

Terms of Reference of the Budget Committee

1. PURPOSE

1.1 The primary purpose of the Budget Committee is to assist the Boards in approving the respective budgets of IBRD/IDA, IFC and MIGA (together the “World Bank Group”) and in overseeing the preparation and execution of their business plans. Towards this end, the Budget Committee assists the Boards in providing guidance to management on strategic directions of the World Bank Group; in reviewing alignment of budgets (including both expenditures and revenues) and trust funds with these strategic directions; in monitoring budgetary and operational performance to fulfill the Boards’ obligations with respect to the efficient and effective use of World Bank Group resources; and in reviewing and recommending for Board approval appropriate budgetary policies, procedures, standards for due diligence and accountability mechanisms.

2. RESPONSIBILITIES AND DUTIES

In fulfillment of its responsibilities, the Budget Committee shall carry out the activities enumerated below as well as other tasks that it deems necessary or appropriate:

2.1 Guidance on Strategic Directions

2.1.1. Provide inputs especially from the resource management perspective to the Boards to enable constructive engagement with World Bank Group management in articulating strategic directions for the Group.

2.1.2. Consider the financial resources available to the World Bank Group, and review resource allocation procedures as well as cost drivers established to support the Group’s strategic directions with requisite annual budgets, and make recommendations to the Boards as appropriate.

2.2 Strategic Alignment of Budgets (including Trust Funds)

2.2.1. Review the business plans, budgets and results of each World Bank Group institution in relation to agreed strategic priorities and efficient and effective use of World Bank Group’s own resources as well as external funds entrusted to or administered by the Group. In this regard, the committee shall be informed of and review any major new programs, initiatives, and organizational changes having budget implications, and monitor any change in priority, strategy or organization that has a significant budgetary impact.

2.2.2. Play an active role in the Boards’ engagement with management in reviewing corporate performance indicators, instruments and incentives to ensure their alignment with the Groups’ strategic objectives.

2.3 Monitoring Performance

2.3.1. Periodically discuss performance with management on the basis of quarterly reports from IBRD/IDA, IFC and MIGA analyzing trends in outputs and results, resource use and staffing.

2.3.2. Discuss occasional management reports on evaluations or reviews on special topics or strategic themes related to resource allocation, cost-effectiveness or productive efficiency of the World Bank Group's activities.

2.4 **Budgetary Policies, Procedures, Standards and Accountability Mechanisms**

2.4.1. Recommend for Board approval, and thereafter monitor, mechanisms for due diligence and supervision of "below the line" budget items within the Board scope of responsibility including – in cooperation with relevant Board committees - on the management's cost recovery and the use of any resources which are not delegated or allocated to the World Bank Group net administrative budgets, including but not limited to trust funds which are part of the Development Grant Facility (DGF), budgets of programs jointly administered by the WBG in cooperation with other donors, budgets of other units (*e.g* the Boards, Corporate Secretariat, Independent Evaluation Group and the Inspection Panel).

2.4.2. Periodically review the policies and management processes governing the World Bank Group's budgetary systems and procedures to ensure value for money through the pursuit of operational efficiency, accountability and cost-effectiveness in the delivery of services with maximum development impact.