Independent Advisory Board (IAB)

2013 ANNUAL REPORT

February 2014

1. INTRODUCTION

This fifth Annual Report of the Independent Advisory Board (IAB) covers the Board's work in calendar year 2013. As the term of the current Board expires at the end of June 2014, this will be its last Annual Report.

The IAB takes this opportunity to thank President Kim, Ms Sri Mulyani Indrawati, Chief Operating Officer and Managing Director, the Audit Committee, Leonard McCarthy, Vice-President, Integrity Vice-Presidency (INT), Kyle Peters, Vice-President, Operations Policy and Country Services (OPCS) and other senior management and staff who have assisted the IAB throughout the year in fulfilling its mandate. The IAB has consulted widely within the Bank and with external stakeholders who have contributed greatly to shaping its views and assisting it on governance matters which are critical to the Bank in meeting its development objectives. These rich discussions have also helped the IAB formulate recommendations contained in this 2013 Annual Report. Annexes 1 and 2 provide more details on the visits of the IAB and those it consulted during the period covered by the Report.

2. MEETINGS SINCE THE LAST REPORT

The IAB has met twice since its last report, in: (i) Washington, DC (June 16-18, 2013) and (ii) Lima, Peru (November 11-14, 2013).

Washington -- June 2013

During its June visit, the IAB met senior management and representatives from all the Regions. The regional representatives provided perspectives on efforts to implement governance and anti-corruption measures across the Bank's lending portfolio. They shared with the IAB the

challenges associated with this agenda particularly in relation to the work of INT. These efforts were complementary to the preventive activities both of the Bank's overall risk management agenda and of INT. The IAB continued its exchange on the ongoing sanctions system review with the Legal Vice Presidency, the Sanctions Board Chair and Secretary as well as the Audit Committee. This is addressed in more details in section 6 of the present Report. The Board also benefitted from the external perspectives of Think Tanks and Non-Governmental Organisations (NGOs) which work on governance issues. This activity complements the work of the Bank as it moves forward to implement its objectives. Finally, the Board met senior Bank management to discuss the deep reforms to the organization of the Bank itself which are currently being introduced with a view to achieving more impact in reducing global poverty.

Lima, Peru -- November 2013

In November the IAB traveled to Lima, Peru. This visit to the Latin America and Caribbean Region (LCR) was the Board's fifth regional visit[1]. The visit allowed the IAB to see "on-the-ground" efforts that the Bank is making to address fraud and corruption. One of the projects was a legal-aid center assisting very low income earners in securing basic rights in relation to income, protection of property and personal safety. The IAB also inspected the rapid transit bus system established with Bank support. The system makes it possible for residents in poor and outlying areas to travel to, and secure work in, the city of Lima.

The Board met senior Peruvian officials who detailed measures they are taking to fight corruption; they spoke of key challenges that persist including drug and people trafficking, money laundering, organised crime and petty corruption affecting the daily lives of common

[1] The IAB has visited Kenya, Croatia, Indonesia, India and Peru. The only region that has not been visited is Middle East and North Africa (MNA).

people. There are particular challenges in particular sectors including the mining industry, a key component of the Peruvian economy.

The Board met with Peruvian NGOs involved in fighting fraud and corruption. Although they operate within a supportive legal framework, much remains to be done to translate the organizational structure into substantive results. National authorities welcomed the Bank's support to help address systemic issues by strengthening the capacity of national institutions. Improving governance through enhanced capacity will contribute to reducing the risk of fraud and corruption.

3. PERFORMANCE OF INT

INT's performance during calendar year 2013 is reflected by a range of specific benchmarks. Most of these are captured in INT's Annual Report and its quarterly reports to the Audit Committee. It is especially noteworthy that significant progress is being made in clearing the backlog of past cases.

Approximately half of today's cases get resolved within 12 months. As of December 31, 2013, the average age of INT's 69 active investigations was approximately 10 months. At the end of FY 2014 Q2, INT had only 3 investigations open longer than 18 months.[2] Having said this, the IAB continues to observe that despite the evident need, INT and other units within the sanctions system have yet to develop a standardized set of statistics for reviewing and reporting their caseload: this is a problem that weakens performance measurement.

[2] For comparison, 11 cases remained open longer than 18 months at the end of June 2012 and 35 at the end of June 2011.

Another significant measure of performance concerns the debarment and cross-debarment of sanctioned entities. In the first half of FY 2014, the overall total of cross-debarments sought among cross-debarment signatories was 78. This process of filing and receiving notification of cross-debarment by the World Bank (WB) and other multilateral development banks (MDBs) brings expanded recognition to the concerted effort being made by MDBs to identify and sanction those found to be responsible for fraud and corruption.

The IAB believes that statistical metrics of sanctions proceedings, negotiated resolutions, referrals and other actions are only one factor in assessing the World Bank Group (WBG)'s performance in combating corruption. For example, the absolute number of referrals carried out in FY 2013 (42) is on a par with the number recorded in the past two years (46 and 40, respectively). Referrals are continuing at about the same rate in the first half of FY 2014, with 17 having been made in Q2. More important is to know what happens as a result of referrals: what actions are taken by responsible authorities with legal jurisdiction and what level of public awareness is fostered by taking a clear-cut case to the relevant national authorities. The IAB is pleased to note that INT regularly follows up with Governments to confirm whether or not they have any comments before submitting them to the Board and eventually making redacted versions public on its website.

The IAB attaches particular importance to the need for INT to devote attention to making advances of strategic importance. Major sanctions cases and negotiated resolutions are one measure of such impact. The Board is pleased to note that INT has increasingly concentrated on large-value contracts. In FY 2013, substantiated investigations involved 112 contracts (worth $998 million) compared to 84 in FY 2012 (worth $178 million). Twenty-four of the 112 substantiated cases amounted to 80% of the overall contract value. Substantial amounts –

hundreds of millions – were either cancelled or reallocated to other vendors as a result of such investigations. The IAB believes there is a continuing need to think strategically and to select issues and targets for particular focus while building on its recent achievements in broadening its base and standing both within and outside the Bank.

INT's outreach[3] to sister institutions and partners in the International Corruption Hunter Alliance (ICHA) is another device for building the network of committed agencies favouring greater transparency. The IAB applauds INT's purposeful networking with like-minded agencies such as the Financial Action Task Force (FATF), the OECD Working Group on Bribery in International Business Transactions and the G20 Anti-Corruption Working Group. Publication of sanctions-related information can deepen awareness of the Bank's activities in combating corruption related to its operations.

The IAB recognizes and supports the Bank's mission of alleviating poverty even in the most challenging operating environments. At the same time, INT must continue to underscore the costs of fraud and corruption and to highlight the fact that these practices will not go unnoticed in today's global environment. Investigations of complaints of misconduct continue to be concentrated in particular sectors and regions. For example, in FY 2013 the most affected sectors, in terms of number of investigations, were water, followed by agriculture, health, and transportation sectors; however, over 74% of the total contract value investigated related to the transportation and energy and mining sectors. This information requires Bank leadership to keep these vulnerabilities under particular scrutiny. This is a task that receives support from the Preventive Services Unit (PSU) which, among others, focuses on substantial support to select

[3] For more details see section 4.

high-priority operations, the development of evidence based solutions, and its global health integrity initiative, discussed in detail in the Q2 INT report to the Audit Committee. Regional integrity risk reviews are another example of the PSU's important work.

Such work will be especially important as the Bank further defines INT's role to ensure that programmes for results (PforR) do not expose the institution to needless risk. The IAB is aware that the world's premier development lending agency must be capable of identifying, managing and mitigating risk in its operations. President Kim has often reiterated he is committed to a 'zero tolerance' policy toward corruption in Bank projects and activities. The IAB believes that delivering on this message is critically important at a time of significant institutional change for the Bank. To help transmit the message, INT held a successful "Speak Up Against Corruption Event" in Washington, D.C. in December 2013 which prompted encouraging coverage by print, broadcast and social media.

4. INTERNATIONAL COOPERATION

It has been an objective of INT in recent years to promote international efforts on anti-corruption activities. The IAB supports this role. The work of INT has seen it emerge as a convenor of global efforts in the fight against corruption.

In a substantiated case, where it appears that conduct may be unlawful in the country where it occurred, INT sends a referral report to national authorities. The referral is unlikely to lead to further action in "weak states" where corruption is pervasive and deeply extended. Addressing the capacity to deal with such referrals is therefore important. It is also important to address the will to deal with these cases in some countries.

In its Annual Report of 2009 the IAB advocated a graduated response.

The starting point is the immediate contacts between INT and local law enforcement, escalating the notification, if need be, using the regular contacts of Country Directors with their local counterparts (typically the Minister of Finance). Public disclosure of the referral is not excluded but should be used very carefully, taking into account both law enforcement and public sensitivities.

Within the Bank, failure to react to referrals should lead to reporting to the Audit Committee, in order to bring the difficulties to the attention of the Executive Directors.

Serious lack of political will could lead to more robust measures like the suspension of lending within a certain sector and, in the extreme case, suspension of lending in a country altogether (see the IAB's Annual Report 2010).

Providing capacity has been the focus of ICHA which was launched three years ago. The members of ICHA come from six regional anti-corruption networks previously organized by the World Bank. It is designed to aid international cooperation, regional priorities, technological innovations and stronger transnational enforcement, in the effort against global corruption. INT was able to utilise ICHA as a mechanism for mutual sharing of good practice and building capacity.

In pursuing action against bribery, the IAB recommended the offer of the Working Group on Bribery of the OECD to share information with the Bank so as to allow the Bank to shorten its own procedures against companies already convicted for Bank-related offenses by national courts. Also, referrals to host countries via the OECD, after a Notice of Sanctions Proceedings (NOSP) has been filed, would make use of the OECD's monitoring mechanisms (especially the Tour de Table) to ensure that cases are followed up.

Recommendations in this area have been gradually implemented by INT. It has not been an easy road, leading sometimes to strained relationships with government officials of certain countries. Nevertheless, the World Bank, with INT in particular, has now, from an over-all perspective, a better relationship with the national authorities of countries where INT was able to discover fraud. Of course, there are still a few instances where the national authorities to whom the referrals were transmitted are recalcitrant and not prepared to act.

The IAB has also strongly endorsed INT's efforts to extend cross-debarment with other MDBs. Upon the initiative of INT, an agreement was forged in 2010 by MDBs, namely: WBG, Asian Development Bank, African Development Bank Group, European Bank for Reconstruction and Development and Inter-American Development Bank. The agreement provides that the signatories will "mutually enforce each other's debarment actions, with respect to the four harmonized sanctionable practices, i.e., consumption, fraud, coercion and collusion." Arising from the resulting cooperation between MDBs, INT was able to participate in the MDB Integrity Forum and the G20 Anti-Corruption Working Group.

Finally, INT also participated in the last two meetings of FATF Corruption Experts. INT's participation gave it the opportunity to develop links with national Financial Intelligence Units, which are crucial to an effective campaign against global corruption.

5. RESOURCE ISSUES

Preventive Services Unit (PSU)

In previous Reports the IAB has emphasized the importance of preventive action against fraud and corruption. In utilizing limited resources, high value is to be gained by focusing on preventing fraud and corruption from occurring in the first place. The preventive function is not

just the responsibility of INT. It is the responsibility of all Bank staff who are engaged in lending activity.

To aid the preventive work there is an enormous advantage in having a Central Unit collate experience from different regions, different countries and different sectors. A Central Unit as a repository of knowledge and learning is able to develop expertise that in turn can be shared back to operations. This is the function of the PSU, a small but very important part of INT.

In some of our visits, in-country staff have raised the possibility of stationing PSU officers in the regions so they are directly available to foresee and prevent problems that might arise. Our view is that the preventive function is the job of staff in the regions but staff in disparate regions dealing with different sectors need a central point which can collate all of their experiences and make suggestions as well as conduct training based on that experience. The lessons and tools can then be made available to Bank staff in all areas of operations.

We are firmly of the view that this central function should be retained. It need not deal with each individual contract; that is the job of operational staff. It needs to be able to collate experience from all sectors and regions and disseminate expertise back to all levels and all regions of bank operations.

Integrity Compliance Office (ICO)

Over the course of time the Bank has gradually moved to the system of conditional debarment, as its baseline sanction. This has led to a significant increase in work for the ICO.

As of December 31 2013, 177 entities had been sanctioned with compliance conditions, including 25 entities subject to debarment with conditional early release under the pre-2010

sanctions procedures and 152 parties subject to conditional sanctions following the 2010 sanctions reforms.

Not all companies engage with an integrity compliance program. Some will accept continuing debarment from the Bank. Some cease to trade.

As at end December 2013, the ongoing ICO portfolio includes 159 entities, 35 of which are actively engaged with the ICO. Among the 35 are 15 multinational corporations, 19 small and medium enterprises and 1 individual. Twenty-three of the actively engaged sanctioned entities are from Part II and 12 are from Part I countries. In terms of the source of sanction, 4 of the actively engaged entities were sanctioned in Sanctions Board (SB) cases, 7 in Office of Suspension and Debarment (OSD) cases, 22 entities sanctioned through negotiated resolution agreements (NRA) and 2 entities were subject to debarment with early conditional release under the pre-2010 sanctions procedures.

The ICO works with a debarred company to agree on a suitable Monitor for a compliance program. Around half of those actively engaged have agreed or are in the process of agreeing on such a suitable person. Others will work with the ICO to document a suitable compliance program, which will be reviewed and approved (if suitable) by the ICO.

If the Bank imposes a penalty of conditional non-debarment, or debarment with conditional release, it is to induce a party to comply with remedial, preventive or other conditions to improve governance and integrity. Whether a company does improve governance and integrity will depend very much on the quality of the compliance program and the effectiveness of implementing it. In large organisations, a compliance program will require the commitment of senior Board and management personnel and could extend to a very high number of employees.

The ability of the ICO to assess the adequacy of the plan and its implementation is critical if the compliance program is truly to achieve its objective.

The Bank, having required steps to be undertaken in a compliance program, cannot be disinterested in the subsequent conduct and operation of it. We recommend that there be a careful assessment of resourcing needs required for this function. We also recommend that INT heighten its focus in this area.

6. SANCTIONS SYSTEM REVIEW

The IAB, over the years, has actively engaged in the review of the Sanctions Statutes and Procedures. It has made several recommendations on reforms. The IAB is aware that the major challenge of the reform process is to find the right balance between effectiveness and "judicialisation". The Board recognizes that essential principles of the rule of law need to be recognized (i.e., transparency, fairness and the right to be heard). However, the Bank is not a Court and cannot replicate a fully-fledged judicial process. The Bank as a lending institution needs effective systems to prevent its valuable resources being wasted and lost in fraud and corruption.

Office of Suspension and Debarment and Early Temporary Suspension (ETS)

In order to help strike the right balance, the IAB has placed emphasis first on the role of the Sanctions and Debarment Officer. In particular, the ETS has been of special interest to the Board: the delicacy of the matter is that the Bank should not allow bidders under serious suspicion to continue to submit proposals for contracts. On the other hand an ETS prejudges the position of the bidder and can be highly damaging commercially. The sanction procedures need to ensure that an ETS does not require the same (or even higher) standard as for a statement of

accusation and evidence (SAE), let alone for a decision by the Sanctions Board (SB). If the standards are lowered in this early stage, the sanctions system needs to be mindful, however, that the case is concluded within a reasonable time-frame. Therefore, lower standards of proof combined with strict time limits are preferable to a late ETS.

Settlements and the Fund

In its previous reports, the IAB has made observations on the issue of settlements versus decisions by the SB. In line with the strategic framework defined by the Memorandum of Understanding (MOU) 2014, it has encouraged INT to seek settlement of big and factually complex cases in order to achieve the quick and visible resolution of prominent cases. However, INT should ensure that the SB is not merely left to handle the less significant or routine cases. The advantage of the SB is that it is able to develop legal precedent in new areas.

The IAB has repeatedly encouraged the Bank to create a Fund for payments that do not directly go to a specific victim. The Fund could serve particularly to help upgrade the administration of justice in client countries and to foster cooperation (in particular the speedy reaction of clients to referrals of cases by the Bank to domestic law enforcement agencies). Further, it should be governed by a body of independent and external experts of high standing.

The IAB has reconsidered its recommendations and would like to reiterate them.

7. INDEPENDENCE OF INT

According to the MOU 2014 mentioned above, INT has the task effectively to respond to fraud and corruption in order to maintain confidence in the integrity of the Bank's operations and

reliable management of donor funds. The MOU specifically invites INT to prioritize its work. In order to achieve maximum impact it needs to screen cases.

While collaborating with counterparts in operations is essential, INT needs to have optimal access to unfiltered information. Therefore, Staff Rule 8.01(a) provides that staff members should report suspicion to managers or to INT. Managers in turn are obliged to pass on reports of suspicion of fraud and corruption to INT immediately.

In the course of our on-site visits, we have been alerted to possible incidents of individual or systematic screening and filtering of reports within regional managements. If this were correct and if they were more than single incidents, the issue should indeed be taken very seriously by the Bank. It could seriously undercut the effectiveness of INT and expose the Bank to financial and reputational risk.

The IAB's view is that it is the task of senior Bank management to ensure that direct reporting channels are made available and used, similar to what is required of corporations in national compliance practice[4].

Beyond the level of mere effectiveness, this requirement goes to the principle of independence of the investigative function of INT within the Bank.

8. FUTURE OF THE IAB

The second term of the current Board will conclude on 30 June 2014.

According to the Terms of Reference specified for the second term of the Board:-

[4] For example, OECD Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions of 26 November 2009, Good Practice Guidance on Internal Controls, Ethics, and Compliance (Annex 2), A)11.ii).

"An independent evaluation of the organization, effectiveness and continued adequacy of the mandate of the IAB will be carried out at the direction of the President and the Audit Committee prior to June 30 2014."

As this is the final report of the inaugural IAB, the Board considers it appropriate to reflect on the changes the Board has observed during its time and the progress that has been made. The IAB hopes this will assist the independent evaluation which will be carried out at the direction of the President and the Audit Committee.

Since its appointment in 2008, the IAB has seen considerable improvement in the management and operations of INT. INT has become far more strategic about the matters which it investigates, the resources given to those investigations, and the outcomes that it has achieved. It is now focused on pursuing more strategic cases. Strategic cases will not only be larger cases, but cases which are likely to lead to corrective action being taken in countries where the lending portfolio of the Bank is large or the lending portfolio of the Bank is particularly sensitive. INT has developed a set of criteria (see section 3 above) which allow it to prioritize those investigations that are more important than others. This does not mean that it overlooks minor matters. This would be dangerous since minor matters can sometimes lead to more major cases. But it does mean that it looks carefully at the issues that are raised in various complaints with a view to devoting resources to those cases which are likely to lead to more important outcomes in terms of precedent, deterrence, or funds at risk for the Bank or national governments borrowing from the Bank.

The IAB can report that relationships between INT and other parts of the Bank are far better today than when the Board commenced its term in 2008. This is a result of better interaction,

putting aside the adversarial approach of previous years, and appreciation on both sides that INT and Operations perform complementary roles. The IAB has encouraged INT in this direction. The Board believes this has improved the standing of INT with the rest of the Bank and enhanced cooperation between INT and the Regions.

It has been particularly useful for the IAB to have a direct line of reporting to the President of the Bank. This has meant that our concerns have been shared at the highest level of the Bank and that other levels in the Bank have taken our advice and our role, seriously. At the same time it has been important to report directly to the Audit Committee of the Executive Board. The Executive Board represents shareholders in the Bank. The shareholders have a direct interest in preventing fraud and corruption. By reporting directly to those shareholders who are concerned about these matters the IAB believes there has been important political weight given to its recommendations and the work that it has performed in combating fraud and corruption.

The IAB has attempted to make a significant contribution to the reform of the sanctions system as is evident from its previous Annual Reports. The Board has made many recommendations in relation to the sanctions process. The sanctions process is still evolving. At present, there are still changes that are being considered and reviewed. The IAB has been particularly concerned that the sanctions system not be vested with excessive “legalism” and “procedural requirements” which will delay effective action. The IAB has consistently recommended that the Bank remember that it is a lending institution -not a judicial body. It does not have the powers of a judicial body nor does INT have the powers of a criminal investigator.

The object of the sanctions system should be efficient disposal of business to protect the reputation of the Bank and to use the authority of the Bank as an exemplary lender to make a stand against fraud, corruption and other sanctionable activities.

As the IAB has worked with INT to advise on its important role to investigate, prevent and punish sanctionable conduct, the Board has also focused on promoting understanding inside the Bank generally about the importance of these efforts. The IAB has made many recommendations on the general Governance and Anti-Corruption (GAC) strategy of the Bank. The IAB hopes that efforts against fraud and corruption and in support of good governance are now mainstreamed within the Bank. The INT will always have a critical role to investigate and take proceedings against sanctionable conduct. But to the extent it can explain this role, educate and enable other Bank officers to assist and thereby mainstream these activities, it will achieve greater success in its efforts.

The IAB has visited all the regions of the Bank, with the exception of Middle East and North Africa (MNA). We have met with clients, the highest levels of government, NGOs, private sector and with Bank management and staff. We have taken the opportunity to educate and encourage all these interlocutors to take a strong stand against fraud and corruption. The Board remains of the opinion that fraud and corruption undermines the integrity of the Bank and harms the poor. This is still an ever-present threat to the process of development. The Bank cannot rest in its fight against fraud and corruption if it is serious about elevating the living standards and the opportunity of the world's poorest.

Over the past six years it has been important for INT to have an independent Board of Reference from which it can seek counsel and to which it can refer confidential and difficult matters. It has

been our privilege to assist the INT in its work. The IAB also believes that senior management and the Audit committee have found it useful to have periodic input and commentary from an independent body.

There is an important role, going forward, for high level independent counsel, direction and encouragement to the activities of INT. The success of any future efforts in this regard will depend on two critical factors – the quality of those people who engage in the work and the seriousness with which the work is received at the highest levels of the Bank.

Although this work will never be fully completed, we believe there has been more progress over the recent years than in the long time previous. It has been an honour to serve as Members on an Independent Advisory Board to the Bank and we look forward to the Bank's continuing progress in the fight against corruption and efforts to support good governance.

Annex 1

List of Interlocutors

- Sri Mulyani Indrawati, Chief Operation Officer and Managing Director
- Pamela Cox, Senior Vice President for Change Management

Audit Committee

- Piero Cipollone, Chair (ED - Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste)
- Ibrahim Alturki (Alternate - Saudi Arabia)
- Boonchai Charassangsomboon (Alternate - Brunei Darussalam, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam)
- Cesar Guido Forcieri (ED - Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay)
- Jorg Frieden (ED - Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan)
- Stephen Gooch (Adviser - United States)
- Jean Paul Julia (Alternate - France)
- Mukesh Nandan Prasad (ED - Bangladesh, Bhutan, India, Sri Lanka)
- Samir Suleymanov, Director, SECPO

Institutional Integrity (INT)

- Leonard McCarthy, Vice President
- Galina J. Mikhlin-Oliver, Director, Strategy and Core Services
- Stephen Zimmermann, Director, Operations

Latin America Region and the Carribean (LCR)[5]

Hassan Tuluy, Vice President
Elizabeth Adu, Director of Operations

Legal (LEG)

- Anthony Toft, Acting General Counsel
- Frank Fariello, Lead Counsel, Operations Policy

[5] The list of people met in Lima, Peru is contained in the Annex 2 agenda for the visit

Operations Policy and Country Services (OPCS)

- Kyle Peters, Vice President
- Paul Bermingham, Director, Operational Risk Management

Selected Operational Staff

- Lisa Bhansali, Adviser, Operational Services, Latin America & Caribbean Region
- Samantha Fien, Governance officer, Latin America & Caribbean Region
- Guenter Heidenhof, Sector Manager, Poverty Reduction and Economic Management, Middle East and North Africa Region
- Sahr Kpundeh, Adviser, Africa Core Operations Services, Africa Region
- Caroline Mascarell, Operations Adviser, Development Effectiveness, East Asia and Pacific Region
- Marius Koen, Lead Financial Management Specialist, Financial Management, Operational Services and Quality, Europe and Central Asia
- Joel Turkewitz, Lead Public Sector Specialist (by video from Bangkok), Poverty Reduction and Economic Management, East Asia and Pacific Region
- Vivek Srivastava, Senior Public Sector Specialist, Public Sector Governance, Poverty Reduction and Economic Management
- Stephan Eggli, Operations Officer, Operational Risk Management, Operations Policy and Country Services

Office of Suspension and Debarment (OSD)

- Pascale Helene Dubois, IBRD/IDA Suspension and Debarment Officer
- Paul Ezzeddin, Senior Policy Officer
- Jamieson Smith, Senior Counsel

Sanctions Board (SBS)

- L. Yves Fortier, Chair, the World Bank Group Sanctions Board
- Elizabeth Lin Forder, Senior Counsel and Secretary to the Sanctions Board

Representatives of Think Tanks

- Daniel Runde, Center for Strategic and International Studies (CSIS)
- Nancy Boswell, formerly CEO, Transparency International- USA (TI-USA), now Professor at American University
- William Savedoff, Centre for Global Development (CGD)

Annex 2

Independent Advisory Board

Agenda

Washington, DC, June 16-18, 2013

Sunday June 16

Time	Meeting	Venue
1400-1700	IAB internal meeting	Potomac Room, Fairmont Hotel
1900	Dinner Host: Leonard McCarthy, Vice President, INT	RIS, 2275 L St NW, Washington, 20037

Monday June 17

Time	Meeting	Venue
930-1030	IAB internal meeting	MC10-500
1030-1230	Leonard McCarthy, Vice President, INT and Directors	MC10-500
1300-1430	Lunch Host: Kyle Peters, Vice President with Paul Bermingham, Director, OPCS	MC Dining Room "I"
1500-1600	Think Tanks Daniel Runde, Center for Strategic and International Studies (CSIS) Nancy Boswell, formerly CEO, Transparency International- USA (TI-USA), now Professor at American University William Savedoff, Centre for Global Development (CGD)	MC10-500
1600-1700	Pamela Cox, Senior Vice President	MC12-211
1900	Dinner Host: Sri Mulyani, Managing Director	Marcel, 2401 Pennsylvania Ave., NW, Washington

Tuesday, June 18

Time	Meeting	Venue
0900-1000	Internal Meeting	MC10-348
1000-1100	Select group of operational staff with experience in governance and anti-corruption	MC10-348
1100-1215	Leonard McCarthy, VP, INT and Directors Galina Mikhlin-Oliver and Steve Zimmermann	MC10-348
1215-1245	Meeting on the proposed Peru Visit for November with VP LCR and management	MC10-348
1300-1430	Lunch Host: Audit Committee	MC Dining Room "H"
1500-1600	Anthony Toft, Acting General Counsel, LEGVP	MC6-317, LEGVP Conference Room.
1600-1700	Debriefing with Sri Mulyani, Managing Director	MC12-765
1700-1800	Yves Fortier, Chair of the Sanctions Board with Elizabeth Forder, Secretary, Sanctions Board	MC10-348

Annex 2

Independent Advisory Board

Agenda

Lima, Peru, November 11-14, 2013

Monday November 11

Venue	**Activity**	**Notes**
0730-0930	Working session with INT	
1000-1100	Meeting with staff at the Country Office of Peru Sue Goldmark, Country Director for the Sub-Regional Office (Peru, Bolivia, Chile, Ecuador and Venezuela) Livia Benavides, Country Operations Officer for the Sub-Regional Office (Peru, Bolivia, Chile, Ecuador, and Venezuela)	Overview of Peru portfolio
1130-1230	PARSALUD – Project Implementing Unit (PIU) for the **Peru Health Reform Program**	Project that was subject of INT investigation Example of proactivity on behalf of the PIU to detect/report red flags of F/C
1315-1530	Lunch meeting with Nelson Shack, Project Coordinator for Justice Services Improvement Projects I & II, and Felipe Chacon, Assistant Project Coordinator for the Project.	The **Justice Services Improvement Project** is an example of a well-governed project, which maintains one executing unit for five justice agencies (covering two

	.	branches of the State) and includes components on anti-corruption and criminal justice
1615-1700	Meeting with the Comptroller General's Office: Fuad Khouri Zarzar, Comptroller General Carla Salazar, General Secretary for the Comptroller General Fernando Ortega, Prevention Manager	New systems introduced by the Comptroller for Peru's public sector

Tuesday November 12

0900-1015	Meeting with the Minister of Justice and Human Rights Daniel Figallo, Minister of Justice and Human Rights Julio Arbizu, Head of the Special Anti-Corruption Prosecutors in the Executive branch	Anti-corruption Observatory Asset Recovery efforts by the Ministry's Special Prosecutors
1130-1230	Meeting with the Chief Justice of the Supreme Court Enrique Javier Mendoza, Chief Justice of the Supreme Court and President of the Judiciary	Discuss priorities of the Judiciary Anticorruption efforts within and external to the Judiciary
1300-1430	Lunch	
1515-1700	Meeting with the Attorney General's Office José A. Pelaez, Attorney	Describe Mutual Legal Assistance work and coordination with UNODC/WB on the Stolen

	General (AGO) and lead prosecutor in the historic case of former President Fujimori Secilia Hinojosa, Prosecutor, Anti-Corruption Unit within AGO.	Asset Recovery Initiative Brief IAB members on large-scale cases of corruption Update on reforms to the criminal procedural code
1800-1900	Meeting with the Chairman of the Council of Ministers of Peru and the Coordinator of the High Level Anti-Corruption Commission César Villanueva, Chairman of the Council of Ministers of Peru Susana Silva Hasembank, Coordinator of the High Level Anticorruption Commission (CAN)	Discussion on the work of the CAN Overview of the government's priorities on development and governance

Wednesday November 13

0815-1200	**Justice Services Improvement Project** - Visit an ALEGRA (*Asistencia Legal Gratuita*) Legal Aid Center in Comas, a community outside Lima. Eva Rondona, Director of the ALEGRA in Comas Felipe Chacon, Assistant Coordinator of the Justice Services Improvement Project Paul Moran Mejia, Director of the Extrajudicial Settlement and Alternative	Visit to free legal aid center clients and beneficiaries, mainly service the poor. Participants will be divided into groups to hear the various services delivered in the ALEGRA.

	Mechanisms for Conflict Resolution Francisca Ramos Echaiz, Head Coordinator of the Legal Assistance and Advocacy for Victims of Public Defense Department Julio Raúl Navarro Mendivil, Director of Public Defense and Access to Justice Department for North Lima district Eva Rondona Juana Flores, Administrator of the Public Defense and Access to Justice Department for North Lima district Elena Elizabeth Flores Becerra, Public Defender Angel Bustamante Apaza, Public Defender José Carlos Sierra Sotomayor, Public Defender Jennie Apaza Sucasaca, Practitioner	
1200-1245	El Metropolitano – **Lima Urban Transport Project**	Experience riding Metropolitano bus Briefing by project authorities at the Central Station of Metropolitano
1800-1900	Ministry of Economy and Finance Luis Miguel Castilla, Minister	

	of Economy and Finance	
2000	Dinner hosted by Susan Goldmark, Country Director, Sub-Regional Office, Bolivia, Chile, Ecuador, Peru, and Venezuela	

Thursday, November 14

1100-1230	Meeting with NGOs Javier Casas, General Coordinator, Suma Ciudadana Genaro Matute, Governance Institute, ESAN Ivan Montora, Coordinator of Anti-Corruption and Human Rights Institute at Pontifical Catholic University of Peru Rosa Urbina, High Level Anti-Corruption Commission (CAN)	State-Civil Society collaboration to address systemic corruption and institutional weaknesses, including inter-agency coordination
1300-1500	Lunch with key actors in the Private Sector (includes Mining, Construction, Chamber of Commerce, etc.) Alvaro Quinjadria, Regional Business Leader for Latin America and the Caribbean, Investment Climate for the International Finance Corporation (IFC) Luis Salazar Steiger, President, National Society of Industries	

	Hans Flury, Past President, National Society of Mining, Petroleum, and Energy Javier Francisco Zúñiga Quevedo, Dean, University of Lima Business School Oswaldo Hundskopf, Dean, University of Lima School of Law	
1530-1700	IAB internal working session	