oversight**(1) Project Appraisal Standards, including safeguards measures, as appropriate**

Project appraisal functions include the establishment of standards and appropriate safeguards that are used to determine whether projects and activities will meet their development goals before funds are dispersed.

- a. An independent project and/or activity appraisal process is in place with the purpose of examining whether proposed projects and/or activities meet appropriate technical, economic, financial, fiduciary, environmental, social, institutional and/or other relevant criteria, including GEF-mandated criteria, and whether they are reasonably likely to meet stated objectives and outcomes. The process ensures an appropriate degree of institutional checks and balances at the stage of project design.
- b. Project and/or activity development objectives and outcomes are clearly stated and key performance indicators with baseline and targets are incorporated into the project/activity design.
- c. Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.
- d. Adequate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.

I. Description of how agency meets this standard:

Inventory of Current Organizational Environment	Documentation Reference
<p>GEF co-financed full-size projects follow Bank policies and procedures for investment lending (including those related to fiduciary, financial and contractual aspects). Additional region-specific guidelines may also be issued, which would generally be applicable to GEF operations. Medium-size projects are also subject to Bank policies and procedures, although requirements are adapted to their circumstances.</p> <p>Bank staff review the work done by borrower/recipient during identification and preparation, often spending three to four weeks in the client country. They prepare for bank management either Project Appraisal Documents (investment projects) or Program Documents (for adjustment operations) and the Financial Management team assesses the financial aspects of the project.</p> <p>Key steps in the process include:</p> <p>Project Concept Note Review to</p> <ul style="list-style-type: none"> • examine the strategic rationale for Bank involvement • promote consideration of alternative project concepts • seek a go/no-go decision from Country Director • obtain early guidance/agreement on issues and approach • flag risks and potential mitigation measures • seek early guidance on potential safeguard issues, consultation, and disclosure • agree on a resource estimate, schedule, and team <p>Management Review of Investment Lending:</p> <ul style="list-style-type: none"> ▪ to foster a more systematic and comprehensive assessment of risks ▪ to ensure that the level of management review is aligned with the level of risks involved so that decisions are taken at an appropriate level <p>The MRIL assesses the following:</p> <p><i>Country- and Sector-Level Risks</i></p> <ul style="list-style-type: none"> Macroeconomic framework Sector policies and institutions Country ownership (including political aspects) Country/sector governance Systemic corruption <p><i>Operation-specific Risks</i></p> <ul style="list-style-type: none"> Technical/design Implementation capacity and sustainability Financial management Procurement Social and environmental standards Other <p><i>Overall Risk (including Reputational Risks)</i></p>	<p>World Bank Operational Manual</p>

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<p>Quality Enhancement Reviews, which should:</p> <ul style="list-style-type: none"> • Verify that the design is consistent with the approved project concept and ensure that any deviations are justified. • Provide for quality assurance on the technical aspects of the project, with particular attention on how and at what cost the inputs financed will translate into results and outcomes. The results framework should be a core element of this technical review. • Establish the fiduciary (financial management and procurement) requirements that need to be met by appraisal and effectiveness, including any institutional capacity assessments that may be required. • Update the estimate of Bank resources needed to complete preparation and approval. If the estimate is significantly different from that agreed at the PCN review, the Country Director should be consulted. • Prepare and approve the PAD-stage Integrated Safeguards Data Sheet (ISDS) specifying the project's environmental and safeguard classifications and the requirements that have to be met by appraisal. • Reach agreement on procedures and timing for consultations and disclosure of project-related documents. <p>Appraisal Decision Meeting, which is the final review before appraisal. The PAD covers:</p> <p>A. STRATEGIC CONTEXT AND RATIONALE</p> <ol style="list-style-type: none"> 1. Country and sector issues 2. Rationale for Bank involvement 3. Higher level objectives to which the project contributes <p>B. PROJECT DESCRIPTION</p> <ol style="list-style-type: none"> 1. Lending instrument <p>[For Adaptable Program Loans: Program objectives and phases]</p> <ol style="list-style-type: none"> 2. Project development objective and key indicators 3. Project components 4. Lessons learned and reflected in the project design 5. Alternatives considered and reasons for rejection <p>C. IMPLEMENTATION</p> <ol style="list-style-type: none"> 1. Partnership arrangements (if applicable) 2. Institutional and implementation arrangements 3. Monitoring and evaluation of outcomes/results 4. Sustainability 5. Critical risks and possible controversial aspects 6. Loan/credit conditions and covenants <p>D. APPRAISAL SUMMARY</p> <ol style="list-style-type: none"> 1. Economic and financial analyses 2. Technical 3. Fiduciary 4. Social 5. Environment 	

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6. Safeguard policies 7. Policy Exceptions and Readiness	
<p>The PAD requires the following questions to be answered:</p> <ul style="list-style-type: none"> ▪ What are the key elements of the client's sector or poverty reduction strategy, and through what instruments is it being implemented? ▪ What are the key policy, institutional, and other issues that constrain the achievement of better sector or poverty reduction results? ▪ What is the client doing to address the issues and constraints? <ul style="list-style-type: none"> ▪ How would the project contribute to: <ul style="list-style-type: none"> • The borrower's higher-level objectives for the sector and for poverty reduction? • The relevant CAS objective(s)? • The relevant GEF operational program goals? ▪ Does the project depart from the CAS in content or other significant respects? If so, how and why, and what implications does this have for the CAS program? ▪ If the project is successful, what will be its principal outcome for the primary target group? ▪ How will progress toward achieving this principal project outcome be measured? ▪ If the project is successful, what will be its principal outcome for the global environment (especially the GEF strategic priorities) ▪ How will progress toward achieving this principal project outcome be measured? 	PAD template and guidelines
The PAD includes an appraisal of the following questions by the task team (which usually contains economists and financial analysts):	

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<p>Economic analysis:</p> <p>a. For “blueprint”-type projects: What are the results of the analysis of economic soundness of the project, on the basis of either a cost-benefit analysis (for projects with benefits that are measurable in monetary terms) or a cost-effectiveness analysis (for projects with benefits normally not quantified in monetary terms)?</p> <p>b. For “framework”-type projects: What is the mechanism that will be used for screening the activities to be undertaken to ensure that they are economically justified? What criteria will be applied to what kinds of activities? What will be the institutional and budgetary arrangements for doing this and how adequate are they? Are there skill or capacity-building requirements?</p> <p>Financial analysis:</p> <p>What are the results of the analysis of financial soundness of the project and of the main institution?</p>	
<p>The Quality Enhancement Review provides an opportunity for peer reviewers and other technical staff to address design, fiduciary and safeguard issues. Technical staff, including environmental, social, financial management and procurement specialists are part of the task team. Clearances are required for safeguards, procurement, financial management and disbursement provisions, as well as legal covenants.</p>	<p>PAD guidelines</p>
<p>The PAD contains a technical annex with a Results framework and the arrangements for results monitoring.¹</p> <p>Guidelines require that project design should be guided by a results framework¹ intended to be useful for both project management and Bank supervision. This framework focuses on the project development objective (PDO) to be achieved and the intermediate outcomes expected. This information should be used to track progress towards the PDO and to make changes in the project if necessary during implementation.</p>	<p>PAD guidelines</p>
<p>All Project Appraisal Documents are required to include a technical annex on Safeguard Policy Issues. The Bank’s safeguard policies cover:</p> <p>Environmental Assessment Natural Habitats Pest Management Indigenous Peoples Physical Cultural Resources Involuntary Resettlement Forests Safety of Dams Projects on International Waterways Projects in Disputed Areas</p>	

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<p>This annex should summarize the key issues related to the Bank's environmental and social safeguard policies triggered by the project and explain how these issues have been or are proposed to be addressed in project design and implementation. For each safeguard policy triggered by the project, the annex should provide the following information:</p> <ul style="list-style-type: none"> (a) The studies or assessments that have been, or are proposed to be, carried out to help identify, minimize and address safeguards-related impacts. The organizations that prepared and will prepare the studies should be listed. (b) Any safeguards-related risks, perceived or substantive, and measures taken or proposed to be taken to address the risks. (c) The alternatives considered to minimize adverse safeguards-related impacts of the proposed project. (d) Consultations with, and participation of, various affected groups and other stakeholders in the project preparation process, and a description of how the results of these consultations are reflected in project design and implementation. (e) The safeguards-related impacts identified, including a description of any long term and/or cumulative impacts of the proposed project and related developments in the area. (f) The mitigation plan(s) to avoid, minimize and mitigate the potential adverse impacts, prepared in accordance with the provisions of the respective safeguard policies triggered. (g) The assessment of the capacity and commitment of the institutions responsible for implementing and monitoring the agreed plans. Description of proposals, if any, to build the capacity of institutions involved in implementation and monitoring of the plans. (h) Arrangements for funding and a schedule of implementation of the plans. (i) References to the mitigation plans in the project legal agreement, including appropriate covenants and conditionalities. (j) Mechanisms to monitor the implementation of the agreed plans. (k) Arrangements, including staffing and resources, for supervising the implementation of the agreed plans. 	
<p>The Project Appraisal Document summarizes the Bank's appraisal of a project and lists loan/credit conditions and legal covenants. The Implementation Status and Results Report (ISR) is designed to be a management tool to communicate critical, action-oriented information on the portfolio. It serves as the Bank's key internal reporting tool for the progress of project implementation and provides information on:</p> <ul style="list-style-type: none"> • Whether the project is on track for outputs and outcomes. • Significant delays in any major activities. • External issues that jeopardize implementation or outcomes. • Issues behind ratings, disbursement lag, problems with legal covenants or audit reports. • Significant issues with client or partner relations. • Actions to be taken by client and/or Bank management. 	
<p>The Inspection Panel was established by the Executive Directors of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) on September 22, 1993. The primary purpose of the Inspection Panel is to address the concerns of the people who may be affected by Bank projects and to ensure that the Bank adheres to its operational policies and procedures during design, preparation and implementation phases of projects.</p> <p>The Inspection Panel consists of three members who are appointed by the Board for non-renewable periods of five years. Members are selected on the basis of their ability to deal thoroughly and fairly with</p>	Inspection Panel Procedures

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<p>the requests brought to them, their integrity and independence from the bank Management, and their exposure to developmental issues and living conditions in developing countries.</p> <p>Requests for Inspection are processed as follows:</p> <ul style="list-style-type: none">• The Panel receives a request and decides whether the request is within its mandate.• The Panel sends the request to Bank Management, who prepare a response to the allegations and submit it to the Panel.• The Panel makes a preliminary review of the request, conducts an independent assessment of the merits of Bank Management's response to it, and recommends to the Board whether the claims should be investigated.• If the Board approves a recommendation to investigate, the Panel proceeds with the investigation.• When the Panel finishes an investigation, it sends its findings to the Board and to Bank Management.• Bank Management then has six weeks to submit its recommendations to the Board on what actions the Bank should take in response to the Panel's findings.• Based on the Panel's findings and Bank Management's recommendations, the Board takes the final decision on what should be done.	

II. Description of area(s) in which agency does not meet this standard, and description of agency’s monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

(2) Procurement Processes

Agency procurement processes covering both internal/administrative procurement and procurement by recipients include written standards based on widely recognized processes and an internal control framework to protect against fraud, corruption and waste.

- a. Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability and authority to take procurement actions.
- b. Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.
- c. Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.
- d. Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.
- e. Procurement records are easily accessible to staff, and procurement policies and awards are publicly disclosed.

I. Description of how agency meets this standard:

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<p>The Bank's procurement role in projects is primarily one of planning and oversight, to ensure that projects have a sound Procurement Plan and that procurement is carried out in accordance with the Procurement Plan. The oversight role includes advising the Beneficiary on good public procurement practices, and working with the Beneficiary to promote and build their procurement capacity and to create a better control environment for procurement. The oversight role also includes the fiduciary obligations of reviewing the Beneficiary's procurement planning and implementation, and ensuring and enforcing conformity with Bank policies and legal agreements.</p> <p>The Bank is required by its Articles of Agreement to ensure that the proceeds of Bank-managed funds "are used only for the purposes for which (they were) granted, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations." A reference of this is also made in the Bank's Procurement Guidelines. Furthermore, procurement under GEF co-financed projects, for which the World Bank is the GEF Implementing Agency, is conducted in accordance with its policies and the Grant agreement between the World Bank and a grant recipient.</p> <p>The "Procurement Guidelines" and the "Guidelines for the Selection and Employment of Consultants" establish the methods and procedures to be used by Bank borrowers for procurement of goods, works, and non-consulting services and for consulting services, respectively. They are incorporated by reference in the Grant Agreement and Procurement Plan in the manner specified in the Project Appraisal Document (PAD) for that GEF project, and are binding on the beneficiary.</p>	<p>The Bank's <i>Articles of Agreement</i>, Article III, Section 5(b) and IDA's <i>Articles of Agreement</i>, Article V, Section 1(g). <i>Guidelines for Procurement under IBRD Loans and IDA Credits</i> published by the World Bank in May 2004, and revised in October 2006 ("Procurement Guidelines, "), in the case of goods and works, Section 1.2 (http://go.worldbank.org/XH679K5M60). <i>Guidelines: Selection and Employment of Consultants by World Bank Borrowers</i>, published by the World Bank in May 2004, and revised in October 2006 ("Consultant Guidelines") in the case of consultants' services, Section 1.2 (http://go.worldbank.org/1M27MNVLZ0).</p>
<p>While in practice the specific procurement rules and procedures to be followed in the implementation of a project depend on the circumstances of the particular case, four considerations generally guide the Bank's requirements:</p> <ul style="list-style-type: none"> (a) the need for economy and efficiency in the implementation of the project, including the procurement of the goods and works involved; (b) the Bank's interest in giving all eligible bidders from developed and developing countries the same information and equal opportunity to compete in providing goods and works financed by the Bank; (c) the Bank's interest in encouraging the development of domestic contracting and manufacturing industries in the borrowing country; and (d) the importance of transparency in the procurement process. <p>The specific rules and procedures to be followed for employing consultants depend on the circumstances of the particular case, however, five main considerations guide the Bank's policy on the selection process:</p> <ul style="list-style-type: none"> (a) the need for high-quality services, (b) the need for economy and efficiency, (c) the need to give all qualified consultants an opportunity to compete in providing the services financed by the Bank, (d) the Bank's interest in encouraging the development and use of national consultants in its developing member countries, and (e) the need for transparency in the selection process. 	<p>OP/BP 11.00 describe the policies and procedures applicable to the whole procurement cycle.</p> <p>"Procurement Guidelines", Section 1.2.</p> <p>"Consultant Guidelines", Section 1.2.</p> <p>For a summary of policies and procedures governing procurement in Bank-financed projects, including the GEF, and selection of consultants for Bank's operational work, see: http://go.worldbank.org/JXJZSH4F50</p>

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<p>Generally, the Bank provides instructions on assessing the beneficiary institution's or the beneficiary country's procurement capacity, in particular:</p> <ul style="list-style-type: none"> (i) Assessment of Agency's Capacity to Implement Procurement; and (ii) Country Procurement Assessment Report (CPAR). <p>As an integral part of project preparation and appraisal, project teams are required to make an assessment of the capacity of the project implementing agency or project implementation unit to administer procurement. A general procurement capacity assessment is of paramount importance in programmatic approaches, usually relying on joint assessments with other donors. The objectives of the capacity assessment are to:</p> <ul style="list-style-type: none"> (a) evaluate the capability of the implementing agency and the adequacy of procurement and related systems in place, to administer procurement[2] in general, especially in the case of Sector-wide approaches (SWAp) and, in particular, procurement in Bank loans or Bank-managed funds, such as GEF grants; (b) assess the risks (institutional, political, organizational, procedural, etc.) that may negatively affect the ability of the agency to carry out the procurement process; (c) develop an action plan to be implemented as part of the project, as necessary, to address the deficiencies detected by the capacity analysis and to minimize the risks identified by the risk analysis; and (d) propose a suitable Bank procurement supervision plan for the project considering the relative strengths, weaknesses and risks revealed by the assessment. <p>In addition, the Bank continues to work with the other multilateral banks to harmonize policies (guidelines) and procurement documents to facilitate project implementation. In addition, a harmonized document titled "E-Tendering Requirements for MDB Loans, Grants and Credits" was produced to provide guidance on the requirements for a beneficiary's e-procurement system to be acceptable to the banks.</p>	<p>See below link for a complete list of capacity assessment notes/reports: http://go.worldbank.org/O1GFY2NSP0</p> <p>SWAP instructions in Interim Guidance to Staff, Nov. 22, 2002: http://intresources.worldbank.org/INTRANETFINANCIALMGMT/Resources/TOPICS/SWAp/FM-in-SWAp-Interim-Guidelines-Nov-2002.pdf</p>
<p>Procurement performance is monitored at any time in the procurement process and contract monitoring occurs after award of the contract, in accordance with agreed arrangements, as required in the Grant Agreement and further elaborated in the Procurement Plan.</p> <p>With regard to consultants, the Bank reviews the RFP, the evaluation of proposals, award recommendations, and contract to ensure that the process is carried out in accordance with agreed arrangements, as required in the Grant Agreement and further elaborated in the Procurement Plan.</p>	<p>"Procurement Guidelines", Paragraph 1.1 and Appendices 1 and 3.</p> <p>"Consultant Guidelines", Paragraph 1.14, and Appendixes 1 and 3.</p>
<p>Within the Bank, the Procurement Sector Board's mandate includes building and sharing knowledge and information across the full procurement spectrum. Some of the knowledge sharing and trend analysis is provided in the Annual Reports of the Procurement Sector Board. The Operations Procurement Review Committee (OPCPR) serves as anchor to the Procurement Sector Board and as support to the Regions for both specialized technical support and preparation of policies and guidance notes, and for the development and provision of training seminars and workshops for internal and external clients. Other areas of activity include harmonization efforts, business outreach, and the issuance of new or revised Technical Notes and Standard Bidding Documents and instructions on different procurement-related activities. In addition, there is a Regional Systems Support Network (RSSN), a global network of specialized Bank staff dedicated to</p>	<p>Procurement Sector Board/OPCR: http://go.worldbank.org/F1LT7KXD50</p> <p>RSSN: http://go.worldbank.org/S35A9JU8V0</p> <p>Client Connection: https://clientconnection.worldbank.org/</p>

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<p>the bank-wide development, deployment, and support of procurement-related systems in order to provide clients with timely, value-added e-services. In coordination with OPCPR, the RSSN is responsible for enhancing the Bank's project procurement function through the electronic integration of procurement processes in Client Connection (see below for description) and the Operations Portal.</p> <p>Some of the other products through RSSN include: Procurement Notices; Complaints Database; Evaluation Report/Contract Award Module; Procurement Plan Module; Anti-Terrorist/Debarred Firm Module; Post Review Module; etc.</p> <p>In addition, taking advantage of increasing public access to Internet, electronic Government Procurement (e-GP) can raise the standards of transparency in government, reduce the opportunities and incentives for fraud, and improve equity and distributional efficiency in public procurement. As these benefits are in line with the World Bank's procurement policy, e-GP is considered to be a strategic component in the context of procurement harmonization, modernization, and simplification. The multilateral development banks have developed a joint e-GP website that offers knowledge and information meant to facilitate adoption of e-GP and a guide for the use of E-procurement in Bank-financed projects.</p>	<p>For e-GP website, see: http://www.mdb-egp.org/</p> <p>Post-reviews instructions in Office Memorandum dated July 19, 2001:</p>
<p>The Procurement Schedule of the project's Grant Agreement requires that prior to the issuance of any invitations to bid or requests for proposals, the beneficiary presents an agreed procurement plan. In addition, the Instructions to Bidders (ITB) section of the Standard Bidding Documents (SBDs) issued by the Bank establish the different steps of the selection and award phase.</p> <p>The Procurement Schedule of the Grant Agreement should be in complete accordance with the terms and conditions of Annex 6 of the PAD which describes the procurement arrangements/methods.</p> <p>With regard to trends, see answer to previous question on lessons learned.</p>	<p>http://go.worldbank.org/5C93YY9FD1</p>
<p>All procurement records for prior review contracts are stored in paper files in the unit where the TTL works, until which time the project is closed. Files are then archived in Pennsylvania for 9 years (these can be recalled at any time by staff). Some units also file procurement documents electronically in IRIS. This collection is available only to bank staff through IRIS or the Operations Portal. Procurement documents relating to contracts below prior review thresholds are kept by the client.</p> <p>The public may access some of the Bank's procurement records through the Bank's internet site. Borrowers/recipients of funds from the World Bank Donors to trust funds managed by the World Bank may</p>	<p>Client Connection: https://clientconnection.worldbank.org/IRIS4 http://wbIn0038.worldbank.org/852572430067B82D/IRIS4?ReadForm</p> <p>Operations Portal http://intranet.worldbank.org/WBSITE/INTRANET/OPERATIONS/0,,menuPK:60001195~pagePK:59916~piPK:2620</p>

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<p>access procurement records through Client Connection (mentioned above), a web-based information service. Client Connection allows the Bank's borrowers, GEF project beneficiaries and Donors (through the "Donor Center" section of Client Connection) to access information related to loans, credits, grants, and trust funds through a secure, password-protected website.</p>	<p>78~targetDetMenuPK:250337~targetDashBoardMenuPK:109012~targetDashBoardPK:69345~targetDetMenuPK:250337~targetProjDetPK:250383~theSitePK:84829,00.html</p> <p>Imagebank http://imagebank.worldbank.org/WBSITE/INTRANET/DATAANDREFERENCE/IMAGEBANK/0,,detailPagemenuPK:64154159~menuPK:64106926~pagePK:64106959~piPK:64107007~searchPagemenuPK:64154240~siteName:IMAGEBANK~theSitePK:501889,00.html</p>
<p>The beneficiary is responsible for all aspects of project implementation, including procurement. For each project, the Bank assesses the capacity of the implementing agencies to carry out the required procurement and determines the level of associated risk. The level of risk determines the scope and intensity of the supervision arrangements for the project by the Bank and the actions by the borrower necessary to maintain such risks at an acceptably low level and take mitigation measures. The beneficiary prepares a procurement plan that covers the activities necessary to ensure that project procurement will be carried out efficiently and professionally. Inter alia, the procurement plan discusses risks to project procurement associated with the capacity of the implementing agency, the nature of the project, or the financing instrument; and it incorporates, as necessary, an action plan to address implementing agency deficiencies and mitigate the risks.</p> <p>The Bank assists the borrower in planning for procurement, including preparation of the procurement plan, and it supervises and monitors procurement decisions throughout project implementation through prior or post reviews.</p> <p>If a borrower fails to carry out procurement in accordance with the procedures agreed in the Grant Agreement, the Bank cancels the amount of the grant allocated to the goods works, or services that have been misprocured. The Bank may also apply other legal remedies under the Grant Agreement. In exceptional cases (e.g., if there are legitimate differences in judgment between the Bank and the beneficiary, or if the beneficiary genuinely misunderstood the requirements of the Grant Agreement), the Bank may reallocate the proceeds of the loan allocated to the misprocured contract to other components of the project, rather than canceling them.</p> <p>Procurement specialists (PS) or procurement-accredited staff (PAS) assist the task teams in monitoring procurement. Regional Procurement Managers (RPMs) review the procurement sections of the project documents (e.g., PAD). OPCR clears procurement above large thresholds. The OPRC will also review, at the request of the Legal Procurement Adviser or an RPM (acting on their own initiative or at the request of the Task Team Leader (TTL)), issues relating to the procurement of contracts that are particularly difficult, require policy interpretation or are of a controversial or novel nature, regardless of the value of the contract.</p>	<p>In addition to Procurement and Consultant Guidelines, the Bank's procurement policies and procedures include operational policies (OP 11.00) and Bank procedures (BP 11.00). Both these documents outline the process of internal controls and responsibilities of the Bank and the beneficiary. Other procurement documents provide for sector-specific procurement and guidelines on procurement planning.</p> <p>http://go.worldbank.org/1XJ9MRSOEQ</p>

II. Description of area(s) in which agency does not meet this standard, and description of agency’s monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

(3) Monitoring and Project-At-Risk-Systems

The GEF monitoring and evaluation policy, adopted by Council in February 2006, establishes minimum requirements based on widely recognized, best practice norms and standards for monitoring in the GEF. From a fiduciary perspective, the monitoring function detects, assesses, and provides management information about risks related to projects and/or activities, particularly those deemed to be at risk.

- a. Monitoring functions, policies and procedures consistent with the requirements of the GEF monitoring and evaluation policy have been established.
- b. The roles and responsibilities of the monitoring function are clearly articulated at both the project/activity and entity/portfolio levels. The monitoring function at the entity/portfolio level is separated from the project and/or activity origination and supervision functions.
- c. Monitoring reports at the project/activity level are provided to project/activity manager as well as to an appropriately higher level of oversight within the organization so that mid-course corrections can be made, if necessary. Monitoring reports at the entity/portfolio level are provided to both project/activity managers and to an appropriately higher level of oversight within the organization so that broader portfolio trends are identified, and corresponding policy changes can be considered.
- d. A process or system, such as a project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.
- e. Adequate oversight procedures are in place to guide the project risk assessment process and to ensure its quality and monitoring of follow-up actions during implementation.
This process or system is subject to independent oversight

I. Description of how agency meets this standard:

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<p>The Bank promotes monitoring and certain types of evaluation as management tools within projects by emphasizing the importance of monitoring as an integral part of day-to-day project management, and by highlighting the advantages of lessons learnt from an evaluation of selected projects. Plans for monitoring and evaluation are to be included in all Bank-funded projects, but their relative emphasis, scope, and organization will vary, depending on the project and the implementing agency. These plans should be analyzed as early as possible during the project cycle, but no later than the appraisal stage, and all the arrangements must be agreed at negotiations to allow implementing agencies enough time to make the necessary staffing arrangements to run the information system, and commence start-up operations ahead of, or simultaneously with, project implementation.</p> <p>The Bank also bears responsibility for supervision of a Bank-financed project rests with a task team (TT) assigned to the project:</p> <p>(a) monitors progress in all substantive aspects of the project against the targets, development objectives, and performance monitoring indicators set out in the PAD and PIP;</p> <p>b) monitors procurement implementation and disbursement, recommending ways to ensure that procurement activities and loan disbursements proceed smoothly in line with the planned schedule;¹⁰</p> <p>(c) reviews the interim and annual audited statements and other project progress reports submitted by the borrower;¹¹</p> <p>(d) ascertains the extent of compliance with loan covenants, including those related to environmental and social safeguards;</p> <p>(e) assesses risks to successful implementation, operation, and sustainability of the project; and</p> <p>(f) reviews the continued relevance of the project to borrower and Bank priorities.</p> <p>The Results Framework is the program logic that explains how the development objective is to be achieved, including causal relationships and underlying assumptions. It lays out the objectives of an intervention and the presumed causal relationships and underlying assumptions about how program actions will lead to the intended outcomes.</p> <p>The Bank also monitors and evaluates its own contribution to results using this framework, relying on the borrower's M&E systems to the extent possible and, if these systems are not strong, assisting the borrower's efforts to strengthen them</p> <p>Results Framework indicators are agreed with the client at the time of negotiations.</p> <p>In addition, the Bank's Quality Assurance Group was established in 1996 within the Bank's Office of the Managing Director of Operations, with the express purpose of improving the quality of the Bank's operational work within the broad context of alleviating poverty, and achieving development impacts.</p> <p>QAG's core mandate is to promote excellence in Bank performance by: increasing accountability for</p>	<p>OD 10.70 - Project Monitoring and Evaluation</p> <p>BP: 13.05 Project Supervision</p> <p>http://go.worldbank.org/5Q2UIFKDS0</p>

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<p>quality and results; and enhancing learning in real-time to catalyze systemic quality improvement in Bank policies, programs and processes.</p> <p>QAG's focus is on the Bank's own performance. It uses random samples to identify systemic issues and track overall trends. It uses customized panels of seasoned practitioners from within the Bank and outside for assessing quality of the Bank's operational products. QAG does not have a clearance function. Any task-specific follow up is at the discretion of line managers. QAG responds to new priorities through continued prioritization and selectivity in its work and adaptation of assessment methodology.</p>	
<p>Monitoring is the responsibility of the client's project management team. The project implementation agency is responsible for exercising the monitoring function consistent with the agreed specifications.</p> <p>Monitoring is a tool that project managers (or management teams) uses to help them carry out their functions.</p>	<p>OD 10.70 - Project Monitoring and Evaluation</p> <p>OD 10.70 - Project Monitoring and Evaluation</p>
<p>Include in a suite of M&E tools. This booklet presents a sample of M&E tools, methods and approaches, including several data collection methods, analytical frameworks, and types of evaluation and review. For each of these, a summary is provided of the following: their purpose and use; advantages and disadvantages; costs, skills, and time required; and key references. The booklet discusses:</p> <ul style="list-style-type: none"> ▶ Performance indicators ▶ The logical framework (logframe) approach ▶ Theory-based evaluation ▶ Formal surveys ▶ Rapid appraisal methods ▶ Participatory methods ▶ Public expenditure tracking surveys ▶ Impact evaluation ▶ Cost-benefit and cost-effectiveness analysis 	<p>http://www.worldbank.org/ieg/</p>
<p>Monitoring and evaluation (M&E) requires formulating the expected results of Bank support; selecting indicators of outputs and outcomes; gathering baseline data on outputs and outcomes; setting milestones and a timeline for progress; establishing a system for collecting, analyzing, and reporting data; monitoring progress; evaluating the activity to determine its relevance, efficacy, and efficiency; and establishing a framework for using M&E findings. These elements are tailored to the scale and scope of the operational activity.</p>	<p>OP 13.60 - Monitoring and Evaluation</p>
<p>Contained in a booklet. This booklet presents a sample of M&E tools, methods and approaches, including several data collection methods, analytical frameworks, and types of evaluation and review. For each of these, a summary is provided of the following: their purpose and use; advantages and disadvantages; costs, skills, and time required; and key references. The booklet discusses:</p> <ul style="list-style-type: none"> ▶ Performance indicators 	<p>http://www.worldbank.org/ieg/</p>

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<ul style="list-style-type: none"> ▶ The logical framework (logframe) approach ▶ Theory-based evaluation ▶ Formal surveys ▶ Rapid appraisal methods ▶ Participatory methods ▶ Public expenditure tracking surveys ▶ Impact evaluation ▶ Cost-benefit and cost-effectiveness analysis 	
<p>Available in the Bank's Operations Manual</p>	<p>http://go.worldbank.org/2FI29ZVQU0</p>
<p>Projects at risk include both actual and potential problem projects. Potential problem projects are those that, although rated as Moderately Satisfactory or better for both IP and DO, are affected by factors likely to bring about an eventual unsatisfactory outcome. These projects are identified by criteria ("flags") that take into account not only various aspects of actual implementation experience, but also other relevant factors such as economic management and past portfolio performance in the country. Specifically, potential problem projects are identified as projects exhibiting three or more of the following twelve risk "flags" for investment projects:</p> <ul style="list-style-type: none"> ▪ Legal Covenants. Any of the Critical Legal Covenants rated "Not Complied with" in the last ISR; ▪ Safeguards. Ratings of MU, U or HU on any Applicable Safeguard Policy in the last ISR; ▪ Counterpart Funds. Counterpart Funding rated MU, U or HU in the last ISR (formerly the Financial Performance Flag); ▪ Monitoring and Evaluation. Monitoring and Evaluation rated MU, U or HU in the last ISR; ▪ Financial Management. Financial Management rated MU, U or HU in the last ISR; ▪ Procurement. Procurement rated MU, U or HU in the last ISR; ▪ Project Management. Project Management rated MU, U or HU in the last ISR; ▪ Long-term Risk. Project with IP or DO rated MU, U or HU for any 24 months cumulative during the life of the project. This flag is removed when the project has been rated MS, S, or HS for IP and DO for the previous 24 months; ▪ Effectiveness Delay. Elapsed time between Board approval and effectiveness of more than nine months for investment and more than three months for emergency operations. This flag is turned off three years after Board approval; ▪ Disbursement Delay. Disbursement delay of 24 months or more for investment and 6 months or more for emergency operations. Delay is 	<p>http://go.worldbank.org/MKU6ZND8E0</p>

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<p>calculated based on the initial or formally revised disbursement schedule for the project;</p> <ul style="list-style-type: none"> ▪ Country Environment. Located in a country with weak economic management (CPIA rating of less than 3.0 on a scale of 1 to 6). Once "flagged", the CPIA rating must exceed 3.5 for the flag to be removed. This flag also includes countries which are in a conflict or post-conflict environment; and ▪ Country Record. Located in a country with a net disconnect of 20 percent or more, or where net commitments associated with unsatisfactory projects (as rated by IEG) represent more than 40 percent of commitments for completed projects over the previous five years. In cases where the sample of IEG evaluations is too small, ICR data, data on mature projects, and experience of other donors is used to arrive at a robust conclusion. This flag also captures countries with less than Moderately Satisfactory Country Assistance Evaluation (CAE) ratings by IEG in previous five fiscal years. 	

II. Description of area(s) in which agency does not meet this standard, and description of agency's monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

(4) Evaluation Function

The evaluation function assesses the extent to which projects, programs, strategies, policies, sectors, focal areas, or other activities achieve their objectives. The goals of evaluation are to provide an objective basis for assessing results, to provide accountability in the achievement of agency objectives, and to learn from experience. The GEF monitoring and evaluation policy, adopted by Council in February 2006, establishes minimum requirements based on widely recognized, best practice norms and standards for monitoring in the GEF, including impartiality, professionalism, and a high degree of independence.

- a. Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.
- b. The evaluation function follows impartial, widely recognized, documented and professional standards and methods.
- c. The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and /or the governing board.
- d. An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.

I. Description of how agency meets this standard:

Inventory of Current Organizational Environment	Documentation Reference
<p>Monitoring and evaluation (M&E) requires formulating the expected results of Bank support; selecting indicators of outputs and outcomes; gathering baseline data on outputs and outcomes; setting milestones and a timeline for progress; establishing a system for collecting, analyzing, and reporting data; monitoring progress; evaluating the activity to determine its relevance, efficacy, and efficiency; and establishing a framework for using M&E findings. These elements are tailored to the scale and scope of the operational activity.</p> <p>The designs of Bank operational activities incorporate a framework for M&E.⁵ The Bank monitors and evaluates its own contribution to results using this framework, relying on the borrower's M&E systems to the extent possible and, if these systems are not strong, assisting the borrower's efforts to strengthen them.⁶ For CASs and sector/thematic strategies, the Bank monitors and evaluates progress toward achieving the results identified in the strategy. For lending operations, the borrower monitors progress towards results during implementation and evaluates the achievement of results upon completion; the Bank reviews the borrower's M&E reporting. For analytic and advisory services, the Bank monitors and evaluates results on completion.</p> <p>In addition to working with borrowers, the Bank works with other development partners to agree on the results expected from development activities and to harmonize monitoring, reporting, and evaluation requirements.</p> <p>The Bank also has a Results Secretariat, whose goal is to ensure that the Bank is working to help countries measure, manage for, and get results. It also works to ensure that the Bank's work on results is aligned those of other development partners. The Secretariat reports to the Board and Senior Management on global progress in promoting management for results and represents the Bank on the OECD/DAC's Working Party on Aid Effectiveness through participation in the Joint Venture and the MDB Working Group on Managing for Development Results (MfDR).</p>	<p>OP 13.60 - Monitoring and Evaluation</p>
<p>This section presents a brief discussion of IEG's objectives-based evaluation approach. It offers the advantages of using this approach and provides the definitions of IEG's performance rating criteria: outcome, sustainability, institutional development impact, and bank and borrower performance.</p> <p>The World Bank uses an objectives-based approach to evaluation. This approach to evaluating development work has three major advantages:</p> <ul style="list-style-type: none"> • it enhances accountability by focusing attention on the extent to which objectives agreed to with the Bank's Board of Executive Directors have in fact been achieved; • it promotes efficiency by relating the use of scarce resources to the accomplishment of specific outcomes; and • it allows comparisons by applying a common metric across the wide array of sectors and countries for which the Bank provides financing. <p>IEG evaluates development interventions by assessing how their results stack up against their own stated objectives. At the project level, this methodology focuses on outcomes, sustainability, and institutional development impact of Bank operations. This evaluation approach has been extended to country,</p>	<p>http://www.worldbank.org/ieg/ieg/approach.html</p>

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<p>corporate, sector, thematic and global policy evaluations by making suitable adjustments to the criteria.</p> <p>Outcome</p> <p>IEG evaluates outcomes by considering three factors:</p> <ul style="list-style-type: none"> • the <i>relevance</i> of the intervention's objectives in relation to country needs and institutional priorities; • <i>efficacy</i>, i.e. the extent to which the developmental objectives have been (or are expected to be) achieved; and • <i>efficiency</i>, i.e. the extent to which the objectives have been (or are expected to be) achieved without using more resources than necessary. <p>Sustainability</p> <p>IEG's sustainability measure assesses the resilience to risk of net benefits flows over time by answering these questions: At the time of evaluation, what is the resilience to risks of future net benefits flows? How sensitive is the project to changes in the operating environment? Will the project continue to produce net benefits, as long as intended, or even longer? How well will the project weather shocks and changing circumstances? Sustainability reflects the resiliency to risks of a project as measured by the likelihood that its estimated net benefits will be maintained or exceeded over the project's intended useful life.</p> <p>Institutional Development Impact</p> <p>The institutional development impact measure evaluates the extent to which a project improves the ability of a country or region to make more efficient, equitable and sustainable use of its human, financial, and natural resources. IEG evaluates each project's success in fostering such changes.</p> <p>Bank and Borrower Performance</p> <p>IEG's assessments of Bank and Borrower Performance focus on how good a job each partner has done during the different stages of the project cycle, i.e., project identification, preparation, appraisal and implementation. Bank performance is judged based on the extent to which services provided by the Bank ensured quality at entry and supported implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of the project). Borrower performance evaluates the extent to which the borrower assumed ownership and responsibility to ensure quality of preparation and implementation, and complied with covenants and agreements, towards the achievement of development objectives and sustainability.</p>	
<p>Independent evaluation validates self-evaluation activities, verifies their results, and/or undertakes separate assessments of the relevance, efficacy, and efficiency of Bank operational activities and processes. Independent evaluation is carried out by the Independent Evaluation Group (IEG) under the oversight of the Director-General, Evaluation (DGE), who reports directly to the Board, which approves the DGE's mandate and IEG's terms of reference. IEG's work program is endorsed annually by the Board, following consultations with management. In this context, the DGE is directly responsible for</p> <p>(a) assessing whether the Bank's programs and activities are producing the expected results;</p>	<p>OP 13.60 - Monitoring and Evaluation</p>

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<p>(b) incorporating evaluation assessments and findings into recommendations designed to help improve the development effectiveness of the Bank's programs and activities, and their responsiveness to countries' needs and concerns;</p> <p>(c) appraising the Bank's operations self-evaluation and development risk management system;</p> <p>(d) reporting periodically to the Executive Directors on actions taken by the Bank in response to evaluation findings,⁷ and on the measures being taken to improve the overall operations evaluation system including dissemination and outreach activities; and</p> <p>(e) encouraging and assisting developing member countries to build effective monitoring and evaluation associations, capacities and systems.</p> <p>To discharge these functions, IEG has unrestricted access to the staff and records of the Bank. In carrying out its activities, IEG consults with borrower governments, beneficiaries, cofinanciers, and other stakeholders, as well as with operational managers, peer reviewers, and, as appropriate, advisory committees of specialists. IEG endeavors to maintain close contact with Bank staff so that their views are adequately considered in the preparation of IEG reports, and the analyses and findings of these reports are understood. However, IEG reports and findings are not subject to management approval. As an integral ingredient of its independence, IEG discloses its reports in accordance with IEG's disclosure policy statement approved by the Board.⁸ It disseminates evaluation findings within the Bank and the wider development community.</p> <p>In addition, the Independent Evaluation Group (IEG) provides advice and support to operational units engaged in evaluation capacity development, cooperates with other international financial institutions and development assistance agencies to promote evaluation and harmonize evaluation standards, and assists member countries and development partners to develop effective operations monitoring and evaluation capacities and systems.</p>	
<p>Since January 2002 more IEG evaluations have been disclosed to the public under the Bank's revised disclosure policy. The revised policy enhances the transparency and accountability of IEG evaluations. To review the changes to the disclosure policy of IEG evaluations, please take a look at the page 14 (III. Information Available from the Bank, A. Operational Information, IEG Evaluations) of the 2002 Disclosure Handbook. Under the revised policy, certain IEG documents may be available from the World Bank's Archives after five years. General information about the Bank's new disclosure policy may be found here.</p> <p>The Annual Review of Development Effectiveness (ARDE) highlights the findings of recent IEG evaluations around a common theme, synthesizing lessons that can be used to increase the development effectiveness of World Bank assistance. Recent reviews in the series have focused on the World Bank's contribution to poverty reduction, how the Bank's programs are helping client countries achieve the Millennium Development Goals, and the effectiveness of Bank support for policy reform.</p>	<p>http://www.worldbank.org/ieg/</p> <p>http://www.worldbank.org/ieg/</p>
<p>IEG evaluations contribute to the learning cycle at various levels: sector and policy evaluations contribute to the review and updating of policies by senior management and the Board. Country assistance evaluations feed into the formulation and implementation of strategies at the country level. Thus, IEG evaluations have</p>	<p>http://www.worldbank.org/ieg/</p>

Inventory of Current Organizational Environment	Documentation Reference
been used to develop and update Bank policies and sector/country assistance strategies.	

II. Description of area(s) in which agency does not meet this standard, and description of agency's monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

C. Investigations

(1) Investigation Function

The investigation function provides for independent, objective investigation of allegations of fraud and corruption in agency operations, and of allegations of possible agency staff misconduct.

- a. The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.
- b. To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.
- c. The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.
- d. The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.

I. Description of how agency meets this standard:

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<p>The Department of Institutional Integrity (INT) Terms of Reference are on the Department's website</p> <p>The ToR was approved by the Bank's Board of Executive Directors.</p>	<p>www.worldbank.org/integrity</p>
<p>According to INT's ToR:</p> <p>"INT's activities must be carried out in an atmosphere free of improper influence, or even the perception of improper influence. Therefore, to ensure the independence of its activities, the Director of INT reports directly to the President of the Bank Group." INT also has a "dotted line" relationship with the Bank Board's Audit Committee.</p> <p>Through a Board-approved triage system, INT aims to ensure the best use of scarce investigative resources by actively investigating all high priority cases.</p> <p>Under the current process, cases are ranked as High, Medium and Low Priority according to a number of criteria including: impact on development outcomes; impact on the Bank Group's reputation and finances; impact on present and future Bank Group engagements; ability to deter future corrupt practices; estimated cost of resolution; likelihood of resolution; and safety of Bank Group staff and witnesses. The ranking is determined in consultation with the Bank Group's Regional teams, but the final decision remains INT's.</p> <p>In contrast to external cases which can be triaged for priority and handling, all internal cases are considered high priority and must be reviewed and pursued to a logical point of resolution.</p>	<p>Department of Institutional Integrity Annual Report FY 2007 (ref pg 7/)</p> <p>http://go.worldbank.org/YL5RCBT870</p> <p>Department of Institutional Integrity Annual Report FY 2007 (ref pg 10)</p> <p>http://go.worldbank.org/YL5RCBT870</p> <p>Department of Institutional Integrity Annual Report FY 2007 (ref pg 15)</p> <p>http://go.worldbank.org/YL5RCBT870</p>

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	<p>Department of Institutional Integrity Annual Report FY 2007 (ref pg 43)</p> <p>http://go.worldbank.org/YL5RCBT870</p>
<p>Central Case Intake unit (CCI) is responsible for consolidating and monitoring all complaints concerning fraud and corruption in Bank-financed projects that INT receives, for initial evaluation of the priority of the allegation, and for document management and retention.</p> <p>When an allegation is received, CCI conducts an initial screening and assessment in order to determine whether the allegation received is prima facie credible and related to activities supported by the World Bank Group. The initial assessment is recorded in a Preliminary Inquiry Report (PIR). This report provides a precise summary of the allegation and evaluates the impact that the alleged corrupt practices could have on the Bank Group's reputation, finances, and development goals which is used to determine the ranking of cases. The PIR is also a valuable instrument to facilitate communications between INT and the Bank Group's Regional management and includes a specific section for the Regions to provide their input in writing into case prioritization.</p>	<p>Department of Institutional Integrity Annual Report FY 2007 (ref pg 11/)</p> <p>http://go.worldbank.org/YL5RCBT870</p>
<p>To improve the turnaround of cases, INT has undertaken a number of actions: (i) using the newly established Centralized Case Intake System (CCI) and the triage process to focus on a smaller number of strategically important cases in order to ensure that those cases investigated are turned around more rapidly; (ii) initiating monthly management reviews of the progress of major cases and adjustment of priority rankings; and (iii) deploying staff more flexibly across regions.</p> <p>In addition to the Final Investigative Reports that INT issues to relevant parties upon closure of an investigation, which contain the findings and evidence as well as recommend actions to be taken by the Bank, INT's External Investigations result in two other products: referral reports and Notices of Sanctions Proceedings.</p> <p>A referral report is the formal passing of investigative findings and recommendations to a member government and/or another donor by INT, in coordination with the Regional and/or Country office and the Bank's Legal Department. Referral reports allow member countries to identify whether their laws have been violated; pursue criminal and administrative investigations as necessary; and guard against engaging in business transactions that put the government at risk. Referral reports are also provided to other donors, to help them identify whether any of their funds have been diverted and guard against ongoing and future risk to funds.</p> <p>A Notice of Sanctions Proceedings is the document that initiates an administrative process through which the Bank determines whether or not, or under what conditions, to do business with firms and individuals alleged to have engaged in sanctionable practice(s) in relation to Bank-financed projects. Allegations of sanctionable offenses are investigated by INT and, if INT finds sufficient evidence to substantiate the allegations, the case is referred to the Bank's Evaluations and Suspension Officer (the EO). If the EO does not contest the allegations, s/he issues a Notice of Sanctions Proceedings to the firm or individual alleged to have engaged in the sanctionable offense. If that firm or individual does not contest the Notice, the sanction recommended in the Notice is automatically imposed. If the firm or individual chooses to contest the Notice, it is submitted to the Bank's Sanctions Board for consideration, along with any response from the accused. The Sanctions Board then reviews all of the submissions and may hold a hearing in the matter before determining whether or not to impose a sanction. Since 1999, the Bank's sanctions hearings have resulted in</p>	<p>Department of Institutional Integrity Annual Report FY 2007 (ref pg 15/)</p> <p>http://go.worldbank.org/YL5RCBT870</p>

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the public debarment of 340 firms and individuals.	
<p>INT's Annual Integrity Reports make public its aggregate investigative outcomes by region and type of allegation, thus showing that the institution takes allegations of fraud and corruption in its projects seriously and that the Bank Group's staff are held to a high professional standard.</p> <p>One overarching finding from the investigations into fraud and corruption in Bank-financed projects is that the schemes devised by corrupt actors are broadly similar whether in Africa, Asia, Europe, Latin America, or the Middle East. This is a critical lesson learned, as it is allowing INT to devise common interventions on a Bank-wide basis.</p> <p>Based on the recommendations of a 2007 Independent Review of INT headed by former Fed Chairman Paul Volcker, the Bank's President has determined that a presumption of disclosure exists for INT's investigative reports and DIRs, and that disclosure be made on the basis of this presumption unless the President, in his discretion, directs that a disclosure not be made after recommendation by the relevant MD. The President will retain discretion about the nature and timing of disclosure.</p>	<p>Department of Institutional Integrity Annual Report FY 2007 (ref pg 5/)</p> <p>http://go.worldbank.org/YL5RCBT870</p>
<p>The World Bank's Voluntary Disclosure Program (VDP) is a proactive anticorruption tool designed to identify corrupt and fraudulent schemes and patterns in Bank Group-financed activities through the voluntary cooperation of participating firms and individuals. Managed by INT, the VDP allows entities who have engaged in past fraud and corruption to avoid administrative sanctions if they disclose all prior wrongdoing and satisfy standardized, non-negotiable terms and conditions. Lessons learned through the program will be applied to mitigate risks more effectively in future Bank Group-supported operations.</p>	<p>Department of Institutional Integrity Annual Report FY 2007 (ref pg v/)</p> <p>http://go.worldbank.org/YL5RCBT870</p>

II. Description of area(s) in which agency does not meet this standard, and description of agency's monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall

(2) Hotline & Whistleblower Protection

Agency policies provide avenues for reporting suspected ethics violations and protections for individuals reporting such violations.

- a. A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.
- b. An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains a certain level of autonomy from the investigations function.
- c. A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken the same action absent the protected disclosure).
- d. Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).
- e. Procedures are in place for the periodic review of the handling of hotline, whistleblower and other reporting information to determine whether the process to protect these parties is in place and is effective.

I. Description of how agency meets this standard:

Inventory of Current Organizational Environment	Documentation Reference
<p>The World Bank is in the process of strengthening our whistleblower protections. Currently, within the Bank, a “whistleblower” is defined as an individual who provides information to Bank Group Senior Management, or any entity within the Conflict Resolution System, on misconduct (e.g., fraud and corruption), mismanagement, waste of resources, and/or abuse of authority within the Bank -- with sincerity, honesty and in good faith and where, as a result, that staff member is subjected to selective, arbitrary and/or exaggerated administrative and/or disciplinary action for making the report (retaliation, reprisal) by his/her chain of command, senior management official(s) or his/her fellow staff members.</p> <p>Staff Rule 8.01 [Disciplinary Proceedings] addresses the prohibition of retaliation in the context of anyone who, in good faith, reports suspected misconduct. Section 9 of the Bank’s Harassment policy, March 1, 2000, addresses retaliation, in the context of anyone reporting, in good faith, an allegation of harassment</p>	<p>EBC - Retaliation & Whistleblowing http://go.worldbank.org/TD317XDKA0</p> <p>Staff Rule 08.01 Disciplinary Proceedings http://go.worldbank.org/GJ053KX0A0</p>
<p>The Bank is obligated to protect whistleblowers from being pressured or retaliated against, or the fearing such consequences - as a result of reporting, in good faith, allegations of misconduct. There are four ways in which the Bank affords this protection:</p> <ul style="list-style-type: none"> - Staff members can remain anonymous when making such reports. - Staff members may request to keep identities confidential during the investigative process, meaning that the identity would not be disclosed outside the investigative team (i.e., Department of Institutional Integrity) except on a strict need-to-know basis. - Staff members may be transferred elsewhere in the institution, if possible. - As a deterrent, the Bank expressly prohibits retaliation by a Bank staff member against any person, who, in good faith, reports suspected misconduct and will, as a consequence, take appropriate disciplinary action under Staff Rule 8.01. 	<p>EBC - Retaliation & Whistleblowing http://go.worldbank.org/TD317XDKA0</p>
<p>World Bank’s Conflict Resolution System provides guidance to staff and partners for proper reporting of internal and external allegations.</p> <p>the Department of Institutional Integrity (INT) issues an annual report which includes trend analysis of allegations including:</p> <ul style="list-style-type: none"> ▪ Total inquiries received ▪ Sources of allegations ▪ How allegations were submitted ▪ External vs. internal allegations ▪ Investigations opened & closed ▪ Types of investigations ▪ Outcome of investigations 	<p>INT Annual Report 2007 http://go.worldbank.org/YL5RCBT870</p>

II. Description of area(s) in which agency does not meet this standard, and description of agency’s monitorable program to remedy any such shortfall, including specific target dates for implementation.

Area(s) of Shortfall	Description of Monitorable Program to Remedy Shortfall