



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
On the
Transfer of Real Resources to Developing Countries)



DC2007-0027
October 17, 2007

**REPORT OF THE WORLD BANK EXECUTIVE DIRECTORS
ON INTERNAL GOVERNANCE**

Attached for the October 21, 2007, Development Committee Meeting is a background report entitled "Report of the World Bank Executive Directors on Internal Governance" prepared by the staff of the World Bank.

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DEVELOPMENT COMMITTEE

REPORT OF THE WORLD BANK EXECUTIVE DIRECTORS ON INTERNAL GOVERNANCE

At the 2007 Spring Meetings, the Development Committee expressed concern on the then current internal governance situation at the World Bank, and asked the World Bank Board to complete its work in that regard. The Development Committee on that occasion issued a communiqué (April 14, 2007) which included the following

We have to ensure that the Bank can effectively carry out its mandate and maintain its credibility and reputation as well as the motivation of its staff. The current situation is of great concern to all of us. We endorse the Board's actions in looking into this matter and we asked it to complete its work. We expect the Bank to adhere to a high standard of internal governance.

Since May, the Board has embarked upon an institution wide review of the governance framework. All outstanding issues related to the incoming President were resolved before his contract was approved and signed on June 29, 2007, and posted on the Bank's website. Subsequently, and as a first step in the overall governance review, the Board has reviewed the Code of Conduct and the Ethics Committee and its Procedures. On October 16, 2007 the Board adopted a revised Code of Conduct, which includes updated and detailed Ethics Committee procedures as well as enhanced provisions on the Board's conflict of interest policy.

The next phase in this governance review exercise will include broader governance issues.