External Review of the Board Approved Reforms to the Inspection Panel Toolkit and Creation of the World Bank Accountability Mechanism

This Draft Report, including its proposed recommendations, were prepared by an independent External Review Team (ERT) to inform the IBRD/IDA Executive Directors (the Board) consideration of the assessment on the effectiveness, efficiency, as well as operational and development impact of the implementation of the 2018 and 2020 Reforms to the Inspection Panel (IPN) Toolkit, and creation of the WB Accountability Mechanism (AM). All views expressed in this Draft Report are those of the ERT only. Neither the World Bank nor its Board of Executive Directors have adopted, approved, or endorsed any part of this Draft Report. This Draft Report does not create any duty or obligation for the Board. No part of this Draft Report may be used, copied, or reproduced for any purpose, including any administrative or judicial proceeding, without prior written consent, except to provide feedback to the ERT during the consultation period.

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Abbreviations and Acronyms

ADB  Asian Development Bank
AfDB  African Development Bank
AIIB  Asian Infrastructure Investment Bank
AM  Accountability Mechanism
AMSec  Accountability Mechanism Secretary
CAO  Compliance Advisor Ombudsman
CM  Complaint Mechanism (EIB)
CRP  Compliance Review Panel (ADB)
CODE  Committee on Development Effectiveness
CSO  civil society organization
DRS  Dispute Resolution Service
EBRD  European Bank for Reconstruction and Development
E&S  environmental and social
EIB  European Investment Bank
ERT  External Review Team
FMO/DEG  Dutch Entrepreneurial Development Bank
FPCMAPI  Framework for Proportionality Criteria and Modalities for Independent Verification of Management Action Plan Implementation
FY  fiscal year
GCF  Green Climate Fund
GIA  Group Internal Audit
GRS  Grievance Redress Service
IADB  Inter-American Development Bank
IAM  independent accountability mechanism
IAMNet  Independent Accountability Mechanisms Network
IFC  International Finance Corporation
IFI  international financial institution
IPAM  Independent Project Accountability Mechanism (EBRD)
IPN  Inspection Panel
IRM  Independent Review Mechanism (AfDB)
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>MAP</td>
<td>management action plan</td>
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<tr>
<td>MDB</td>
<td>multilateral development bank</td>
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<tr>
<td>MIGA</td>
<td>Multilateral Investment Guarantee Agency</td>
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<tr>
<td>MoU</td>
<td>memorandum of understanding</td>
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<td>PCM</td>
<td>Project Complaint Mechanism (EBRD)</td>
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<td>PPM</td>
<td>People's Mechanism (AIIB)</td>
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<tr>
<td>PROPARCO</td>
<td>Private sector financing arm of Agence Française de Développement</td>
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<td>SPF</td>
<td>Special Project Facilitator (ADB)</td>
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<tr>
<td>TOR</td>
<td>terms of reference</td>
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Executive Summary

The “Toolkit Reforms” approved by the World Bank Board of Executive Directors in 2018 and 2020 for the Bank’s accountability system provided that an external review was to be conducted after three years to assess its effectiveness, efficiency, and development impact. The Board approved terms of reference for an external review and defined specific review questions for the External Review Team (ERT). This report remains closely focused on these questions. It is not an overall assessment of the policies and procedures of the Bank’s complaint mechanism.

The establishment of the Inspection Panel (IPN) 30 years ago was a landmark decision. It was the first institutional mechanism to enable nonstate actors to hold an international organization accountable for its conduct.1 Subsequently, all other major multilateral development banks (MDBs) established complaint mechanisms. While most other independent accountability mechanisms (IAMs) have a process for reviewing their policies and practices in mostly five-year intervals, and subsequently attempt to align policies with emerging good practices, such adjustments did not take place with the IPN Policy. There were some procedural reforms in 1996 and 1999, but the policy of the IPN was not substantively revised.2 The Toolkit Reforms were the first substantive reforms to the IPN. In 2018, the Board approved the first package of reforms, which (1) recognized the IPN’s advisory role; (2) formalized the IPN’s current practice of coordinating with other IAMs and processing complaints in the most efficient way; and (3) allowed for sharing of IPN investigation reports with requesters under restrictive conditions prior to Board meetings. In 2020, a second set of reforms were approved by the Board that: (1) extended the time limit by which requesters can file a complaint; (2) provided the IPN the right to propose for Board approval a recommendation for verification of management action plans (MAPs) if a set of criteria apply; (3) established a dispute resolution (DR) function; and (4) established the Accountability Mechanism (AM) to house both the DR function and the IPN, which would continue to conduct the compliance review function independently.

The creation of a DR function was an overdue and important development. All other IAMs had long established both a compliance and DR function. Dispute resolution and compliance are separate processes conducted according to different methodologies. But both processes ultimately attempt to facilitate access to remedy if harm has been caused by a Bank-financed project. MDBs recognize that development projects not only provide benefits but can also cause harm. Environmental and social standards are designed to prevent or mitigate such harm, and if negative impacts are unavoidable,

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assure adequate compensation and livelihood support. But development is a complex process, and things can go wrong. Complaint mechanisms are established for people to raise their concerns and have their voices heard if they believe that things have gone wrong and that they are or will be harmed.

The AM was established in 2021 to house both the DR and the compliance function. The IPN, with its three-member Panel, was expected to continue to independently conduct the compliance review function. According to the IPN Resolution, the AM is headed by the Accountability Mechanism Secretary (AMSec) who at the same time oversees/heads the Dispute Resolution Service (DRS) and performs administrative, budget, and human resources oversight functions for the AM as a whole. However, the IPN is authorized to operate independently when conducting compliance reviews. Both the AMSec and the IPN Chair report to the Board. This structure contains three very challenging features. First, the AMSec performs an administrative oversight function but the IPN independently exercises its compliance function as assigned by the IPN Resolution. There is tension between the concepts of oversight and independence. Second, the AMSec has oversight responsibilities for the AM, which houses both functions, but the AMSec is at the same time the Head of the DR function. This compromises the perception of neutrality when the interests of the DRS and the IPN are in conflict. Third, the AM structure houses two functions with strong firewalls keeping them separate, which makes building synergies and establishing collaborative processes more difficult. In addition, unclear and not always consistent provisions in the IPN and AM resolutions and operating procedures create further challenges. Implementing the current AM model has been difficult. Different views about what the objectives were for establishing an AM are an important underlying reason for persistent challenges. Views range from the AM supposedly being a pyramid structure to the AM being a service provider to the two functions (on administrative and human resource management issues, communication, and outreach), while maintaining the IPN as largely self-contained, with the continuation of its own “brand.” These different views result in varied interpretations on issues such as “independence,” administration control over human and financial resources, representation discrepancies, and communication mismatches in fulfillment of AM and IPN mandates. The ERT, through this report, hopes to contribute to addressing some of the pertinent issues.

The Bank’s leadership role in public accountability needs to be safeguarded and enhanced, especially as the Bank embarks on its Evolution Roadmap. The roadmap calls for engagement in new priority areas, an expansion of resources and new financing instruments, stronger collaboration with the private sector, and the expansion of partnerships among international financial institution (IFIs). Importantly, it calls for faster lending, more delegation to borrowers, and delegation of lending approval authority to Bank operations departments. But this focus on new lending priorities and moving more quickly with additional resources and greater delegation entails risk. There are risks that agreed policies, especially concerning the implementation of environmental and social standards, might not always be adequately

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3 Both terms are used in the IPN Resolution (see paras. 4 and. 12).
adhered to, thereby causing harm. Risks might be well worth taking, but taking risks that can possibly lead to harm requires that processes be put in place so affected people can obtain recourse. The Bank’s AM, with its new DR function and its proven compliance function is that mechanism. A strong, independent and trusted complaint mechanism should be an integral part of the striving toward becoming a “better Bank.”

This report provides assessments and recommendations on issues related to: (1) accessibility to the compliance and DR functions; (2) how the IPN can independently perform its compliance function under the present structure; (3) options for structural changes; (4) interactions between the DR and the compliance review functions; (5) redundancies and efficiencies of the present AM system; (6) perceived or actual conflicts of interests under the present structure; (7) the verification process of MAPs agreed as part of the Toolkit Reform process; and (8) communications, outreach, and collaboration with other IAMs.

**Are the Compliance and Dispute Resolution Functions Accessible?**

The AM and the IPN receive few complaints. Since the establishment of the IPN, the number of requests received represent only about 1.5 percent of approved Bank projects. Requests for which IPN investigations were conducted amount to 0.5 percent of approved projects. There could be various reasons why the number of requests is low, including insufficient knowledge about the accountability mechanism, fear of retaliation if requesters file a complaint, high access requirements for filing a request, and insufficient confidence that remedy to their alleged harm would be provided. Many complaints are also handled by the Bank’s Grievance Redress Service (GRS). The ERT cannot make a judgement for reasons why requests are not filed with the AM. The report reviews AM access policies and practices and knowledge dissemination.

The ERT finds the criteria for access to the IPN complex and unclear. Criteria spelled out in the IPN Resolution do not establish what are criteria for registration and what are criteria for the eligibility assessment. Some provisions in the IPN Resolution are contradictory. The IPN Resolution requires that requesters allege policy noncompliances and related harm and Bank failures and omissions. In practice, the IPN only requires that alleged harm is linked to the Bank financed project. In addition, requesters have to show that they informed management about the issues raised in their request and management must have had the opportunity to respond. While the IPN has established practices to facilitate access despite complex and unclear criteria in the IPN Resolution, practices have varied over time and cannot fully substitute for a clear policy framework The registration process is often lengthy, delaying access and absorbing resources. The ERT recommends that criteria for registration and eligibility be simplified and clarified. At the registration stage, requesters should simply allege harm and lay out how they think this harm is related to the Bank-financed project. The more demanding filter of access should be applied at the eligibility stage when the IPN should be asked to establish evidence for the link between alleged
harm and the project, establish the plausibility of noncompliances, the seriousness of alleged harm and of noncompliances, and the plausibility of a serious violation by the Bank of its operational policies and procedures.

The ERT also recommends that the IPN be given the right to initiate an eligibility assessment. The IPN should align with the Compliance Advisor Ombudsman (CAO) Policy provisions for such a right. A self-initiated eligibility assessment should be allowed if: (1) there is a risk of significant permanent environmental harm; (2) concerns exist regarding particularly severe harm; or (3) project-affected people may be subject to or fear reprisals and thus might not be willing to file a request. The Board in the subsequent approval of the IPN recommendation to proceed to a full compliance investigation could then decide whether such a self-initiated eligibility assessment should proceed to a full investigation.

Why is such an IPN self-initiated eligibility assessment recommended? All IAMs see increasing retaliation against requesters who file complaints and often find affected people unwilling to file a complaint even when cases of severe harm are very likely linked to the project.

In addition, the ERT is of the view that the access to DR should be simpler and come earlier than under present procedures. Presently, access to DR is embedded into an access process to a compliance investigation. Access is only possible after the Board has approved a compliance investigation. It takes on average 4.5 months between filing a request and obtaining approval for an investigation. The ERT recommends instead: Allow access to DR after a request has been registered and after a comprehensive briefing has been jointly conducted by the DRS and the IPN. If requesters wish to consider DR, the request would be transferred to the DRS. The DRS would first conduct a short assessment to establish whether the issues raised in the complaint are suitable for DR and, if the answer is yes, the DRS would attempt to reach agreement among the parties to proceed with DR. If the answer is no, or if no agreement for a DR process can be reached, the request would be referred to the compliance function.

If the early access option to DR is not adopted, the ERT recommends maintaining the present process where access to DR only occurs after the Board has approved a compliance investigation. Such access comes much later than the early access option recommended and restricts access to DR to requests and issues that have been authorized for a compliance investigation. The advantage of this approach is that an eligibility report is being posted in the public domain where facts related to the alleged harm linked to the project are being presented. This can be helpful for a DR process.

However, a very important adjustment in the present access process to DR is needed. According to the AM Resolution and AM operating procedures, the AMSec offers DR after the approval for a compliance investigation concurrently to the requesters and the other party. For all requesters, the compliance process then is interrupted for 30 business days to determine whether agreement can be reached on a DR process. This process should be changed. The AMSec should first offer DR to the requesters. If the requesters wish to pursue the compliance function, they should remain in the compliance function.
without interruption and proceed with a compliance investigation. Only requesters who wish to explore the DR function should be transferred to DRS and only in those cases should the AMSec offer DR to the other party. Requesters who wish to remain in the compliance process and reject a DR process even if the government agency wishes to pursue a DR process fear increasing retaliation risks. And there is no need to interrupt a compliance process if the requesters are determined to continue with this process.

The ERT recommends that greater efforts be made to disseminate knowledge about the AM at the country and project levels. Information is already included in a section of the staff appraisal report. But this a long and difficult-to-read document that few affected people consult. Information about the AM should be posted on the Bank’s country website in the language used on it. And more efforts should be made to facilitate disclosure of information about the AM and the IPN as part of project preparation and implementation in collaboration with the implementing agency.

**Does the Current AM Structure Enable the IPN to Conduct its Compliance Review Function Independently? What Adjustments in Structure Does the ERT recommend?**

There are two areas where the current structure and resolutions have the potential to impact the ability of the IPN to independently perform its compliance functions. First, the AM structure separates control of human and financial resources from the IPN, where the compliance work is performed. While it has not happened, an AMSec could materially impact the IPN’s ability to carry out its compliance work by denying or delaying decisions on travel or other expenditures or the hiring of staff or consultants.

Second, the requirement in the AM and IPN resolutions to offer DR to both parties has increased tensions and scheduling problems during compliance reviews when borrowers were offered DR and it was turned down by requesters.

Given current challenges associated with the AM’s structure and contradictions in and interpretations of the AM Resolution, the ERT strongly believes that changes need to be made to both the structure and the AM Resolution. In assessing structural options, it is essential to understand why an independent IPN is important in the first place. The three-member Inspection Panel has played a critical role in establishing the World Bank as a leader in accountability through its strong track record, which has built trust and credibility internally and externally. Therefore, the ERT recommends maintaining an independent three-member Inspection Panel and compliance function, particularly as the Bank embarks on its Evolution Roadmap. To ensure leadership continuity in compliance, the ERT recommends that the IPN Chair’s term be extended from a minimum of one year to two years.
Four structure options and their advantages and disadvantages are presented. Three of the options assume that the three-member inspection panel will be retained, and one assumes the IPN will be disbanded. The first option is to retain most of the current structure with changes to the AM Resolution to transfer control of compliance-related human and financial resources to the IPN Chair and to impose less restrictive firewalls to improve communications and integration across the AM. The second option is to create a traditional pyramid structure with a single head reporting to the Board. Under this option, a manager or team leader rather than the Panel members would head the compliance function, and both the manager/team leader and compliance function would be subject to the supervision of the pyramid head. Under the third option, DRS and IPN functions would be completely split organizationally. This structure is most aligned with the maintenance of significant firewalls between the two functions. The fourth option is to combine the DRS with the International Finance Corporation’s CAO DR function, and the IPN with the CAO compliance function, to align with the “one Bank” model.

All of the structure options will require clear understanding of objectives as well as coordination and collaboration at all levels. The ERT recommends establishing stronger processes to ensure that the AM’s effectiveness can be systematically measured to align with structure objectives and to ensure the right behaviors are embedded in the culture of the World Bank’s AM with the AMSec and the IPN Chair role modeling those behaviors.

**Does the Current AM Institutional Structure Enable the DRS to Facilitate a Voluntary and Independent Dispute Resolution Process?**

The DRS was only established in 2021 and already has an active portfolio, with four of the seven registered complaints proceeding through the DR function. The DRS has so far completed three DR cases. For these cases, only very limited disclosure was provided in the outcome reports as the parties requested confidentiality. The AM operating procedures lay out reporting obligations, including reporting on process and on what “eligible” issues have been addressed. Operating procedures provide that, in cases where parties request confidentiality, the DR agreement does not need to be disclosed. The ERT recommends that even for DR agreements where parties request confidentiality, outcome reports present the issues addressed and list the eligible issues that have not been addressed. No specifics on the content of agreement regarding these issues must be provided, and the DR agreement does not need to be disclosed. Disclosure is important for three reasons: (1) DR is part of the Bank’s public accountability mechanism and public accountability requires transparency; (2) the AM Resolution restricts the scope of the DR to issues recommended for a compliance investigation; the DR outcome report should thus record which of these eligible issues have been addressed; and (3) the AM operating procedures provide that, in cases where a DR agreement is partial and does not address all eligible issues, requesters have the option to proceed with a compliance investigation for those unaddressed issues. For transparency in the interaction processes between DR and the compliance process, unaddressed eligible issues should be presented in an outcome report.
The ERT also makes observations and recommendations on referral processes between DR and the compliance process in case there is only a partial DR agreement and in cases where requesters who originally signed the request filed for registration leave the DR process. The ERT is of the view that some clarification on these referral options is required.

The DRS has a tight timeline of 30 days to determine whether a DR process can be agreed to and a timeline of 18 months for the conclusion of a DR process. The ERT recommends that the timeframe for trying to reach agreement on a DR process be extended to 40 business days, under the condition that only requests where requesters wish to explore the possibility for DR be transferred to DRS. There should be no extension beyond the present 30-business-days period if the current process is maintained and all requests are temporarily transferred to DRS, regardless of whether the requester wants to consider a DR process or not. In such cases, the period of interruption of the compliance process needs to be contained. Some flexibility should be considered for the length of the DR process. The AMSec, as Head of DR, should be provided the flexibility to extend the 18-month deadline to 20 months if there is a very high likelihood that an agreement would be reached within that extended timeframe. The AMSec should also have the right to adjust timelines in cases where the DR process is conducted in collaboration with other IAMs to provide for some process alignment.

The DRS has been off to an impressive start after only three years of operation. But DR within the World Bank’s AM is still a new function and needs to establish itself as a trusted and respected process where experienced mediators help establish a level playing field among the DR parties, agreed processes are adhered to, and retaliation risks are constrained. The ERT recommends that an external review be conducted in 24 months by two recognized DR experts on the DRS function. Such a review could help to establish the DRS as a fully trusted and respected process.

Are There Redundancies in Responsibilities and Functions between the IPN Chair and the AMSec/Head of DR?

There are two forms of redundancies that hinder the efficiency and effectiveness of the AM: workflow and maintaining two fully staffed parallel functions to respond to requester choice for a relatively small number of cases. Workflow redundancies are created by the AM Resolution, operating procedures, internal protocol, and management information systems that cannot accommodate the current structure. The result is decisions being made by the IPN Chair with the AMSec processing those decisions in human resources, finance, and travel systems as the approving authority. Accepting the ERT recommendation to establish the IPN Chair as the decision and approval authority for IPN resources would resolve many of these redundancies.
Finally, redundancies are created by having both the DRS and the IPN maintain a full complement of staff to ensure they each have the capacity to respond to requester choices for either DR and/or a compliance review. Therefore, the AM’s nominal costs have increased by 103 percent, and staffing levels have increased by 80 percent since 2021 from a staffing level of 10 to 18, without a reciprocal increase in requests or cases.

The ERT recommends that the DRS and the IPN jointly create a strategic vision for the World Bank’s AM (regardless of structure option) that can be translated into a determination of resource needs—both qualitative and quantitative—and that is aligned with good stewardship of Bank resources. It is also recommended that the DRS and the IPN report jointly to the Board through CODE at least annually and as part of the budget process the annual and aggregate costs of individual cases as well as a critical few efficiency and effectiveness measures.

**Verification Framework**

The Toolkit Reforms gave the IPN the possibility to recommend verification to the Bank Board, but this recommendation can only be made under very restrictive conditions. A “Framework for Proportionality Criteria and Modalities for Independent Verification of Management Action Plan Implementation” lays out a system of eight criteria and a weighting matrix that prescribes whether the IPN (with input from the Group of Internal Audit) can present a recommendation to the Board and, if so, at what time during MAP implementation. The framework is applicable for requests registered since 2020. So far, the IPN has not recommended a single verification to the Board.

The ERT finds this framework overly prescriptive, the selection of criteria and the weighing matrix somewhat arbitrary, even with the possibility of leading to undesired outcomes. Because the Board decides whether to approve a verification of implementation of a MAP, the ERT is of the view that the IPN should be given the flexibility to make a recommendation without being bound by a mandatory set of criteria and weighting scheme.

The mandate to conduct verification of the implementation of a MAP given to the IPN is significantly more restrictive than in all other comparable IAMs, except for the IAM of the Asian Infrastructure Bank, which only reviews management update reports on MAPs. Other IAMs have broad-based verification mandates for each project, in most cases without Board approval. The intensity of verification differs among IAMs. Some IAMs conduct verification for each project with site visits, and many conduct site visits only selectively for projects that have or are likely to have a very significant impact on large groups of people, including vulnerable people. In all MDBs, management conducts the monitoring of the MAP. The role of the IAM is only a supplemental verification role.
Why is a verification mandate for an IAM important? If an IFI-financed project resulted or will result in harm linked to noncompliance with policies and Bank failures and omissions, then the IFI must be seen as making special efforts to facilitate the implementation of remedial actions. A selective verification process conducted by an independent IAM signals such a commitment. World Bank management stated to the ERT that they consider an independent, broad-based verification mandate for the IPN redundant as management monitors MAP implementation and circulates these update reports to the Board, and because MAP update reports are posted on the IPN website in the public domain. Bank management is of the view that requesters and representatives can express their disagreement with those MAP update reports if they want to. Civil society organizations informed the ERT that they sometimes do disagree with MAP update findings but that there is no process for recording their disagreement.

The ERT recommends three options regarding an IPN verification mandate:

**Option one:** Provide the IPN a verification mandate aligned with the mandate provided to CAO as outlined in the CAO Policy and that is consistent with the verification practices of most IAMs.

**Option two:** Allow the IPN to recommend verification of MAP implementation to the Board if there are particularly serious impacts. Criteria laid out in the verification framework could be used as guiding principles rather than a binding requirement. The IPN should recommend verification at the same time the Board is approving the MAP.

**Option three:** If the IPN is not provided with a broad verification mandate comparable to other IAMs, a process should be established through which requesters and representatives can record comments on the management MAP update reports posted on the IPN website.

*Conflict of Interest*

The ERT reviewed three areas to determine whether potential, perceived, or actual conflicts of interest exist: the structure of the AM, the complaint process, and how firewalls are applied within the AM. The ERT found no information that the current AMSec, who is also Head of DRS, has made financial or human resource decisions to advantage the DRS to the detriment of the IPN. However, the potential for conflict of interest does exist, which would be eliminated if the structure option to transfer control of resources back to the IPN Chair is accepted.

The design of the complaint process with a 30-day window where the DR option is offered to both the requester and borrower does present a conflict of interest when borrowers are offered the DR option and it is turned down by requesters. Accepting the ERT’s recommendation to no longer offer DR to the borrower if requesters firmly indicate the desire to pursue a compliance review would eliminate this conflict of interest.
Finally, the AM’s firewalls for DRS and the IPN are broader and more rigorous than those of other IAMs. The overprotection of these unnecessarily broad firewalls is detrimental to communications, team cohesion, and the work environment at the AM. The ERT recommends modifications be made to the AM Resolution to clarify what information/aspects of processes must be kept confidential to protect the interests of borrowers and requesters and to allow room for either party to agree on what of their own information can be shared if any issue proceeds to a compliance review to avoid duplicate gathering of information. Finally, it should be made clear that firewalls and confidentially does not apply to internal DRS or IPN operational matters, such as resource costs of individual cases.

**Communications and Outreach**

Both the AM and the IPN have actively engaged in outreach efforts that reflect good IAM practices. However, collaboration between the AM and the IPN in their outreach and communication efforts could be strengthened. For example, there are different points of view on what branding strategy best instills trust and reinforces the credibility of the World Bank as a leader in accountability mechanisms. Given the structural changes in 2020, are the intentions of these changes to create a new “one AM” brand or to build on and expand the IPN brand that already exists? ERT recommends that if the three-member Inspection Panel is to be retained, the Bank should strategically leverage its strong track record and credibility. If the current structure is also maintained, there must be room for branding what has been added as a complement to what has long existed. What this could mean, for example, is that the AM website prominently notes the history of the World Bank as a leader in accountability mechanisms with the pioneering establishment and continuation of the independent IPN and the value that the AM and the DRS are adding to this rich history. If trust in the World Bank’s AM is because of the track record the IPN has established, it is important for anyone reviewing the AM website to know that the IPN is still an active and prominent part of the Bank’s AM.

**Other Issues**

The IPN does not have a regular review process of its policies and subsequent policy adjustments. As stated before, the Toolkit Reforms approved in 2018 and 2020 were the first significant substantive reforms since establishment of the IPN in 1993. Procedural adjustments were also made in 1996 and 1999, but a few additional reports did not lead to IPN policy adjustments. The current IPN Resolution still, to a significant degree, reflects the policy language adopted in 1993 when the IPN was established. There are dimensions of the current IPN Policy that do not correspond with established good practices. The unclear access policies (including both registration and the eligibility assessment process) referred to in the report are only one aspect of this. Other aspects relate to the restrictions imposed on the IPN with regard to expressing its views on MAPs, the restrictions placed on interactions with requesters and borrowers on sharing reports and seeking their input, the very limited verification mandate, and the absence of the right to present recommendations, among other matters. The IPN continues to be
respected for its good compliance review processes due to its technical expertise and independence, but it operates with a much more challenging policy framework than other IAMs. A lack of clarity and restrictions can hamper effectiveness and predictability. The ERT did not have the mandate to comprehensively review the IPN and AM resolutions and operating procedures and focused on the review questions posed in the TOR. However, the ERT recommends that a practice be adopted, pursued by almost all other IAMs of MDBs, where policies are typically reviewed in five-year intervals and then subsequently adjusted. Regular reviews and adjustments in multi-year intervals provide the opportunity to align the policy with emerging good practice standards. It also provides the possibility of convergence of IAM policies. Such gradual convergence would facilitate DR and compliance review processes when conducted by several IAMs and would complement the increasing alignment being witnessed among environmental and social policies.
1. Introduction

1. This report responds to terms of reference (TOR) approved by the World Bank Board of Executive Directors (see appendix A), which includes specific review questions which this report addresses. The report was prepared by an External Review Team (ERT) comprising Arntraud Hartmann, Cindy Petitt, and Eduardo Abbott. The purpose of the review is to assess reforms adopted as part of the Toolkit Reforms of the Inspection Panel (IPN) approved by the World Bank Board of Executive Directors in 2018 and 2020. As part of the approval of these reforms, the Board asked for a review of the introduced changes after three years. The TOR does not restrict the recommendations of the ERT. The review questions posed in the TOR are such that changes in the IPN and Accountability Mechanism (AM) Resolution and the AM and IPN operating procedures should also be considered. While some recommendations presented in this report could be achieved by procedural adjustments, a significant number of recommendations would require amendments in the IPN and AM resolutions and operating procedures.

2. The ERT prepared an Approach Paper (see appendix G) that lays out key issues and a methodology for the review. As part of the preparation of this report, the ERT conducted interviews with a wide range of stakeholders, including World Bank Executive Directors and advisors, representatives of World Bank member governments, World Bank Group managers and staff, staff of the AM and former and current staff of the IPN, current and former Panel members, members of other independent accountability mechanisms (IAMs), members of academia and civil society organizations, and former World Bank Executive Directors and Bank staff who were directly involved in the design and early implementation of the Toolkit Reforms. The ERT also consulted with experts currently undertaking reviews of other IAMs. The ERT reviewed requests registered with the IPN since 2020, spoke to requesters and representatives, and reached out to government agencies that were involved in either dispute resolution requests or compliance review processes. The ERT reviewed relevant documents, especially the records and background documents of the Toolkit Reform process, to understand the rationale for the design of reforms. The ERT also reviewed relevant literature and undertook a comparative analysis of select aspects of AM and IPN policies with the policies and practices of other IAMs. A list of interviews conducted is presented in appendix F.
2. Accessibility

Are the compliance and dispute resolution functions accessible to parties?

Key Issues

A. The Inspection Panel (IPN) registers a small number of requests.

B. The IPN Resolution and IPN operating procedures lay out criteria for accessing the IPN that are complex, confusing, and partly contradictory; and it is not clear which criteria relate to the registration and which relate to the eligibility assessment process. The IPN has established a practice on how to apply these complex and unclear criteria. However, the IPN registration process is lengthy, and IPN registration practices have been varied over the years. Clear normative standards are important to make processes predictable. The External Review Team (ERT) does not know whether complex access criteria and registration processes are an obstacle to access for requesters. But the ERT recommends that IPN Resolution’s access criteria be revised to achieve clarity. Criteria for both the registration process and the eligibility process should be revised. The access threshold at the registration stage should be kept low so that people who believe they are affected by a Bank-financed project can file a request. The eligibility process should be more demanding than the registration process as it acts as the filter of assuring that only requests where there is a plausible, causal link between the alleged harm and a link between the alleged harm and possible noncompliances should proceed to a full compliance investigation. Evidence at the eligibility stage needs to be established by the IPN and not the requester.

C. The IPN should be given the right to initiate eligibility assessments when there is evidence of particularly severe harm, issues of systemic importance, and especially severe risks of retaliation. The right for the IPN to self-initiate an eligibility assessment is important as many affected people are reluctant to file requests.
D. Access to dispute resolution (DR) is currently only possible after Board approval of a compliance investigation, which is on average about 4.5 months after the requesters have filed their complaint. Requesters should be allowed to proceed earlier to DR. The ERT recommends that requesters be allowed to proceed to DR after the complaint has been registered and a comprehensive briefing on the DR and compliance options has been provided jointly by the Dispute Resolution Service (DRS) and the IPN. Alternatively, if the Board does not wish to provide for easier and faster access to DR, the present access process to DR after the Board’s approval of an investigation should be maintained but adjusted so that requesters who wish to proceed with a compliance investigation can do so without interruption.

E. The principle of “requester choice” must be respected. During the current access process, the World Bank Accountability Mechanism Secretary (AMSec) as Head of the DRS concurrently offers both parties the opportunity for DR. This should be changed. The AMSec should first ask the requesters whether they wish to explore a DR process. Requesters who inform the AMSec that they wish to engage in a compliance process should be able to proceed without interruption with the compliance investigation, and the AMSec should make no offer for DR to the other party if the requester does not wish to proceed with DR. In such cases, DRS also should not inform the other party about the possibility to pursue a DR process.

F. In select cases, public accountability considerations override the requesters’ desire to seek a DR process. Requests that allege long-term structural environmental damage, gender-based or physical violence, or have unusually high risks of retaliation should proceed through the compliance process. Long-term systemic environmental impacts where significant costs are incurred by people beyond the group of participants in a DR process require systemic solutions that are more likely to be provided through a compliance review process. Allegations of serious gender-based violence or physical harm demand a commitment to public accountability.

G. In order for affected people to file a request, they must be aware of the existence of the AM and the IPN. A greater effort should be made to disseminate information about the AM to project-affected people as part of World Bank project preparation and implementation and country office activities.
The Accountability Mechanism and Inspection Panel Receive Few Requests

3. The World Bank Accountability Mechanism (AM) receives a small number of requests. From 2004 to 2023, the Inspection Panel (IPN) registered 96 requests, an average of 4.8 requests annually (table 2.1). Since the establishment of the IPN in 1993, the number of requests received represents only about 1.5 percent of approved Bank projects. During this period, investigations by the IPN represented less than 0.5 percent of Bank projects.

Table 2.1. Received and Registered Inspection Panel Cases, 2004–23

<table>
<thead>
<tr>
<th>Five-Year Fiscal Years</th>
<th>Cases Received</th>
<th>Cases Registered</th>
<th>Registration (%)</th>
<th>Annual Average of Cases Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–08</td>
<td>25</td>
<td>22</td>
<td>88</td>
<td>4.4</td>
</tr>
<tr>
<td>2009–13</td>
<td>34</td>
<td>29</td>
<td>85</td>
<td>5.8</td>
</tr>
<tr>
<td>2014–18</td>
<td>40</td>
<td>18</td>
<td>45</td>
<td>3.6</td>
</tr>
<tr>
<td>2019–23</td>
<td>39</td>
<td>28</td>
<td>72</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>96</td>
<td>73</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Sources: Ramanie Kunanayagam et al., “Glass Half-Full or Glass Half-Empty? Thirty Years of Accountability at the Inspection Panel—The Impact of its Work and What the Data Tells Us,” Perspectives 11 (2023); World Bank Inspection Panel Data (2024).

Table 2.2. Investigations Recommended and Conducted 2004–23

<table>
<thead>
<tr>
<th>Five-Year Fiscal Years</th>
<th>Cases Registered</th>
<th>Investigation Recommended (% of Registration)</th>
<th>Investigation Conducted (% of Registration)</th>
<th>Annual Average of Investigations Recommended</th>
<th>Annual Average of Investigations Conducted</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–08</td>
<td>22</td>
<td>12 (55)</td>
<td>12 (55)</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>2009–13</td>
<td>29</td>
<td>9 (31)</td>
<td>8 (28)</td>
<td>1.8</td>
<td>1.6</td>
</tr>
<tr>
<td>2014–18</td>
<td>18</td>
<td>6 (33)</td>
<td>6 (33)</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>2019–23</td>
<td>28</td>
<td>9 (32)</td>
<td>6 (21)</td>
<td>1.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Total</td>
<td>96</td>
<td>36 (38)</td>
<td>32 (34)</td>
<td>1.8</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Sources: Kunanayagam, Ramanie et al., “Glass Half-Full or Glass Half-Empty?”; World Bank Inspection Panel Data (2024).

4. Appendix C shows data on admitted complaints for comparable Independent Accountability Mechanisms (IAMs) for the period 2013–22. During this period, the IPN registered 48 requests, which amounts to 0.8 percent of approved projects over the same period—roughly corresponding to the shares of admitted complaints of the AFDB and the European Bank for Reconstruction and Development (EBRD) but lower than the respective shares of the IAMs of the Asian Development Bank (ADB), the Inter-American Development Bank (IADB), and the International Finance Corporation (IFC). The IFC admitted complaints amounting to 3.3 percent of approved projects; the ADB, 3.3 percent; and the IADB, 2.8 percent. The Complaint Mechanism (CM) of the European Investment Bank (EIB) during the 2013–22 period admitted 6.15 percent of approved projects, but access to the EIB/CM is significantly easier than for other IAMs. Numbers are not fully comparable because some IAMs only deal with requests for private sector projects, and most other IAMs cover complaints for both private and public sector projects. Moreover, the World Bank has a more developed grievance redress service than almost all other multilateral development banks (MDBs). However, the creation of the Grievance Redress Service (GRS) in 2015 does not seem to have led to a decline in the number of requests filed with the IPN. There could be many reasons why affected people are reluctant to file a request with the IPN (or with IAMs in general). The subsequent section provides observations on the access processes of the compliance and DR functions and on knowledge about the AM. The section discusses access to the IPN/AM assuming that option one or option two for the AM structure are pursued (see chapter three paras. 62–68). If option 3 or 4 is chosen (see paras. 69–71), then the access option presented in figure 2.1 should be pursued. If option 4 (merger with CAO—see para. 72–75) is adopted, further preparations for the design of an access process would be required because the present access processes of the CAO and the IPN differ quite significantly, and a new joint approach would need to be designed.

a. The IPN Accessibility Criteria and Practices

5. **Formal access criteria are complex.** Paragraph 13 of the IPN Resolution requires that:

a. The request must be made by two or more people who are in the country where the project is located, by a local representative of such parties, or by another representative in the exceptional case of a local representative not being available.

b. Affected parties must assert that their rights or interests have been or are likely to be directly affected by an action or omission by the Bank or as a result of a failure of the Bank to follow its operational policies and procedures in terms of the design, appraisal, or implementation of a Bank-financed project, including situations where the Bank is alleged to have failed to follow up on the borrower’s obligations under a loan agreement with respect to such policies and
procedures, provided in all cases that such failure has had or threatens to have a material adverse effect on the complainant.

c. The subject of the request must have been dealt with by Bank management, which then must have failed to demonstrate that it has followed or is taking adequate steps to follow the Bank’s policies and procedures.
d. The alleged violation of the Bank’s policies and procedures is serious in nature.

6. The IPN's operational procedures attempt to provide guidance on which of these criteria should be addressed at the registration stage and which should be addressed at the eligibility assessment stage. But a significant lack of clarity persists because the operating procedures are bound by the norms established in the IPN Resolution. Principles of “good practice” adopted by most other IAMs include keeping the entry bar for filing a request low and the process simple. Affected people are often poor and have little education and IAMs are supposed to be accessible for people affected by an IFI financed project. The formal access criteria stated in the IPN Resolution are not simple.

7. In practice, the IPN has established processes to help requesters gain access despite confusing criteria. This is laudable. But registration procedures are often lengthy, requiring an average of between five and six weeks, with only 23 percent of all requests and 35 percent of registered requests processed within four weeks (see table 2.3). The IPN’s practices for registration have varied over the years, with some variance in the criteria used. A policy that clearly lays out access criteria for registration and eligibility would help the IPN establish and maintain predictable processes. Without clear policy language, changing Panel leadership and external influences can lead to adjustments in registration criteria and processes. The ERT does not know the extent to which the unclear normative framework is posing an obstacle to access, but clear access criteria and related processes are important for establishing predictability and confidence in the system.

Table 2.3. Length of Time Required to Issue Registration of Nonregistration Notice, 2013–23
(Time period between filing a request with the IPN and issuance of Registration or Nonregistration Notice)

<table>
<thead>
<tr>
<th></th>
<th>Under 4 Weeks</th>
<th>4–6 Weeks</th>
<th>More than 6 Weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of requests</td>
<td>19</td>
<td>26</td>
<td>36</td>
</tr>
<tr>
<td>% of total requests</td>
<td>23%</td>
<td>32%</td>
<td>45%</td>
</tr>
<tr>
<td>% of registered requests</td>
<td>35%</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>% of nonregistered requests</td>
<td>6%</td>
<td>35%</td>
<td>59%</td>
</tr>
</tbody>
</table>

*Source: Extracted from IPN case data listed on IPN website.*
8. **RECOMMENDATION:** The External Review Team (ERT) recommends that criteria for registration and eligibility be simplified and clarified. The admissibility criteria of the Compliance Advisor Ombudsman (CAO) or admissibility criteria laid out in the ADB's Accountability Policy should be considered, which simply require requesters to allege harm related to a financed project (see box 2.1). Requesters do not have to allege noncompliances or Bank failures or omissions related to policies and procedures. The subsequent eligibility (at CAO called “appraisal”) assessment establishes the likelihood of noncompliances caused by ADB or CAO omissions or failures that could be linked to alleged harm.

**Box 2.1. Admissibility Criteria of Selected Independent Accountability Mechanisms**

According to the Compliance Advisor Ombudsman (CAO) Policy (para. 37), the independent accountability mechanism of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), dated June 28, 2021:

“CAO will deem the complaint eligible if: (a) The complaint relates to an Active Project; (b) The issues raised in the complaint pertain to CAO’s mandate to address environmental and social impacts of Projects; and (c) The Complainant is or may be affected by the harm raised in the complaint.”

The Accountability Mechanism Policy 2012 of the Asian Development Bank (ADB) (para. 138) reads:

“For both the problem solving and compliance review functions, complaints may be filled by (i) any group of two or more people in a borrowing country where the ADB-assisted project is located or in a member country adjacent to the borrowing country, who are directly, materially, and adversely affected.”

a. In the CAO policy, admissibility is referred to as eligibility.
9. **The IPN should have the right to initiate an eligibility assessment.** The IPN does not currently have the right to initiate an eligibility assessment for a compliance investigation. It should be given this right. If there is sufficient evidence for systemic noncompliance and harm, and if requesters are unwilling or unable to file, typically related to fear of reprisals, then the IPN should have the right to self-initiate an eligibility assessment. CAO of the IFC/MIGA (Multilateral Investment Guarantee Agency) and the Independent Review Mechanism (IRM) of the African Development Bank (AfDB) have the right to initiate an eligibility assessment under certain conditions, as do other mechanisms, such as the Social and Environmental Compliance Unit of the United Nations Development Programme and the Independent Redress Mechanism of the Green Climate Fund. Under this self-initiated option, CAO has conducted some very prominent compliance reviews that resulted in changes. At present, the IPN can only conduct an eligibility assessment for registered requests. However, in some cases, it requires significant courage and acceptance of risk for an affected person to file a complaint. The IPN and all other IAMs of major MDBs are witnessing an increasing number of cases of intimidation and reprisal. The IPN notes that in 13 of 16 projects connected with requests for inspection between FY2021 and FY2023, requesters asked for confidentiality because they feared intimidation and reprisals, and in half of the projects for which requests were filed during that period, there were specific allegations of reprisals. Moreover, in many societies, requesters are ashamed to speak up in cases of sexual abuse, as the culturally appropriate response is to hide the harm rather than to speak up. They would not file a request. The proposal to provide the IPN with the possibility to self-initiate an eligibility assessment would be an exception to the “request-based approach” that is pursued at the IPN. However, the possibility of such a deviation is already provided for in the IPN Resolution (para. 13), which states: “In view of the institutional responsibilities of Executive Directors in the observance by the Bank of its operational policies and procedures, an Executive Director may in special cases of serious alleged violations of such policies and procedures ask the Panel for an investigation …,” adding that “the Executive Directors, acting as a Board, may at any time instruct the Panel to conduct an investigation.” The IPN is an instrument of the Board to help assure the Bank’s public accountability. As such, the IPN should be allowed to conduct an eligibility assessment and ask the Board for approval for an investigation if there is sufficient evidence of very significant noncompliances of systemic importance and related harm.

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5 See, for example, the CAO Dinant case, https://www.cao-ombudsman.org/cases/honduras-dinant-01cao-vice-president-request; the CAO Compliance Investigation in the Bridge Academy, https://www.cao-ombudsman.org/cases/kenya-bridge-international-academies-04kenya; India Tata Tea 01 https://www.cao-ombudsman.org/cases/india-tata-tea-01cao-vice-president-request.

10. **RECOMMENDATION:** The ERT recommends that the IPN be given the right to initiate an eligibility assessment and align its policy with CAO Policy (para. 81) provisions. The IPN should have the right to initiate an eligibility assessment if:

   a. An eligibility assessment is necessary to review environmental and social compliance issues or other operational policies of systemic importance to the World Bank;
   b. Concerns exist regarding particularly severe harm; or
   c. Project-affected people may be subject to or fear reprisals, preventing them from lodging a complaint.\(^7\)

11. In cases where the IPN initiates an eligibility process on its own, the IPN should provide a written rationale for doing so, which should then be circulated to the Board for information. Some adjustments would need to be made in the eligibility assessment criteria for IPN-initiated processes. A self-initiated eligibility assessment would need to determine whether:

   a. There are indications of harm or potential harm, and if the harm is substantial.
   b. There are preliminary indications that the World Bank may not have complied with its policies and procedures; and
   c. The alleged harm is likely linked to the potential noncompliance.

12. Criteria for the IPN to initiate a self-initiated compliance investigation could prove more demanding than a request-based process. Because the Board needs to approve compliance investigations, it can terminate any self-initiated compliance investigation that it considers unwarranted.

**b. Access to Dispute Resolution**

**Early Access to Dispute Resolution After Request Registration**

13. Access to dispute resolution (DR) is presently embedded into the compliance intake process and is only possible after the IPN completes an eligibility assessment and the Board approves a compliance investigation. The eligibility assessment, however, is designed as an assessment for a compliance investigation, not for DR. Its objective is to issue a recommendation to the Board on whether to proceed with an investigation and what possible noncompliance issues should be investigated. Why should requesters who want to have their concerns addressed through DR first proceed through an eligibility assessment whose objective is to establish whether a full compliance

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\(^7\) The corresponding provision in the AFDB's IRM policy (para. 75 of Independent Recourse Mechanism of AfDB, Operating Rules and Procedures, 2021, states: “Under specific circumstances, the Director of IRM may initiate Compliance Reviews. These circumstances could relate to: (i) complaints raised to the IAMs of co-financiers in a Bank Group co-financed Operation for which no complaint has been submitted to IRM; (ii) Operations in the public domain where there is a reputational risk for the Bank Group; (iii) Cases where IRM receives information from a credible source that a Bank Group Financed Operation has adversely impacted or may impact persons, a community or the environment; or (iv) cases where IRM is informed of a risk of retaliation if a Complainant came forward; (v) if a compliance review could provide an important learning-opportunity.”
investigation should be conducted? Six criteria for this eligibility assessment are laid out in the IPN operating procedures (see para. 44). Of these criteria, one deserves particular attention—criterion b: “the request asserts that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the Requester.” The IPN then confirms that the request includes a description of the harm or potential harm that, according to requesters, is the result of a serious violation by the Bank of its policies and procedures. The eligibility assessment acts as a “filter” to assure that only requests where there are plausible noncompliances and related harm proceed to a full investigation. All comparable IAMs—e.g., EBRD’s Independent Project Accountability Mechanism (IPAM), ADB’s Compliance Review Panel (CRP), and AfDB’s IRM—conduct such an assessment before a compliance investigation. But very few IAMs make this preliminary assessment for a compliance investigation the entry point to a DR process. The focus of a DR process is not on bringing a project into compliance with policies. The Bank’s AM Resolution does not even require that DR agreements comply with Bank policies. It is thus possible that parties in a DR process make agreements that would not be consistent with Bank policies. The focus of a DR process is on addressing the harm caused by the project.

14. The ERT is of the view that an earlier and easier access process to DR should be considered. After the admissibility decision (registration), requesters should attend a briefing meeting held jointly by the IPN and the Dispute Resolution Services (DRS) so that the requesters fully understand the two options. After this briefing, the requesters (or their representatives) should be asked whether they wish to pursue DR or proceed with the compliance investigation. If the requesters (or their authorized representatives) express that they want to pursue DR, then the request should proceed to the DRS. The DRS should then conduct a short assessment process to determine whether the issues raised are in fact suitable for a DR process. If the assessment process concludes that DR would be a suitable process, then the DRS can consult with the parties (requesters and borrower or executing entity) on whether there is agreement to pursuing a DR process. If the answer is yes, the DR process would be launched. If the answer is no, the complaint would revert to the compliance process (after a management response has been obtained) as an entry point to the compliance process. If a DR process is launched and is not completed, then the request is referred back to the eligibility process (after a management response has been obtained) for assessment on whether they merit an investigation. In both cases, the time limit to submit a request would be applicable from the time that the original request was filed. Figure 2.1 lays out this proposed process.
Figure 2.1. Recommended Process for Requesters to Access Dispute Resolution Services—Option One

15. An important component of this access process is the determination at the registration stage whether the alleged harm is possibly linked to the Bank-financed project. Access to a DR process should only be available for requests with a plausible link between the alleged harm and the Bank-financed project. The assessment of a plausible linkage between alleged harm and the Bank-financed project is already a component of the registration process. The registration process also determines whether management had adequate prior knowledge of the issues raised in the request and had an opportunity to respond. Thus, only requests for which there was a prior “good faith effort” by requesters to address their concerns with the Bank staff and management would be registered and thus proceed to DR.
16. **RECOMMENDATION:** The ERT recommends that requesters have direct access to the DRS after registration and a comprehensive briefing. The registration would have to establish that alleged harm is plausibly linked to the project. The DRS would need to conduct a short assessment to determine whether issues raised in the request are suitable for a DR process.

17. The advantages to such an approach are:

a. It provides DR to people who are plausibly harmed by a Bank-financed project.
b. It accelerates the process because requesters do not need to wait until the management response is issued, then proceed through an eligibility assessment, and then wait for Board approval of an investigation—the time delay between registration and Board approval of an investigation is about three-and-a-half months.
c. It avoids confusion because requesters who wish to proceed to DR can immediately cooperate with the DRS without first having to work with the IPN.
d. The DRS can enter the process at an early stage and does not need to be on standby until the Board has approved a compliance investigation.
e. The Board does not need to approve an IPN recommendation for a compliance investigation if a requester does not wish to proceed with a compliance investigation.
f. Management does not need to issue a management response because Bank failures and omissions and noncompliances with Bank policies and procedures are not a focus of a DR process.

18. Disadvantages of this approach are:

a. The DRS would also accept requests for which plausibility of noncompliance with Bank policies and procedures has not been established. During Toolkit Reform discussions, the Board wanted to restrict access to DR and offer it only for requests that allege significant harm that can plausibly be linked to noncompliances. If this position is maintained, then the Board would not choose this option.
b. The number of complaints entering the DR process might increase as access becomes easier. On the other hand, as there is no “compliance process held in abeyance,” where approval for a compliance investigation has already been provided, the party that would need to agree with the requester on a DR process might have less incentive to do so.
c. Public accountability of the Bank might be perceived as being weakened. In the proposed direct access option, there is a registration notice but no eligibility report posted in the public domain which would provide some public information on the alleged harm and possible noncompliances, albeit would not provide a finding. Such findings would only be presented in the investigation report.
d. Requesters need to be adequately informed about the DR and compliance process options, and if the initial joint briefing is not conducted in a neutral and comprehensive manner, it could be seen as influencing the choices of requesters.

Or Maintain the Present Access Process but Adjust it for Requester Choice

19. If the Board does not wish to delink access to DR from plausibility of noncompliances and related harm, then access option one presented above would not be chosen. The alternative option would then be to maintain the present access process where requesters can choose DR after the Board has provided approval for a compliance investigation (see figure 2.2). This option would not allow for an early access to DR and would require DRS to remain on ‘stand by’ until the Board has approved a compliance investigation. However, even if this access option is maintained, an essential adjustment is needed. The present offer process for DR needs to be changed. Presently, according to the AM Resolution (para. 11.a) and the AM operating procedures (para. 11), the AMSec offers the parties an opportunity for DR. The AMSec does so concurrently to both parties. Instead, this process should be conducted in two stages: (1) first the requester should be asked whether they are interested in pursuing DR; and (2) only after the requesters have stated their interest in pursuing DR should the AMSec provide information and an offer of DR to the other party. If the requesters clearly signal that they wish to pursue the compliance function, then they should proceed without interruption to the compliance investigation. The offer for DR to the requester should be made by the AMSec immediately after the Board has approved the recommendation for a compliance investigation, and the requesters should only have five working days to decide whether they wish to continue directly with a compliance investigation. If after five working days the requesters inform the DRS that they are interested in pursuing DR, or if they are not sure what option to choose, then the compliance process should be put on hold for up to 40 business days to give both parties adequate time to learn about the DR process and to explore, with the support of the DRS, the possibility of establishing a DR process. This is a somewhat longer time period than the present 30 business days. The longer time period is warranted as 30 business days is a short period to try to reach agreement on a DR process, and the longer period of 40 business days can be justified because the compliance process would only be halted for those requesters who are interested in learning about pursuing DR. For requesters who have clearly stated their decision to proceed with the compliance function, no 40-day pause would take place. If the Board were to decide to maintain the present access process but not provide for requesters who choose to proceed with the compliance process to continue without interruption, then the present 30-business-day time constraint needs to be maintained because the interruption period of the compliance process needs to be constrained.
20. Why is this adjustment to the DRS offer so important? Requesters interviewed by the ERT who chose the compliance function argue that offering DR to the borrower even if the requesters indicate that they are not prepared to enter into a DR process results in increased retaliation risks if the other party, typically a public authority, wishes to proceed with DR but the requesters refused to do so. They strongly argue that this significantly deteriorates the requesters’ position. A DR process requires agreement by both parties. If the requesters signal that they do not wish to proceed with a DR process, then there is no need to inform the other party (the borrower) about this option. An important reason why most IAMs receive so few complaints is the high retaliation risks for requesters. Any processes that increase this retaliation risk need to be avoided. In addition, requesters who expressed a strong determination to proceed with a compliance process did not understand why the already lengthy compliance process needed to be interrupted for 30 business days to explore a DR process despite the fact they firmly stated that they had already decided against it.

Figure 2.2. Maintain Present Access Process Adjusted for Requester Choice—Option Two
21. Advantages and disadvantages of the present access process include:

a. Access to DR would come very late, an average of 4.5 months after requesters submit a request.

b. The requesters would first have to work with the Panel members and IPN staff to pursue a compliance investigation and would only then be transferred to the DRS. The DRS staff would enter late in the process.

c. The process restricts access to DR because it remains linked to policy noncompliances and Bank failures and omissions. Only requests for which the IPN recommends an investigation could proceed to DR and only for issues that the eligibility report determines to be eligible.

d. A published eligibility report could be useful for a DR process. The transfer to the DRS would occur after an eligibility report has been issued. An eligibility report establishes the plausibility of noncompliance and the nature of the related harm by laying out the facts of the disputed issues and assessing preliminary evidence. Fact finding can be very useful to the DR process and can strengthen the position of affected parties because contested issues have been assessed and are presented in the public domain. Fact finding is often the first step of a DR process and the eligibility report can make an important contribution to this.

e. The published eligibility report helps to strengthen public accountability. The eligibility assessment supports public accountability because it is posted in the public domain. An eligibility report cannot reach conclusions on noncompliance or World Bank failures or omissions (see IPN Resolution, para. 26), however the careful analysis of the complaint, the alleged harm, the assessment of the linkage of the harm to the project, and the plausibility of noncompliance is an important contribution to accountability.

22. **RECOMMENDATION:** The ERT recommends that if the present DR intake process is maintained, requesters who, after the compliance investigation has been approved, firmly indicate to the AM Secretary that they want to pursue the compliance function should be able to continue the compliance process without interruption. In such cases, there would be no temporary transfer to the DR function, and the AM Secretary would not contact the borrower, nor would the borrower be offered DR. Because after this adjustment only requesters who are interested in a DR process would be transferred to the DRS, the period allocated to seek agreement could be extended from the current 30 working days to 40 working days.
23. **RECOMMENDATION:** The ERT further recommends that the complaint registration and eligibility assessment continue to be undertaken by the IPN, as is presently the case. The current IPN Policy includes complicated access criteria where registration criteria significantly overlap with the criteria for the eligibility assessment (see para. 6). For example, both the registration assessment and the eligibility assessment establish that there is a plausible link between the alleged harm and the Bank-financed project. And at both the registration and the eligibility stage, it needs to be assessed whether management has been provided knowledge about the issues raised in the request and has had an opportunity to respond. Criteria currently laid out in the IPN do not provide appropriate clarity and guidance on what constitutes registration criteria and what constitutes eligibility criteria. The ERT therefore recommends that the registration and eligibility assessment criteria be revised to provide for clarity and predictability (see para 8). However, the ERT is of the view that until such a policy revision has been achieved and the respective criteria for registration and eligibility assessment have been clarified, the IPN should continue to conduct both the registration and the eligibility processes. Disconnecting the two processes, which are—to a significant extent—a continuum, risks introducing confusion, which has the potential of making access even more challenging for affected people.

24. The eligibility process is clearly a component of the compliance review process that uses methods applied in a compliance investigation: fact finding and evidence building regarding noncompliance with Bank policies and procedures. Assessing plausible noncompliance often requires technical knowledge and significant familiarity with the Bank’s environmental and social standards. Causal relationships between projects activities and environmental harm often needs to be established, requiring specialized technical knowledge. Establishing causal relationships between possible noncompliances and alleged harm can be a highly technical and difficult process for which specialized expertise is required. The IPN Resolution only provides 21 working days for an eligibility assessment to be conducted. The IPN needs to remain solely responsible for the eligibility assessment.

25. **RECOMMENDATION:** The ERT is of the view that there are certain complaints that should not be transferred to a DR process even if the requesters express a preference for it. Examples include cases when there is an indication of significant permanent damage to the environment, when allegations of gender-based violence or physical harm have been made, or if the risk of retaliation is particularly high. In such circumstances, a DR process would not be well equipped to protect requesters and could not assure a fair process for the borrower and the affected people. The issue of permanent structural damage to the environment is particularly important because such damage is ongoing, and its harm is not restricted to requesters. It even impacts future generations. Such issues require systemic solutions. While the ERT strongly advocates for the principle of “requester choice,” this principle might need to be constrained when the Bank’s public accountability objectives are particularly important, and a DR process could only provide partial solutions.
26. **RECOMMENDATION:** The ERT recommends that, in terms of access option one (figure 2.1), the DRS should establish during its assessment process whether under such exceptional circumstances a DR process is suitable. If access option two (figure 2.2) is maintained, then the IPN should be authorized to recommend in the eligibility report that a DR process should not be pursued in an exceptional case.

### c. Access of Requesters to Final Investigation Report

27. As part of the 2020 IPN's Toolkit Reforms, access to the final investigation report is provided to the requesters, albeit with significant restrictions. Paragraph 45 of the IPN Resolution requires that the final investigation report and a table of findings be shared with the requesters following the hard copy submission of the IPN's investigation report to the Executive Director and President at the nearest country office. Requesters are given the opportunity to read the report in the country office over two consecutive working days but may not remove it, make photocopies, take pictures, or reproduce any part of it by any means. The IPN's policy is significantly more restrictive than those of other IAMs, which typically provide copies of the draft report to requesters to solicit their comments. Final reports are shared with requesters under less restrictive conditions. The ERT understands that the IPN and the Bank want to prevent leaks of an investigation report into the public domain before the Board has reviewed it and taken a position. The ERT therefore agrees with the restrictions laid out in the IPN Resolution (para. 45), except that the meeting must be held in the Bank's country office. This restriction makes it very hard for many to access the report because they would need to travel long distances to do so. Affected people often live far away from the capital and have insufficient resources to travel to a country office. Moreover, fear of reprisals and a degree of mistrust make some affected people hesitant to enter a World Bank office to review a report.

28. The IPN Resolution (para. 46) provides requesters who request confidentiality the opportunity to review reports. For most of the requests filed with the IPN since 2020, requesters asked for confidentiality, and the IPN has established robust practices for how investigation reports and tables of findings prepared by the IPN for management action plan constatations can be conducted outside the World Bank office. These practices include providing prior information to management about the IPN's intention to share the report, approximate dates when the report will be available, and coordination with the Bank's country office. This approach has allowed requesters to participate more actively. It has also allowed consultations conducted by management regarding draft action plans (required according to the IPN Resolution, para. 41) to be more meaningful because requesters have access to the full report rather than just the table of findings.
29. **RECOMMENDATION:** The ERT recommends that all requesters have access to the report under the conditions set out in paragraphs 45 and 46 of the IPN Resolution but that all requesters—not just those who have requested confidentiality—be allowed to review the final investigation reports outside of World Bank country offices.

d. Knowledge of the Accountability Mechanism Among Project Affected People

30. Only a small number of complaints are filed with the IPN, possibly partly because the AM is insufficiently known among affected people. In collaboration with the IPN, the AM does conduct outreach efforts (see chapter six of this report). The IPN Resolution (para. 61) states: “Management will make significant efforts to make the Inspection Panel better known in borrowing countries but will not provide technical assistance or funding to potential requesters.” This directive has been in effect—almost verbatim—since the first review of the IPN in 1996. The ERT is not aware that Bank management makes significant efforts to increase awareness of the IPN at the country level. According to information provided to the ERT by Bank management, country offices regularly display informational materials about the AM. Regarding specific projects financed by the Bank, the only information is provided in the project appraisal document, which is posted in the public domain. It contains a section on GRS at the Bank and includes information on submitting complaints and the relevant information link for the GRS and the AM. But this information is embedded in a very large report and is not easy to find. This provision is useful but not sufficient. In interviews with the ERT, some requesters expressed surprise that the country websites had no information on the AM.

31. **RECOMMENDATION:** The ERT recommends that information about the World Bank’s AM be provided on the Bank’s country websites. If a website is in a local language, then the information should also be in the local language. Many affected people search for grievance mechanisms on the internet, and the country-level website, which is typically presented in the dominant local language, could be an important information tool. Information about access to grievance redress, including a description of the AM, should also be included in the initial project information document and in the staff appraisal document, including references to it in the table of contents.
32. **RECOMMENDATION:** The ERT suggests that project teams make special efforts to provide information to project-affected people directly and through project clients. At the ADB, teams on projects with higher safeguard risks have an obligation to disseminate information about the problem-solving and compliance-review mechanisms, typically by working with the borrower to disseminate information. ADB supervision templates include a question about whether the borrower has disseminated the information. The ERT is of the view that World Bank Senior Management could provide more leadership by asking country offices and project teams to support the appropriate dissemination about the World Bank AM by the borrower.

**Box 2.2. Disclosure to Project-Affected People**

**ADB Policy (para. 211):**

“Improving the awareness of the Accountability Mechanism requires that ADB staff work as conduits to disseminate information. Staff, working with the borrower, will disseminate information early in the project cycle about the Accountability Mechanism and its availability as a recourse in case other mechanisms for dealing with harmful project effects are not successful. The intensity and format of this activity will vary with the nature of the project. Operations departments will focus on projects with a high degree of safeguard risks, such as projects with heavy resettlement. Pamphlets in national or official languages, community notice boards, audiovisual materials, or other appropriate and effective means will be used to inform people.”

**U.S. Development Finance Corporation (para. 5):**

“The Corporation will assist the IAM in carrying out its outreach efforts, including requiring the clients and sub clients (for financial intermediary projects) to disclose the existence of the IAM to project affected communities in a culturally appropriate, gender sensitive, and accessible manner. The existence of the IAM and how to contact it will be included in appropriate project documents.”

**CAO Policy (para. 168.c):**

“To help make CAO known to IFC/MIGA staff, Clients, and Project-affected people, IFC/MIGA will: ... Work with clients to disseminate information at the Project level about CAO and its availability as a recourse in case other mechanisms for dealing with harmful Project impact.”
3. Structure

a. Introduction

Key Issues

A. The World Bank Accountability Mechanism (AM) Resolution established the AM, the Dispute Resolution Service (DRS) as a voluntary option for requesters and borrowers in the context of Inspection Panel (IPN) requests, and the AM Secretary (AMSec) as Head of the AM and the DRS.

B. The AMSec, who reports to the World Bank Board of Executive Directors (the Board), manages AM’s work program, budget, and staff, and oversees all AM administrative matters and recordkeeping.

C. To ensure the continued independence of the compliance function of the IPN, the AM Resolution places limitations on the AMSec’s role and reasserts that the IPN will continue to report to the Board on compliance matters.

D. Much progress has been made in implementing the new AM structure, and the DRS is now facilitating its fourth dispute resolution case.

E. Nonetheless, there are implementation challenges related to the AM structure, which is not a pyramid structure with a clear and hierarchical chain of command. The AM houses two functions in one unit with strong boundaries that keep them separate. The AMSec’s dual role as the Head of the AM and the DRS has the potential to create conflicts of interest.

F. Interviews conducted by the External Review Team (ERT) highlight debated and contradictory areas in the IPN and AM resolutions. For example, the AMSec’s role in managing the AM’s work program conflicts with the continuation of the IPN’s independence and the rationale for the central management of staff who are not interchangeable because of skill differences and firewalls.

G. There are differing views among AMSec, IPN, and management on whether the Board intended the AM structure to significantly change how the IPN operates or to enable it to continue to operate as it had been, except to add the DRS option.
H. The ERT conducted interviews with former CODE and IPN chairs and the General Counsel who led the decision processes in designing the AM structure. They consistently indicated that the AM structure was intended to strengthen what the Bank offers to requesters but was not intended to change or reduce the independence of IPN, a well-regarded and high-performing complaints mechanism. There was no intention to create a pyramid structure.


33. The World Bank Accountability Mechanism (AM) was created by Resolution No. IBRD 2020–0005 and Resolution No. IDA 2020–0004 (AM Resolution) as part of the 2020 Inspection Panel’s Toolkit Reforms. According to the AM Resolution, the AM is headed by the AM Secretary (AMSec) and comprises two constituent parts: the Inspection Panel (IPN), which was established in 1993 with its functions set forth in Resolution Nos. IBRD 93–10 and IDA 93-6, and the Dispute Resolution Service (DRS), which was established by the AM Resolution to provide a voluntary and independent option for requesters and borrowers in the context of IPN requests for inspection (AM Resolution, para. III.9).

34. The AM Resolution lays out how the AM is expected to operate, including the functions of the AMSec, who is supported by the AM Secretariat, and the functions of the IPN and the DRS.

35. The AMSec reports to the World Bank Board of Executive Directors (the Board); is independent of World Bank management (AM Resolution, para. I.3.a); and establishes and manages the AM’s work program, budget, and staff, including the hiring of AM staff and consultants and preparing and submitting AM budget requirements for consideration by the Committee on Development Effectiveness (CODE) and the Budget Committee and approval by the Board. The AMSec heads the DRS and oversees all administrative matters and recordkeeping for the AM (AM Resolution, paras. I.3 and 4.a–f).

36. Under the AM, the IPN continues to independently perform functions assigned to it under the IPN Resolution, including reporting to the Board on compliance matters (AM Resolution, para. II.8.a). To ensure the continued independence of the IPN’s compliance function, the AM Resolution places limitations on the AMSec’s role with respect to the IPN. IPN members and the IPN Chair coordinate with but are not subject to the supervision of the AMSec. AM staff assigned to the IPN report to the AMSec on administrative matters but to IPN members on technical matters. The AMSec consults with the IPN Chair regarding appointments and performance reviews of the IPN’s technical and administrative staff and works with the IPN Chair on the allocation and oversight of its budget (AM Resolution, para. II.8.a–d).
37. The functions assigned to the IPN under the IPN Resolution include receiving and registering requests for inspection, conducting eligibility reviews, making recommendations regarding investigations to the Board, conducting compliance investigations, issuing memoranda to close cases, verifying management action plan implementation as approved by the Board, and providing advisory services in the form of lessons learned from its cases. Under the request-for-inspection process, after the Board authorizes the investigation, the AMSec offers requesters and borrowers the opportunity to engage in dispute resolution (DR). If the parties agree, the investigation is held in abeyance (IPN Resolution, paras. e.30–33), and the DRS facilitates the DR process.

38. To protect the independence of the DR process and the free and unconstrained participation of parties, the AMSec will ensure that no IPN members or staff communicates with parties, their representatives, or the DRS staff in connection with any case while the DR process is ongoing. The AMSec will also ensure that any information disclosed in the DR process is not shared with the IPN nor used in any subsequent compliance investigation (AM Resolution, para. III.14.a–b).

39. Much has been done to implement the AM since the appointment of the AMSec in July 2021, including creating and updating the operating procedures for the AM and IPN, respectively, creating internal protocols for the AM and IPN, staffing and launching the DR process—which is currently facilitating its fourth DR case, developing an AM website, relaunching a quarterly newsletter, and engaging in numerous outreach activities (see para. 182). In addition, the AMSec now serves as the Secretariat of the Independent Accountability Mechanisms Network (IAMNet), which is assumed on a biannual rotating basis by different independent accountability mechanisms (IAMs).

**Unique Features of the AM Structure**

40. AM implementation has also faced challenges, primarily due to differing interpretations of the AM and IPN resolutions. The AM structure is unique in several respects. First, even though the AMSec heads the AM, the AM is not a pyramid or typical hierarchical structure with a clear chain of command. Both the AMSec and the IPN report independently to the Board, and the AMSec does not supervise IPN members or the compliance work of the IPN staff that constitutes a major portion of the substantive work performed under the AM umbrella.

41. A second unique feature of the AM structure is that it places two functions in the same unit with strong boundaries keeping them separate. The IPN has independently managed the inspection process for 30 years and, according to the IPN Resolution, is expected to continue to operate independently as it manages requests for inspection from intake to closing, except for the new DR option. At the same time, the DRS’s firewall is more restrictive than those of other IAMs reviewed, including the Asian Development Bank, the African Development Bank, the Compliance Advisor Ombudsman (CAO), and the European Bank for Reconstruction and Development.
42. While the AM umbrella offers a one-stop option for requesters, the combination of the IPN’s independence and the DRS’s firewall complicates communications, collaboration, and sharing of resources and lessons learned. In many respects, the emphasis placed on the independence of one function and the firewall of the other are reasons to separate the two functions at an organizational level. While most other IAMs reviewed by the ERT combine the two functions in one overarching accountability unit, none of them have similar significant boundaries that separate the two functions.

43. Further, according to the IPN’s interpretation of the AM Resolution, an IPN firewall also exists because once the AMSec is informed by the IPN that a request has been received, the AMSec “takes no further action with respect to a request for inspection except when the Executive Directors authorize the Inspection Panel to undertake an investigation” (para. 7c), and limitations are placed on the AMSec’s role with respect to the IPN (para. 8).

44. Third, the core responsibilities of the AMSec are also a unique aspect of the AM structure. The World Bank’s accountability mechanism is a sequential process triggered by requests for inspection by parties affected by World Bank-funded projects. The DRS, which AMSec heads, is now being offered as an alternative to a compliance investigation—not as a parallel and standalone function—within the context of a preexisting inspection process, which is independent of AMSec supervision.

45. The AMSec heads both the AM and the DRS, and the AMSec also manages the AM’s financial, human resource, and administrative matters. The impact of this alignment is largely determined by the interpretation of its intentions. For example, if the AMSec role is viewed as one of governance and control rather than one to provide support and service, the arrangement could pose a high risk of conflict of interest and complicate the exercise of the IPN’s independence. To counterbalance this potential, both the AM Resolution and the terms of reference (TOR) for the AMSec emphasize the need for the AMSec to work, collaborate, and consult with the IPN Chair in matters affecting its resources and administrative activities. In other words, the resolution makes clear that the IPN is expected to participate to some extent in decisions affecting its resources and administrative matters.

46. Based on interviews and a review of written exchanges, the ERT noted contradictions in the resolutions. For example, the AM Resolution provides that the AMSec is responsible for establishing and managing the AM’s work program, budget, and staffing (para. 1.I.4.a), but the IPN is also expected to perform its functions as assigned under the IPN Resolution independently, and its staff is expected to report to IPN members on technical compliance matters (para. II.8.a, c.). It is not clear what work programs would exist in the IPN that are not covered by the IPN Resolution. A similar contradiction exists with respect to the AMSec’s recordkeeping responsibilities (para. 1.I.4.c) and their application to IPN records kept in the performance of its compliance work. Given that the
staff of the DRS and the IPN are not fungible because of firewalls and different required skill sets, it is unclear why they are both then managed on an AM-wide basis rather than within their relevant functions.

Original Intent

47. To understand the original intent of the IPN and AM resolutions and implementation decisions, the ERT conducted interviews with two former CODE chairs and one former co-chair who served during the 2019–2022 time period, the former General Counsel who chaired the Toolkit Reforms implementation Steering Committee, and two former IPN chairs who served when the parties were discussing and agreeing to reforms. The ERT also reviewed working group and steering committee green sheets and relevant CODE memos.

48. According to interviews with former CODE chairs who oversaw the 2020 reforms and their implementation, the DRS was intended to strengthen the IPN Toolkit but was not put under the IPN due to conflict-of-interest concerns posed by the firewall, which places “absolute restrictions on Panel communication with the DRS and Parties in connection with an active dispute resolution case” (internal Protocol, para. 2.f.1). The AM structure was created to house both the DRS and the IPN rather than establish two parallel functions. The interviews explicitly confirmed that the AM structure was not intended to change the IPN, which was well-established, respected, and high performing, nor was it intended to change the independence with which the IPN operates.
b. IPN’s Independence

Does the current AM institutional structure enable the IPN to continue to carry out its compliance review functions independently in accordance with the IPN Resolution? What are the strengths and weaknesses?

Key Issues

A. Two areas potentially impact the ability of the Inspection Panel (IPN) to carry out its compliance functions in accordance with the IPN Resolution.

- First, the Accountability Mechanism (AM) Resolution gives the AM Secretary (AMSec) resource management responsibilities. The potential exists for whoever controls resources to control how a function is performed. However, the examples given of delays in administrative and human resource approvals do not demonstrate that a direct or systematic effect has occurred on the IPN’s ability to independently carry out its compliance work.

- Second, the requirement in the AM and IPN resolutions to offer dispute resolution (DR) to both parties increases tensions and scheduling problems during compliance reviews when borrowers are offered DR and requesters turn it down.

B. It is the conclusion of the External Review Team (ERT) that this review offers an opportunity to improve the AM Resolution to reduce contradictions and ambiguities and offer options to reconsider the current AM structure.

49. The IPN Resolution outlines the functions to be performed by the IPN and refers to the AM Sec in the context of dispute resolution but does not explicitly mention the AM structure. It asserts that the IPN will not initiate an investigation until the AM Sec communicates whether parties have agreed to engage in a DR process. If they have, the IPN must put its compliance process on hold until the DR process is completed (para. e.32). The IPN Resolution also lays out the steps that the IPN should take at the conclusion of the DR process (para. e.33). While the AM Resolution is included as a reference in paragraph 1d of the IPN Resolution, there is no cross-referencing of AM Resolution provisions within the contents of the IPN Resolution other than with respect to dispute resolution.
50. The AM Resolution describes the AM’s organizational structure and the AMSec’s role in managing work programs, resource management, recordkeeping, and administrative matters as well as the obligation to work and consult with the IPN. The resolution also describes the limitations on the AMSec’s role with respect to the performance of IPN functions, as outlined in the IPN Resolution. The AM Resolution describes the IPN’s independence within the AM and from the involvement of the AM Secretary (see paragraph 37).

51. There are two areas that have had or do have the potential to impact the IPN’s ability to continue to carry out its compliance review functions independently. First is the control of IPN’s financial and human resources. Some examples have been given where there were delays in mission travel, performance reviews, and recruitment/hiring activities. These situations made work more challenging and impacted staff morale, but without metrics in place to assess how compliance work is actually measured, it is difficult to conclude that the situations materially affected the IPN’s ability to carry out its compliance work in a broader sense. More importantly, separating the control of resources from the management of the IPN’s compliance work could create a potential risk to IPN’s independence under a future AMSec. The person at any organization who controls or has approval authority over the use and expenditure of resources can significantly impact how work is performed. If approval on the use of resources provided does not align with need, either the work or the people performing the work will suffer.

52. The second area where the IPN’s compliance work is affected relates to the addition of the DRS and the requirement to offer both parties the opportunity to engage in the DR process even if the requester does not want such services. In all three compliance cases initiated since the introduction of the DRS, this policy increased tensions during the investigation and/or impacted the scheduling of its investigative activities. See recommendations for addressing this challenge in chapter 2: Accessibility (para. 22).

53. **RECOMMENDATION:** Given the existing conflicting interpretations of and contradictions within the AM Resolution as well as the challenges in managing a unique organizational structure that continue after almost three years, the ERT strongly believes this review offers an opportunity to correct ambiguities and contradictions in the AM Resolution and consider other structural options.

54. In assessing options for addressing AM structural challenges, it is essential to understand why the IPN’s independence is important in the first place. The reasons given by those involved in the original decision-making process as well as by current stakeholders are: (1) the important role the IPN has played in establishing the World Bank as a leader in accountability; (2) the credibility of and trust placed in the IPN externally and internally because of its strong track record; (3) the leadership of a three-member panel versus one individual leader; and (4) the IPN is a beacon to the broader...
IAM community. A well-respected IPN that assures due process for complainants is an important argument for the World Bank to maintain its immunity from being sued in any national court.⁸

55. The IPN’s independence enables stronger accountability, demonstrated by its integrity and professionalism, free from pressure or influence, to identify areas of noncompliance that have caused harm to individuals and communities as well as transparency when publicly acknowledging instances of noncompliance. Accountability is further demonstrated by the institutional improvements made based on lessons learned.

56. At a time when the Bank is embarking on a strategy to grow more quickly in higher-risk countries, with increased delegation to operational departments and borrowers, having a strong, well-established transparent accountability mechanism is essential. Any change in the IPN’s independence and reporting relationship to the Board could unintentionally communicate a message that the World Bank is reducing its commitment to accountability.

57. RECOMMENDATION: Therefore, the ERT recommends retaining the three-member Panel that reports directly to the Board. This would be a strong statement of the Bank’s commitment to identify and publicly disclose noncompliance to learn, correct mistakes, and improve its performance. The use of panels to make important decisions is well established in the judicial system and judicial fora, such as the World Bank’s Administrative Tribunal, as well in businesses’ internal and external appeal or grievance mechanisms. The three-member Panel brings credibility and rigor to the Bank’s accountability mechanisms.

58. The Panel is composed of senior-level individuals with a mix of professional expertise, leadership competence, and geographic representation to ensure that it has depth and breadth of competence and perspective. The diversity of Panel member perspectives and knowledge enables a more comprehensive understanding of the issues raised by requesters, which strengthens the quality, impartiality, and legitimacy of its decisions. This will be increasingly important as the Bank implements the Evolution Roadmap. The strength of a panel is also better able than a single leader to stand up to the natural pressures of compliance work as the Bank takes on higher risks and moves with greater speed. There is resilience, solidarity, and support in numbers, and a panel of three is more likely than an individual to resist external influence and intimidation when making compliance determinations in highly sensitive and complex situations. Compliance can carry a heavy burden to ensure that the Bank is accountable to shareholders and project-affected people.

without undermining the Bank’s ambitious agenda, which can only be accomplished by taking risks and delegating more.

59. The Panel’s direct reporting relationship to the Board is a key feature of its independence in that its accountability is to the Board, unfiltered by layers of management, and it is solely responsible for the findings, decisions, and recommendations it presents to the Board.

60. **RECOMMENDATION:** The ERT recommends that the minimum term for the Chair be two years to ensure continuity of leadership, particularly if the position is formally designated as a managerial position. Paragraph 8 of the IPN Resolution currently stipulates that members of the Panel elect a chairperson for a period of one year. It is particularly important for the IPN Chair to have more time to learn about Bank management policies and procedures, assess and act on the need for changes in priorities, and establish a leadership relationship with the IPN staff, the Board, the AMSec, and key members of management.

61. **STRUCTURE OPTIONS:** Four options and their advantages and disadvantages are presented on how the Bank can address current challenges with structural changes. These options demonstrate a broad range of choices but are not comprehensive—for each option, variations can be made by the Board. Three of the options assume that the three-member Inspection Panel will be retained, and one option is offered in the event that the Board decides not to maintain the IPN. The chosen structure should support priority objectives, strategies, and policies for both the Bank and the accountability mechanism. The ERT does not offer a single recommendation regarding structure because the Bank must first determine its priorities in terms of accountability, organizational design, and capacity for change. Other criteria to consider in assessing structure options include clarity of roles and responsibilities, efficiencies, effectiveness in delivering the accountability mechanism mandate, and leveraging synergies.

62. **Option one.** Maintain the current AM structure, with the AMSec and the IPN reporting directly to the Board but change the AM Resolution to clarify that the IPN’s independence includes control of its financial and human resources. IPN staff would report to the IPN Chair, who would be the designated manager with complete responsibility for recruiting, hiring, setting performance objectives and work programs, and evaluating performances. The IPN would also have approval authority over expenditures. Alternatively, the IPN could establish a subordinate manager position who reports to the IPN Chair, using one of its existing authorized positions. For the remaining administrative, communication, and outreach functions, the AM Secretariat would continue to report to the AMSec, and the IPN Chair would serve as co-supervisor (see figure 3.1). Consideration could be given to having someone in a position like the former Executive Secretary to head the Secretariat if doing so would make it easier to manage the reporting structure of the Secretariat staff. Finally, AMSec would continue to have a primary role in externally representing the AM to
Neither the World Bank nor its Board of Executive Directors have adopted, approved, or endorsed any part of this Draft Report, including its proposed recommendations.

All views and recommendations expressed in this Draft Report are those of the ERT only. This Draft Report was made public for the sole purpose to provide feedback to the ERT during the consultation period.

**Figure 3.1. Option 1: Variation of Current Structure with Resolution Changes**

63. Under option one, the messaging should be clear and consistent that the AMSec and IPN Chair are expected to work in close _partnership_ with each other to ensure that the Bank has an effective and cohesive accountability mechanism. The amendments to the AM Resolution would be as follows:

a. Paragraph 4 would include a statement describing the intentions for the role of AM Secretary (e.g., providing leadership to build internal and external awareness of the AM and working closely with the IPN to ensure seamless implementation of the DRS).

b. Paragraph 4.a–c would include an exception covering IPN staff persons to enable the IPN to manage its own human and financial resources.

c. Paragraph 5 would clarify that the AM Secretariat provides support to both the DRS and the IPN and has a dual reporting relationship to the AMSec and the IPN Chair.

d. Paragraph 7.c would make it clear that there is no firewall controlling the flow of information from the IPN to the DRS or the AMSec.

e. Paragraph 8.c would clarify that IPN staff report to the IPN Chair, or designee, on both technical _and_ administrative matters.
f. Paragraph 8.d would explain that the IPN Chair, or designee, oversees the appointment and performance reviews of all IPN staff and is responsible for the allocation and oversight of its budget.

g. Paragraphs 8.e and 14.a–b would impose less restrictive firewalls by clarifying what and when information can be shared by the DRS function to provide greater transparency and lessons learned and to ensure that requesters are not retraumatized by having to retell their stories because of handoffs.

h. Paragraph 17 would clarify that the AMSec shall seek the advice of the Bank’s Legal Vice Presidency on matters related to the Bank’s rights and obligations with respect to requests addressed through dispute resolution, but not through the IPN.

64. The operating procedures, internal protocols, and TORs for the AMSec and IPN Chair would need to be revised to reflect the changes in AM Resolution. The TORs would more clearly articulate intended roles; expected interactions between offices given the hybrid structure; and expected outcomes for the work environment, programs, and AM staff.

65. Option one best supports the priority to provide continuity and make minimal changes to allow more time for the DR function and the broader AM to establish themselves.

Table 3.1. Option One Advantages and Disadvantages

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<tr>
<th>Advantages</th>
<th>Disadvantages</th>
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<tr>
<td>a. It requires fewer changes to the AM Resolution and overall structure than the other options.</td>
<td>a. Not all sources of conflict may be eliminated.</td>
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<tr>
<td>b. It eliminates many of the AM Resolution’s current contradictions and would address potential conflict of interest created by the current structure.</td>
<td>b. The structure might still prove to be confusing to some external parties.</td>
</tr>
<tr>
<td>c. It enables the IPN to continue to operate as it has in the past, which aligns with the articulated intentions of the designers of the original structure.</td>
<td>c. The role of the AMSec would be reduced but would allow the officeholder to dedicate more attention to facilitating the creation of a strategic vision and metrics for the AM, overseeing and expanding the relevance of the DR function, and strengthening internal and external outreach.</td>
</tr>
<tr>
<td>d. It makes roles and responsibilities clearer and aligns them with delegations of approval authorities in most other parts of the Bank where approving officials are those who are most informed on how resources will be used.</td>
<td>d. If current conflicts persist, option one changes could elevate the boundaries and alienation between the two functions and make cooperative relationships even more difficult.</td>
</tr>
<tr>
<td>e. It builds on the 2020 Board decisions that established the AM structure, and it would provide more time for the AM structure to work.</td>
<td></td>
</tr>
</tbody>
</table>
66. **Option two.** Create a traditional pyramid structure with the dispute resolution, compliance, and secretariat functions reporting to one head who solely reports to the Board. The staff would be assigned to and report to their respective functions both administratively and technically. Because the stature and legitimacy of the IPN would be significantly reduced if it no longer reported directly to the Board, it should be disbanded and replaced with a manager or team leader who would be responsible for the compliance function.

**Figure 3.2. Option Two: Pyramid Structure**

![Diagram of Option Two: Pyramid Structure]

67. Under option two, the AM and IPN resolutions would be merged, and the AM and IPN operating procedures would also be combined. As with option one, the firewalls should be redefined in the AM Resolution and operating procedures to promote more constructive and valuable exchanges of information without tainting either the DR process or compliance investigations.

68. Option two best supports the priorities of efficiency, cohesiveness, and synergy in the AM and the determination, if made, that a three-member Panel to lead the compliance function is no longer needed.
Table 3.2. Option Two Advantages and Disadvantages

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. The reporting lines are simple and the roles and responsibilities are</td>
<td>a. It would eliminate the IPN and diminish the stature of the compliance function.</td>
</tr>
<tr>
<td>clear.</td>
<td>b. It could weaken the AM’s capacity to take on and effectively manage highly visible and complex</td>
</tr>
<tr>
<td></td>
<td>cases. A three-member panel has greater credibility, trust, and resilience than an individual.</td>
</tr>
<tr>
<td>b. It is a pyramid structure comparable to most IAMs.</td>
<td>c. The elimination of the IPN could diminish perceptions of the Bank’s commitment to compliance</td>
</tr>
<tr>
<td></td>
<td>accountability and provoke a similar shift across the multilateral development bank community. Such</td>
</tr>
<tr>
<td>c. It is easy for external parties to understand.</td>
<td>a signal could prove costly at a time when the Bank intends to increase lending, delegate more</td>
</tr>
<tr>
<td></td>
<td>functions to management and borrowers, speed up processes, and expose itself to new activity areas</td>
</tr>
<tr>
<td>d. It more clearly portrays a one-stop complaint process due to the</td>
<td>under the Evolution Roadmap agenda.</td>
</tr>
<tr>
<td>integration of the two functions under a single leader.</td>
<td></td>
</tr>
<tr>
<td>e. The AM’s website could remain largely the same but fold in the case</td>
<td></td>
</tr>
<tr>
<td>registry and publications from the IPN’s website.</td>
<td></td>
</tr>
<tr>
<td>f. Tensions over the independence of the IPN and the conflict-of-interest</td>
<td></td>
</tr>
<tr>
<td>potential that is inherent in the current structure would no longer exist.</td>
<td></td>
</tr>
<tr>
<td>g. It reduces the number of independent units reporting to the Board.</td>
<td></td>
</tr>
</tbody>
</table>

69. **Option three.** This option would completely split the functions of the DRS and the IPN, creating two separate units. Each unit would be self-sufficient in terms of resource allocation and overall management. The Panel would continue to lead the compliance function. Since both functions fall under the broad category of accountability mechanisms, each offering a different option to affected parties, close coordination and collaboration under this option would continue to be important.

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70. Option three would require substantial changes to the AM Resolution, operating procedures, and TORs for the head of the DRS and the IPN Chair. Decisions would also have to be made about what resources would be provided to each function for administrative and communication responsibilities. However, it might be more viable to share outreach and communication services that are housed under DRS, for example, because the independence of the IPN versus the “one AM” approach would no longer be a source of conflict.

71. Option three best supports the priorities of detaching access to DR from current eligibility requirements that link harm to noncompliance. The only other priority that two separate functions support, given the number of cases approved for investigation each year, is conflict avoidance within the AM because this approach would significantly reduce the integration of the two functions.
Table 3.3. Option Three Advantages and Disadvantages

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Its reporting lines are simple and roles and responsibilities are clear.</td>
<td>a. It is the costliest per-case option (assuming new positions are added) due to the low volume of cases—an average of one or two per year split between DR and compliance review—unless lowering admissibility criteria increases DRS cases and complaints overall.</td>
</tr>
<tr>
<td>b. It eliminates current tensions regarding IPN’s independence.</td>
<td>b. It increases inefficiencies and costs due to duplicate administrative, communication, and outreach positions.</td>
</tr>
<tr>
<td>c. The IPN would largely exist as it did prior to the 2020 reforms, except for the separate DR function. Even with a reduction of investigations, the IPN would still have substantial work involving the registration, eligibility, and advisory processes as they currently exist.</td>
<td>c. If the admissibility criteria for the DRS is lowered, there will likely be fewer registration, eligibility, and investigation cases for the IPN to manage.</td>
</tr>
<tr>
<td>d. If intake and eligibility criteria are also separate, it would be easier for requesters to decide upfront which process they would like to engage.</td>
<td>d. Unless there is an increase in DRS cases, it may be difficult to justify the expense of a separate DRS unit given that the scope of its responsibilities is much narrower than the IPN’s.</td>
</tr>
<tr>
<td>e. It bests aligns with the current application of firewalls and IPN independence that exist within the AM.</td>
<td>e. If close collaboration and coordination is lacking, it could increase competition between the DRS and IPN and result in a fragmented approach in reporting to the Board, outreach, and interaction with external stakeholders.</td>
</tr>
<tr>
<td></td>
<td>f. A completely distinct DRS function may be confused with the Bank’s Grievance Redress Service function.</td>
</tr>
</tbody>
</table>

72. **Option four.** Option four offers a more sustainable version of option three. The IPN’s function would merge with CAO’s compliance function, and the AM’s DR function would merge with CAO’s DR function. The IPN would remain intact and lead the compliance function, and a single head would be established for the DR function. Both the DR and IPN functions would report to the Board. The different IFC and WB dispute resolution and compliance processes and policies would need to be reconciled.
73. Option four represents a major organizational change. A process would need to put in place to establish appropriate policies for both the DR and compliance functions to preserve the strength of each institution’s policies. The joining of CAO and the AM should not be a folding of one function into another but a consolidation of policies, processes, and cultures. There are differences in the provisions and interpretation of the institutions’ respective operational policies that would need to be addressed. Staffing and resource implications would need to be assessed to prevent duplicate staffing. Option four would split the current CAO into two functions. The rationale is that this would reflect the distinctions between the two functions and better leverage the strengths of both the IFC and the World Bank accountability mechanisms. The compliance function typically faces more internal and external challenges and pressure than dispute resolution functions, so a three-member panel that reports directly to the Board heading the process would strengthen its capacity to deal with those pressures.
74. Option four best supports the priority of “One World Bank”\(^\text{10}\) and a consistent structure for all independent units reporting to the Board. It would support the building of established expertise and economies of scale. With its 30-year history, the IPN is a recognized leader in compliance review processes, and CAO is a recognized leader in DR processes.

Table 3.4. Option Four Advantages and Disadvantages

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Aligns with the Bank’s movement toward “one Bank.”</td>
<td>a. It would require a broad scope of change and significant operational effort.</td>
</tr>
<tr>
<td>b. Leverages the strengths of the IFC and the Bank.</td>
<td>b. The cultural differences between the World Bank and IFC/MIGA would have to managed, as would the likely resistance to the change.</td>
</tr>
<tr>
<td>c. Creates greater economies of scale.</td>
<td>c. Working through the many policy differences between the Bank and CAO would be challenging.</td>
</tr>
<tr>
<td>d. Brings the AM and CAO into alignment with the Bank’s other independent functions that all have a Bank-wide scope of responsibility, and with the accountability mechanisms of other multilateral development banks that all have institution-wide responsibilities and serve both public and private clients.</td>
<td>d. Breaking apart CAO would be challenging given its cohesiveness; shared vision, strategies, and key performance indicators; and formal and informal operating procedures and practices.</td>
</tr>
<tr>
<td>e. Enables the current AM functions to benefit from the comprehensive revisions to the CAO Policy made by the Board in 2020 that reflect many good practice standards among IAMs, as well as the strong management structures and procedures that CAO has in place.</td>
<td>e. Option four implementation would require significant Board oversight.</td>
</tr>
<tr>
<td>f. It is the most forward-looking option that anticipates what would best serve the Bank in the future.</td>
<td></td>
</tr>
</tbody>
</table>

75. This proposed merging of the independent accountability mechanisms of IBRD, IDA, IFC, and MIGA—while ambitious and consistent with “one World Bank”—raises significant complexities that would need to be evaluated in much more detail than is done in this report.

76. **Structures.** Structures provide a framework for organizing work and relationships. Culture and behaviors determine how structures are operationalized. Defining structure alone will not fully address questions around IPN’s independence in the context of a broader accountability mechanism, nor will it resolve the tensions that exist. All options require that there be, at all levels, a clear understanding of the objectives of the organizational structure, roles, responsibilities, as

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\(^{10}\) “Ajay Banga: Working as One World Bank Group, Announcement of Office of the President, February 20, 2024
well as a demonstration of coordination and collaboration behaviors. If option one is selected, it is essential that the AMSec and the IPN Chair relay consistent messaging on both structural objectives and the shared purpose of all participants in the accountability mechanism, and that they serve as role models of collaboration and coordination. This will also be essential for the IPN Chair and DRS Head under options three and four.

77. **RECOMMENDATION:** The ERT recommends establishing stronger governance processes to ensure AM's effectiveness can be systematically measured and the right behaviors are being demonstrated to ensure that the structure is working and that shared interests are achieved even when the structure may be difficult. See appendix D for examples of metrics.

78. During interviews, the question of “who watches the watchers” came up several times. This is a particularly complicated issue for independent functions because the purpose of the independence is to insulate the functions from the type of supervision that could hinder the ability and inclination of independent units to challenge or expose consequential mistakes made by the organization. Therefore, any process put in place specifically to instill individual performance accountability for the heads of independent functions must have a very high bar for taking action and should be based on third-party assessments and recommendations conducted by external experts with no ties or ongoing working relationship with World Bank management. Nevertheless, there is room for more structure and accountability in how the AM, the DRS, and the IPN are being managed and measured.

79. This recommendation includes encouraging the Board through CODE to include in its governance role conducting program performance reviews, at least annually, on how the effectiveness of the AM, the DRS, and the IPN are measured and how it correlates with efficiency measures that preferably includes quantitative metrics that can be compared over time. Currently, the IPN is required to report on its activities to the Board annually, and the AM is responsible for producing an annual report. Based on a review of past documents, they are primarily focused on cases. In addition, the FY25 annual budget request presented a significant expansion of information over the prior year to include work plans for the AM Secretariat, the IPN, and the DRS; IPN case statistics; and DRS strategic priorities.

80. The United Nations Human Rights Office of the High Commissioner defines an effective grievance or accountability mechanisms as one that is legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. In addition, good IAM practices identified collectively by a group of civil society organizations include independence as key to legitimacy. The IPN and DRS function separately, but together could identify what behaviors demonstrate these principles and what metrics would be easily developed and align with these principles that could be used to holistically track the effectiveness of the World Bank accountability mechanism. For
example, what behaviors demonstrate independence without being isolating, and what behaviors are inconsistent with or undermine independence; what feedback is received on lessons learned, how are lessons learned used, and what impact do they have. In addition, the DRS and the IPN could provide data on compliance with their own policies and procedures, such as the average time to complete activities (e.g., registrations, eligibility assessment, DR exploration with requesters and borrowers, investigations, DR processes, and monitoring) as well as resource costs required for those activities.

81. The value of this program of performance reporting and discussion is that it will elevate CODE and Board awareness of how accountability mechanism policies are being operationalized as well as the cost and impact of those policies. During this External Review, without such metrics in place, it was difficult to assess the impact of the AM structure on IPN independence or the impact of the 2020 Reforms, or to conduct informed program cost comparisons with other IAMs.

c. Dispute Resolution

*Does the current AM institutional structure enable the DRS to facilitate a voluntary and independent dispute resolution option for requesters and borrowers (the “Parties”) in the context of Inspection Panel Requests for Inspection? What are the strengths and weaknesses?*

**Key Issues**

A. Since the establishment of the dispute resolution (DR) function in 2021, the Dispute Resolution Service (DRS) has already developed an active portfolio, with four of the seven registered complaints proceeding to DR. While under the present system, access to DR is structurally embedded in the access to a compliance investigation, this does not seem to have restricted access to DR.

B. The External Review Team (ERT) is of the view that access to DR could be simpler and faster and recommends providing access to DR after the registration of the request. If the Board does not agree to such faster access, the present access process after the Board authorization to investigate should be maintained.

C. The principle of requester choice should be respected. If requesters do not wish to pursue the DR process, they should be able to continue with the compliance process without interruption. No offer for DR should then be made to the other party.
D. For a few selected issues, the DR process might not be a suitable instrument. Accountability considerations might call for a full investigation if harm is particularly significant and calls for public accountability. Further, cases of systemic and persistent harm, often permanent environmental harm, which does not only affect the group of people who participate in the DR process, are better pursued through a compliance review process.

E. The Accountability Mechanism (AM) operating procedures set out principles for the DRS to report on process, outcomes, and whether eligible issues noted in the eligibility report have been addressed. The procedures also provide that DR agreements need not be published if the parties request confidentiality. DR is part of an accountability process that demands transparency. Reporting requirements set out in the AM operating procedures should be met, and eligible issues should be reported, even for confidential agreements. Specifics about the agreement do not need to be shared.

F. Some clarification on the referral process from DR to compliance is advisable. An explicit provision should be adopted that requesters have the option of being referred to compliance once the partial DR agreement has been signed. The question of how to treat requesters who originally signed the registered request but then dropped out of the DR process requires attention. The processes of other independent accountability mechanisms (IAMs) that allow requesters to proceed with a compliance investigation after a DR agreement has been signed should be considered.

G. Timelines are tighter for the AM’s DR process than for other IAMs. Tight timelines provide an incentive to reach conclusions, but time constraints also entail the risk of causing processes to disintegrate and for requesters to feel pressured to sign an agreement. The Accountability Mechanism Secretary (AMSec)/Head of DRS should be given some limited flexibility to adjust timelines.

H. The DRS has been off to a very active start. It now needs to establish itself as a trusted and respected process. The ERT recommends that an external review be conducted in 24 months to assess its processes.
82. **Distribution of dispute resolution (DR) cases under the Accountability Mechanism (AM) and compliance.** Since the establishment of the AM’s DR function in 2021, seven requests have obtained approval for a compliance investigation. Four of those approved cases proceeded with a DR function, and three of those cases have completed the DR process after the signing of the DR agreement. DR is conducted according to provisions set out in the AM Resolution and in operating procedures. The first two DR cases were conducted in accordance with interim operating procedures adopted in 2021 to allow the DRS to start functioning.

83. The fact that four out of seven registered requests proceeded through the DR process rather than the compliance function is noteworthy since the DR is a new function established at the AM. Table 3.1 shows the distribution of DR and compliance cases for several independent accountability mechanisms (IAMs) for which data could be obtained. Most IAMs, other than the Inter-American Development Bank (IADB) and the Asian Development Bank (ADB), have a slightly higher share of complaints proceeding through the compliance process than through the DR process. For IADB/MICI, more complaints are proceeding through the DR process. The ADB dispute resolution process shares a greater resemblance to the Bank’s grievance redress mechanism, which is handled with management involvement and attracts a large number of complaints.

**Table 3.1. Distribution of Complaints between DR and Compliance Function for some IAMs, 2013-22**

<table>
<thead>
<tr>
<th>IAM</th>
<th>Dispute Resolution (percentage of cases)</th>
<th>Compliance Review (percentage of cases)</th>
<th>Referral from Dispute Resolution to Compliance (percentage of cases)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDB/IRM</td>
<td>41</td>
<td>47</td>
<td>12</td>
</tr>
<tr>
<td>EBRD/PCM and IPAM 2015–22&lt;sup&gt;a&lt;/sup&gt;</td>
<td>27</td>
<td>59</td>
<td>9</td>
</tr>
<tr>
<td>IADB/MICI</td>
<td>50</td>
<td>13</td>
<td>37</td>
</tr>
<tr>
<td>IFC/CAO</td>
<td>26</td>
<td>54</td>
<td>16</td>
</tr>
<tr>
<td>ADB/SPF and CRP</td>
<td>82</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>EIB/CM (DR function was only established in 2018)</td>
<td>8</td>
<td>89</td>
<td>3</td>
</tr>
</tbody>
</table>

*Sources: Data obtained from IAM offices and from the IAM annual websites.*

<sup>a</sup> The European Bank for Reconstruction and Development’s complaint mechanism was established in 2015, originally as Project Complaints Mechanism, subsequently as IPAM.

*Note: Some percentages do not add up to 100 percent because some cases dropped out and did not proceed with either DR or compliance.*

ADB = Asian Development Bank; AfDB = African Development Bank; CAO = Compliance Advisor Ombudsman; CM = Complaint Mechanism; CRP = Compliance Review Panel; EBRD = European Bank for Reconstruction and Development; EIB = European Investment Bank; IADB = Inter-American Development Bank; IAM = independent accountability mechanism; IFC = International Finance Corporation; IPAM = Independent Project Accountability Mechanism; IRM = Independent Review Mechanism (AFDM); PCM = Project Complaint Mechanism; SPF = Special Project Facilitator.
84. The present intake process for both the compliance and the DR function is conducted by IPN (see chapter 2: Accessibility, paras. 13–14. There is concern that the interaction with Inspection Panel (IPN) staff during the rather long registration and eligibility process could bias the choice of requesters toward the compliance function. Evidence from other IAMs, where in some cases it is the DR function, in others the compliance function, and in others a specialized office that conducts the intake process, do not provide evidence that the institutional arrangement for conducting the intake substantially influences requesters’ choices. For example, the CAO conducts an exceptionally extensive assessment after the complaint has been admitted to understand the nature of the complaint, to brief complainants, to guide the complainants in their choices, and to assess whether a DR process could be established. The CAO DR function conducts this assessment, which typically lasts 90 business days and can even be extended to 120 business days (see CAO Policy, para. 56) and includes at least one and sometimes more site visits. Yet more requests filed with CAO proceed to compliance rather than to DR even though CAO is widely viewed as the professional leader in DR among IAMs and has established robust DR processes. At the end of FY2023, CAO recorded 33 complaints in the compliance process and 22 in the DR process. For the period FY2014–FY2019, 32 percent of cases were referred to DR and 68 percent were referred to compliance. For most complaints, it was the company that refused DR. In recent years, a somewhat larger share of CAO complaints has been referred to DR. The ERT is of the view that requester choice is not fundamentally influenced by whether the DR or the compliance function conducts the intake process but rather by systemic issues such as: (1) the nature of the complaint; (2) whether requesters had previously attempted a DR process or negotiations with the other party; and (3) whether the other party is willing, even in principle, to get involved in a DR process.

85. Issues for review and adjustment in DR processes. The ERT is of the view that an effective DR process can be conducted under the present AM structure. It is also of the view that requester choice does not seem to be influenced by the fact that the present intake process is conducted solely by the IPN and designed for a compliance process. However, this should not detract from the fact that adjustments should be made to the processes. In its recommendations, the ERT focuses on the interaction points between the DR and compliance processes. ERT observations refer to: (1) accessing DR (see chapter 2); (2) restricting access to DR in certain cases where priorities for public accountability prevail and harms are likely systemic (see chapter 2); (3) public disclosure after a DR agreement has been signed; (4) clarifying the referral option from DR to compliance; (5) adjusting DR timing; and (6) reviewing the DR process.

11 For an assessment of the CAO dispute resolution process, see CAO and Concentric Alliance, CAO Evaluation of Dispute Resolution and Assessment Processes, March 24, 2023.
13 See External Review of IFC/MIGA E&S Accountability, including CAO’s Role and Effectiveness, Report and Recommendations, June 2020, paras. 239–40.
86. Access to DR should be accelerated, simplified, and guided by the principle of requester choice. The ERT proposes faster access to DRS directly after the registration and a briefing session conducted jointly between DRS and IPN. (see para. 14). This access option would delink access of DR from a plausibility assessment of noncompliances and related harm as conducted during an eligibility assessment and would allow requests to proceed to a DR process if there is plausibility of alleged harm by the project. If the Board does not wish to choose this faster access option, then the present access process should be maintained but an important adjustment should be made: DR should first be offered to the requester, and if the requester decides to pursue with the compliance function, then no DR should be offered to the other party. (see paras. 19–20).

87. More public disclosure on DR processes needs to be introduced. DR is part of the Bank’s public accountability process, and public accountability processes require transparency. In a compliance process, this transparency is assured because the management response, eligibility assessment report, investigation report, and the MAP are all posted in the public domain. For all IAMs, public reporting of DR processes is much more restrictive. The AM operating procedures set out that “if a dispute resolution is signed, the report shall also indicate whether the issues recommended for investigation by the Panel in the Report and Recommendation (Eligible Issues), have been addressed in such agreement” (para. 20.1). They further state that if the parties agree to make a DR agreement public, information is published on the AM’s website (para. 20.3) unless the parties agree to keep the agreement confidential.

88. Confidentiality has been requested for all DR cases so far completed. Thus, the DR agreements are not publicly posted. The DRS has posted three “Notices on the Resolution Agreement” with “Outcome Reports” on the AM’s and IPN’s websites.14 The first two outcome reports provided no information on issues addressed.15 The ERT was informed that more information was not disclosed because parties asked for confidentiality of their agreement. But the AM operating procedures (para. 20.3) only state that the dispute resolution agreement should not be disclosed. The reporting principles set out in paragraph 20.1 should also be adhered to in confidential agreements. Issues addressed need to be presented; eligible issues that have not been addressed must also be disclosed. Specific provisions on how these issues have been addressed do not need to be

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15 The ERT notes that the outcome report for the recently concluded DR on the request on the Cameroon Nachtigal Hydropower Project included some reporting on issues addressed and provided a statement that “Requesters confirmed that the issues and concerns in their original Request have been addressed to their satisfaction and that the DR Agreement is a full and final settlement of their claims.” https://thedocs.worldbank.org/en/doc/05f4c48385ca2b8016eb27049f01d48d-0490092024/original/Cameroon-Notice-of-Dispute-Resolution-Agreement-and-Outcome-Report.pdf.
disclosed. Such specific provisions are part of the DR agreement for which confidentiality is assured. But some disclosure on eligibility issues is important for the following reasons:

a. The AM Resolution (para. 12.d) states that the scope of the DR is limited to project-related issues raised in the request for inspection and identified as the issues to be investigated in the eligibility report. If the scope of issues is restricted and these issues have been explained in the recommendations of a publicly available eligibility report, the DR conclusion report should present these issues.

b. The AM operating procedures provide for referrals to compliance for DR processes if agreement has not been achieved on all eligibility issues (para. 20.1). But if there is no reporting on issues that have or have not been addressed, transparency is lacking, and the appropriateness of interactions between the DR and compliance functions might be questioned.

c. DR is an important part of the Bank’s AM, and accountability requires transparency. The DRS has been subject to criticism that disclosures at the AM DR is more limited than in other IAM DR processes. The ERT notes that in some IAMs, there is more disclosure even for confidential DR processes (for example the IDB/MICI), while other IAMs, such as CAO, have very limited reporting after signing a confidential DR agreement and only provide comprehensive reporting in the conclusion report after the completion of monitoring.

89. **RECOMMENDATION:** The ERT recommends that reporting takes place according to the AM operating procedures (para 20.1). This reporting should also take place for DR processes where parties have requested that the DR agreement remain confidential. The reporting should specify the eligible issues to which the parties have agreed and those to which they have not. No specifics of the agreement need to be disclosed. If parties ask for confidentiality, the DR agreement will not be uploaded on the AM and IPN websites.

90. DR processes often offer important lessons. Because reporting on DR processes is typically constrained, learning opportunities for the Bank are more restricted than under a compliance process. CAO has established the practice of issuing comprehensive conclusion reports after the monitoring process has been concluded, which provides information on the process, challenges, successes, and lessons learned. The DRS has not yet completed a process for monitoring and therefore may already be planning to provide this information in future reports.

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18 See for example, [CAO, Dispute Resolution Conclusion report, Regarding Complaint Received in Relation to IFC’s Investment in Montelimar Sugar Mill (#32253) Nicaragua, May 2023](https://www.accountabilitycounsel.org/2024/06/one-year-later-justice-is-delayed-a-joint-statement-on-the-implementation-of-the-kidp-2-kawaala-community-agreement/).
91. **RECOMMENDATION:** The ERT recommends that the DRS issue a substantive conclusion report after it completes its DR monitoring process.

92. The provisions for referral from DR back to the compliance process require clarification. The AM operating procedures (para. 20.5) state that if a DR process concludes without reaching agreement, the IPN commences its investigation. The only reference to the option of referring cases with partial agreement to compliance cases is provided in the AM operating procedures (para. 20.1), which states: “Eligible issues unaddressed in a signed DR agreement, and as identified in the report issued by the AMSec, shall following consultation with the Requesters, revert to the Panel for Investigation.” This provision could be interpreted to mean that referrals to compliance for nonagreed issues could only be provided if the AMSec reports them. The transfer would thus be contingent on the reporting of issues not included in the DR agreement.

93. **RECOMMENDATION:** The ERT recommends that a provision comparable to the following language from the CAO Policy be introduced in the operating procedures:

> “Upon conclusion of the dispute resolution process with partial agreement, CAO will enquire whether the Complainants wish to transfer the complaint to CAO’s compliance function. CAO will transfer the complaint to CAO’s compliance function if one or more) complainants provide explicit consent, or otherwise will close the case” (para. 71).

94. The AM operating procedures do not include a provision about referrals to compliance in cases where not all requesters who submitted the original request to the IPN also signed the DR agreement. Some requesters who first join the DR process do not sign the agreement. The reasons could be many, but often include dissatisfaction with the process. For example, the outcome report for the Nepal DR case noted that, of the 48 people who signed the registered request, 33 signed the DR agreement. There were various reasons why all the original requesters did not sign, including that some of the signatories had already received compensation or had left the country. A group of nine requesters exited the process without signing the agreement and without giving a reason.

95. Paragraph 19.4 provides that if some requesters withdraw but others remain, the DR process continues until its conclusion if the remaining parties agree. The IPN investigation is put on hold unless otherwise decided by the Board based on the recommendation of the AMSec. But what happens to the requesters who decide not to sign the agreement? The role of the original requesters is important because their request filed with the IPN and their decision to proceed with DR launched the DR process. The practice of most IAMs is to allow requesters who exit the DR

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19 See “Notice of Dispute Resolution Agreement” at https://www.inspectionpanel.org/sites/default/files/cases/documents/154-Notice%20of%20Dispute%20Resolution%20Agreement-20%20April%202023.pdf.
process to proceed with a compliance investigation but only after the DR agreement has been signed. A parallel compliance process cannot be opened while the DR process is ongoing. In practice, the prospect of a completed DR process subsequently being referred to a compliance process can derail an ongoing DR process as the party negotiating with the requesters might decide to discontinue the DR process once they hear that a group of requesters intends to leave the DR process and then subsequently proceed with a compliance process. If possible, the group of original requesters should thus be kept in the DR process. As part of reporting on the outcome of the DR process, the DRS should regularly report on the number of requesters who originally submitted a request to the IPN and the number who signed the DR agreement and should provide information about why requesters who originally signed the request left the DR process.

96. **RECOMMENDATION:** The ERT recommends introducing into the AM operating procedures a provision that requesters who originally submitted the request to IPN but then subsequently left the DR process should be given the option of proceeding with a compliance investigation after the DR agreement has been signed. The DRS outcome report should state how many of the requesters who submitted the request for registration signed the DR agreement.

97. **Timelines for dispute resolution.** The AM operating procedures provide that a DR process needs to be concluded after 18 months (paras. 18.1–18.2). This timeline is shorter than those of other IAMs, but the limited timeline incents parties to try to reach an agreement. However, the ERT recommends providing the AMSec/Head of DRS some flexibility in applying these time restrictions. The ERT learned in interviews with DR participants that, in at least one case, the time pressure experienced over the final days before the agreement was signed led to disorder and a breakdown in processes, and was perceived as the undue exercise of influence by the DRS. Some limited flexibility in applying timelines may therefore be warranted.

98. **RECOMMENDATION:** The ERT recommends that the AMSec/Head of DR should be given the authority to extend the timeline to 20 months in cases where the parties are about to close an agreement but need additional time to settle the process. The AMSec/Head of DR extension should only provide such an extension in cases that are very likely to result in signed agreements.
99. **A proposal to review the DR process in 24 months.** Since the establishment of the DR function in 2021, much has been achieved. Three DR processes have been completed, and one is ongoing. Operating procedures have been established, and DR processes are being worked out. The DRS is perceived of having been adequately endowed with budgetary resources and having pursued a very “hands on approach.”\(^{20}\) The ERT conducted interviews with requesters and participants in DR processes. Feedback received on the AM’s DR process ranges from strong appreciation for the engagement of the DRS team, including the frequent travel of DRS staff to support the process on the ground, to criticism that the DRS does not adequately provide a level playing field between the borrower and affected people. Some participants felt pressured by the DRS to sign agreements before the deadline for agreement closes the process. The ERT cannot take positions on such allegations. Some criticism is inherent in a DR process as not all participants will be fully satisfied with the outcome and thus voice their concerns. After its very active and engaged beginning, it is now important that the DRS establish itself as a fully trusted and predictable process that, through well respected mediators, helps establish a level playing field among parties. It is also vital to increase efforts to encourage transparency.

100. **RECOMMENDATION:** The ERT recommends that, after 24 months, when more DR cases will have been closed and some experience with monitoring has been gained, an external review be conducted by two recognized DR experts. Such a review could help the Bank’s new DRS establish itself as a fully trusted and respected process. Such a review should be separate from a periodic policy review as proposed under section 7 of this report.

\(^{20}\) For example, the Outcome Report: Case No. 21/04/DRS, Nepal-India Electricity and Trade Project and its Additional Financing, states: “Between March 6, 2022, and April 1, 2023, ... there were 15 international team missions to Nepal, comprising 35 individual international staff missions, plus essential services provided by local support staff, such as interpretation. These missions were supplemented by regular online meetings and communications, maintaining a constant channel of communication with Parties and stakeholders.”
d. Redundancies

*Are there redundancies in responsibilities and functions between the IPN Chair and the AMSec/Head of DRS that are hindering the effectiveness, efficiency and operational and development impact of the IPN Chair and AMSec/Head of DRS?*

**Key Issues**

A. There are two forms of redundancy that were examined related to the responsibilities and functions of the Inspection Panel (IPN) Chair and the Accountability Mechanism Secretary (AMSec)/Head of the Dispute Resolution Service (DRS) to determine if they hinder the efficiency and effectiveness of the Accountability Mechanism (AM):

- Workflow and decision authority redundancies created by the AM Resolution, operating procedures, internal protocol, and management systems that cannot accommodate unique structures.

- Redundancies in the functions of the DRS and the IPN created by need to have both functions maintain full capacity to offer two options to requesters: dispute resolution and compliance review. Therefore, since 2021, the AM’s nominal costs have increased by 103 percent, and staffing levels have increased by 80 percent, without a reciprocal increase in requests or cases.

101. The AM Secretariat provides many of the same administrative services to the IPN that were provided when the secretariat reported directly to the IPN through the Executive Secretary. These services include onboarding for new IPN members and staff assigned to the IPN and offboarding exiting staff; assisting with the acquisition, visas, and travel of consultants to support compliance reviews; procuring office supplies and training; coordinating leave, attendance, and TRS (internal time reporting system); and liaising with the Human Resources Department on the hiring of staff.

102. However, two forms of redundancies exist. First, workflow redundancies are created by the AM Resolution, operating procedures, and the AM–IPN internal protocol as well as by systems that cannot fully accommodate the AM structure. Second, redundancies are the natural result of offering two complaint process options to people and communities experiencing harm from projects funded by the Bank.

103. The AM Resolution charges the AMSec with managing the AM’s work program, budget, administration, and hiring of AM staff and consultants (paras. I.4.a–d), while also stipulating limitations on those responsibilities as they relate to the IPN and its assigned staff when they are performing compliance work (which constitutes the core work of the IPN), including mission travel.
and selection of consultants (para. 2.8.c). The AMSec and the IPN Chair together created and agreed to an internal protocol, signed on May 19, 2022, to clarify work protocols for both parties on matters of administration, case management, and representation. However, the first instance of redundancy in the workflow involves decision versus approval authority for travel, finance, and human resource matters. The IPN Chair makes a decision and submits it to the AMSec for processing or execution, which is a redundant administrative task performed by another executive. This is partly due to systems that do not easily accommodate a structure like the AM in their delegation criteria and designation of approving officials.

104. In January 2023, the internal protocol was amended as an interim solution facilitated by CODE Chairs and their advisors pending the outcome of the External Review. The interim amendment eliminates some redundancies by strengthening the role of the IPN Chair in the recruitment of staff assigned to the IPN, removing the AMSec’s role in processing financial expenses related to the work of the IPN, and designating the IPN Chair’s co-supervisor to conduct objective setting and performance reviews for staff assigned to the IPN. However, some areas of redundancy in the internal protocol have not been resolved. For example, the IPN Chair approves the selection of IPN staff and consultants (para. 1.A.f.iv–v), but the AMSec processes the hires. There are also situations where the Human Resources Department requires the approval of the AMSec’s for the IPN Chair to initiate recruitment activities.

105. **RECOMMENDATION:** The External Review Team (ERT) recommends that, under any organizational structure but particularly if the current structure is maintained, approving authorities be aligned with accountability in a manner consistent with the rest of the Bank, which is the person with the most knowledge of how resources will be used should be the approving official.

106. The second area of redundancy relates to the demand-driven nature of the AM’s work. The Bank now has two avenues for addressing complaints—a compliance investigation process and the newer dispute resolution (DR) process. A certain degree of redundancy is required to ensure both functions, which require different skill sets, have sufficient staff and are prepared to respond to the choices made by requesters within the timeframes established by the IPN and AM resolutions and operating procedures. Table 3.2 demonstrates the work requirements of both the IPN and the DRS, as well as the staffing levels needed to fulfill those work requirements to offer project-affected people two options. The redundancy is not that two separate options are being offered, but that they are both are fully staffed to each be ready to handle the full caseloads if requesters’ choice results in their receiving those cases.
Table 3.2. IPN and Dispute Resolution Service Staffing Levels and Work Plans

<table>
<thead>
<tr>
<th></th>
<th>IPN</th>
<th>Dispute Resolution Service (DRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staffing level</strong></td>
<td>7, (^a) with three additional positions on hold pending external review</td>
<td>6(^a)</td>
</tr>
<tr>
<td><strong>Essential mandate that must be staffed to meet established process timeframes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing complaint process includes:</td>
<td></td>
<td>Case handling includes:</td>
</tr>
<tr>
<td>• Intake</td>
<td></td>
<td>• 30-day DR exploration with parties</td>
</tr>
<tr>
<td>• Registration determination</td>
<td></td>
<td>• DR process</td>
</tr>
<tr>
<td>• Eligibility report and recommendations</td>
<td></td>
<td>• Monitoring</td>
</tr>
<tr>
<td>• Investigation and report</td>
<td></td>
<td>• DR outcome reports</td>
</tr>
<tr>
<td>• Verification</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Learning and knowledge management</strong></td>
<td></td>
<td><strong>Learning and knowledge management</strong></td>
</tr>
<tr>
<td>• One or two topic-specific advisory reports annually</td>
<td></td>
<td>• Establishing process for stakeholder feedback on each case</td>
</tr>
<tr>
<td>• Knowledge-sharing roundtables and discussions</td>
<td></td>
<td>• Creating a knowledge management system on case histories and best practices</td>
</tr>
<tr>
<td>• Nontechnical case summaries and video discussions</td>
<td></td>
<td>• Sharing lessons learned with Bank management</td>
</tr>
<tr>
<td>• Publications, blogs, and podcasts on the IPN, its cases, lessons learned, and accountability</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outreach</strong></td>
<td></td>
<td><strong>Outreach</strong></td>
</tr>
<tr>
<td>Joint AM activities</td>
<td></td>
<td>• Building relationships with civil society organizations and strengthen their capacity to support communities during the DR process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Engaging independently with Bank management to integrate information on DRS</td>
</tr>
</tbody>
</table>

*Sources:* FY2025 AM Budget Proposal (February 13, 2024) and the AM's website.

*a* Does not include the IPN and AMSec positions.
107. The nominal cost of implementing the 2020 Toolkit Reforms, namely the creation of the AM structure and DRS function, has been significant in that it resulted in a 103 percent increase in the budget allocation and an 80 percent increase in staffing levels (FY2021 versus FY2024), as demonstrated in table 3.3 below. If the proposed budget for FY2025 is considered, the budget allocation increase would be 118 percent, and the staffing level increase would be 110 percent—a doubling of both budget and staff even when adjusting for inflation. The number of requests and active cases managed per year have remained relatively constant, while the average annual number of cases approved for investigation has increased from 1.5 (FY2018–21) to 2.3 (FY2022–24).

Table 3.3. Cost of AM Structure Changes Relative to Cases

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Budget allocations ($)</strong></td>
<td>$4,000,000</td>
</tr>
<tr>
<td><strong>Staffing levels</strong></td>
<td>10</td>
</tr>
<tr>
<td><strong>Number of inspection requests received</strong></td>
<td>7</td>
</tr>
<tr>
<td><strong>Cases approved for investigation</strong></td>
<td>3</td>
</tr>
<tr>
<td><strong>Number of active cases</strong></td>
<td>10</td>
</tr>
</tbody>
</table>

Sources: Budget Allocations were provided by BPS. Staffing levels were provided by the Human Resources Department. The number of cases and requests were gleaned from annual reports, IPN's website, and clarifications with IPN staff.

a. Staff on Board as of June 30 of each year (i.e., end of the FY). For 2024, the data reflects staff on Board as of April 30, 2024.
b. Thirteen requests were received that were then consolidated by the project.
c. Cases represent those that are active for some part of the year, including going through registration.

108. **RECOMMENDATION:** The ERT recommends that a strategic vision be created jointly by the DRS and IPN for the World Bank accountability mechanism (regardless of structure option selected) that explicitly states the contribution of each and guides how resources are applied and how resource needs are determined. It is important to both capture in the strategic vision the philosophy that guides decisions on how AM’s mandate will be delivered and the associated costs, including the assumptions/parameters used as a basis for determining costs and resource needs. Consistent with the recommendation in paragraph 85 (IPN Independence), the ERT also recommends that the DRS (or the AMSec if the current structure is maintained) and IPN report to the Board together, at least annually and as part of the budget process, on the annual and aggregate costs of individual cases as well as other important cost-related information.
4. Independent Verification of Management Action Plans by the IPN and GIA

*How does the current framework for independent verification of Management Action Plans compare with other MDB independent Accountability Mechanisms (IAMs)? Are the thresholds for triggering independent verification by IPN and GIA appropriate?*

**Key Issues**

A. The Inspection Panel’s (IPN’s) verification mandate for management action plans (MAPs) is much more limited than that of almost all other comparable independent accountability mechanisms (IAMs). The IPN, with input from Group Internal Audit (GIA), can recommend a verification process to the Board for approval but only under the restrictive conditions set out in the *Framework for Proportionality Criteria and Modalities for Independent Verification of Management Action Plan Implementation* (FPCMAPI). Such a limited mandate is too restrictive for a public accountability mechanism. If World Bank-financed projects resulted or will result in harm, the Bank should be seen making special efforts to facilitate the implementation of remedial actions according to the MAP. A selective verification process conducted by the independent IPN—in addition to Bank management monitoring—would signal the Bank’s commitment.

B. The verification framework defines criteria and provides a numerical weighting of criteria that need to be met before the IPN can recommend verification. The External Review Team (ERT) finds the framework complex, unnecessarily prescriptive, and criteria selected and the weighing process somewhat arbitrary. The system might result in inappropriate outcomes if some—but not enough—criteria are met to allow the IPN to make a recommendation even in cases where there is significant harm affecting a large number of people.

C. The ERT strongly believes that such a prescriptive system is unnecessary. The World Bank Board of Executive Directors decides whether a verification process should be conducted. The IPN can only make recommendations. It should have the flexibility to recommend verification as it deems necessary. Restricting the IPN from making recommendations also imposes restrictions on when the Board may consider verifications and how they will be conducted.
D. The ERT believes that the best way forward is to align the IPN’s verification mandate with that of other IAMs and give the IPN the same verification mandate that the Compliance Advisor Ombudsman (CAO) has according to the CAO Policy approved by the International Finance Corporation (IFC) Board in 2021. Bank management considers such a verification mandate for the IPN redundant because Bank management monitors MAPs, provides monitoring reports to the Board, and uploads the reports on the IPN’s website. The IFC has the same process, but CAO does have a verification mandate.

E. The ERT emphasizes that any verification mandate would only assess the implementation of Board-approved MAP actions. Verification would not assess the adequacy of Board-approved MAP actions to address findings of noncompliances.

F. An alternative option would be to allow the IPN to recommend verification at the same time the Board considers approving a MAP. The IPN could recommend a verification process for select projects where the investigation report found, *inter alia*, severe harm (or likely harm) to a significant number of project-affected people, including vulnerable groups at high risk of repetitive harm or at high risk of being retaliated against. Established criteria could serve as guiding principles but would not be binding.

G. Management provides update reports on MAP implementation, which are posted on the IPN’s website. Requesters do not always agree with the findings of these reports. A process should be established for requesters (or their representatives) to present their comments about the posted MAP update reports.

109. The ERT’s TOR asks: “How does the current framework for independent verification of Management Action Plans compare with other Independent Accountability Mechanisms?” (para. 36, see appendix A). The response: It is much more restrictive than the verification mandate of almost all other IAMs, and the limitations laid out in the Framework for Proportionality Criteria and Modalities for Independent Verification of Management Action Plan Implementation (FPCMAPI) are unique. All policies of comparable independent accountability mechanisms (IAMs), except the People’s Mechanism (PPM) of the Asian Infrastructure Bank (AIIB), have a comprehensive mandate to verify management action plans (MAPs). See appendix E for an overview of the verification mandates of comparable IAMs, including the Compliance Review Panel (Asian Development Bank), MICI (Inter-American Development Bank [IADB]), CAO (International Finance Corporation [IFC]), and the Independent Project Accountability Mechanism (European Bank for Reconstruction and Development). All IAMs, except for the IADB/MICI, have a verification mandate without requiring Board approval. For all IAMs, management designs the MAP and presents it for approval to their respective boards. Management then monitors the implementation of MAP measures. The IAM periodically assesses the status of MAP implementation. The monitoring is restricted to assessing
the implementation of Board-approved MAP measures. The task of an IAM is not to assess whether the Board approved measures are adequate. The intensity of verification varies by the IAM. IAMs typically verify every complaint for which a MAP has been approved. Some conduct site visits for every verification process; many conduct site visits only selectively for projects that have caused (or are likely to cause) particularly severe harm to a large group of people, including vulnerable people. Some IAM policies provide for time restrictions on IAM monitoring. The PPM of the AIIB only reviews management’s monitoring reports. The IPN and Group Internal Audit (GIA) need to obtain Board approval for verification and are only allowed to present a recommendation to the Board under the very restrictive conditions laid out in the FPCMAPI.

110. Another unique feature of the IPN/GIA verification mandate is GIA’s role. According to paragraph 6 of the FPCMAPI, GIA verifies management’s actions in the MAP that are intended to address the Bank’s governance, policy, procedures, and other internal operational arrangements for oversight of environmental and social risks of Bank projects. GIA may also verify MAP actions at the project level if management actions refer to internal policies and practices of the Bank. The IPN only verifies MAP actions designed to address harm that occurred because of the Bank’s noncompliance (FPCMAPI, para. 5). This split mandate for MAP verification provided to the IPN and GIA, is unique. For other IAMs, it is solely the IAM that conducts the verification.

111. Why is an IAM verification mandate important? The compliance investigation process is an essential part of public accountability. If an investigation report finds that there has been noncompliance and related harm linked to failures and omissions by an international financial institution (IFI), it is the responsibility of the IFI to facilitate remedial actions. In most cases, remedial measures are provided through the borrower, but IFIs have a role to play to help assure that these corrective actions are implemented. An IFI has a “duty of care” to affected parties who, partly due to the IFI’s failure, were harmed (or will likely be harmed). By approving MAPs, boards ask IFI management to exercise this duty. Management is then charged with monitoring MAP implementation. But IFI management is not always seen as a neutral party. It was found at fault in the IAM investigation report, and management often has strong relationships with the agency implementing the project where noncompliances occurred. Requesters and civil society organizations (CSOs) that represent requesters have expressed the view that it should not only be the party that contributed to noncompliances and harm that subsequently monitors MAP actions. The “duty of care” with respect to harmed people requires an additional periodic independent verification. Public accountability calls for that.

112. The IPN did not have any verification mandate until the Toolkit Reforms. While the Bank, through the establishment of the IPN 30 years ago, gained a reputation as a leader in MDB accountability, the absence of a verification authority, other than exceptional verification mandates provided by
the Board for three projects in 1996, 2002, and 2004\textsuperscript{21} was seen as a fundamental weakness of the IPN. CSOs sent strong messages to the Board that the IPN should be given a verification mandate akin to those of other IAMs.\textsuperscript{22} As part of the Toolkit Reform process, the IPN received a verification mandate, but it is restricted through the FPCMAPI, which includes a matrix of criteria and weighting system that determine whether the IPN (with input from the GIA) is permitted to make a recommendation to the Board for verification of the implementation of a MAP (see IPN Resolution, paras. 47–53, and IPN operating procedures, paras. 91–96). This verification mandate is to be applied to requests registered after September 2020. To date, the IPN (with GIA input) have not proposed any requests for verification.

113. The FPCMAPI includes eight criteria presented under the following five headings (see figure 4.1): (1) urgency of redress; (2) risk of repetitive harm; (3) number of vulnerable, project-affected people; (4) the complexity of the case; and (5) the risk of retaliation against requesters. If three to five criteria are met, a desk-based verification can be considered. Only if six to eight criteria are met, a verification with a site visit can be considered. In such cases, the IPN may recommend that the Board authorize the verification of the MAP by the IPN and GIA. The IPN would verify the implementation of management actions in the MAP; and GIA, in a process called “assurance review,” would verify the implementation of management actions in the MAP intended to address the Bank’s governance, policy, and procedures, as well as other internal operational arrangements for the oversight of environmental and social risks of Bank projects (IPN Resolution, para. 51).

114. The ERT finds the conceptual framework guiding the selection of the eight indicators difficult to understand. The criteria seem focused on different objectives. Some seem to be related to institutional learning (e.g., criterion 7: “Are the issues new or unique, with a high potential for learning?”) while others relate to preventing future harm (e.g., criterion 3: “Is there a risk that the harm in this project might be repeated in other projects?”). There is also special consideration given to unusually complex projects (criterion 6). The other criteria focus on the significance of harm incurred by the requesters, their vulnerability, the number of project-affected people, and the risk of retaliation. The IPN Resolution, operating procedures, and FPCMAPI cite only one objective for verification: “avoid reputational risks.” The verification framework (para. 2) states: “The Executive Directors may approve, as an additional reassurance tool for avoiding reputational risks, independent risk-based proportionate verification of implementation of the MAP by the Panel and/or GIA.” The ERT wonders whether the sole purpose of the verification framework is to avoid reputational risks for the Bank, as stated in the resolution.

\textsuperscript{21} Jamuna New Multipurpose Bridge Project, Paraguay/Argentina Reform Project for the Water and Telecommunications Sectors, SEGBA V Power Distribution Project (Yacyretá) and Mumbai Urban Transport Project (Second Request).

\textsuperscript{22} See, for example, the letter signed by 56 civil society organizations asking that the IPN be provided a mandate to verify instances of noncompliances and related harm at https://www.accountabilitycounsel.org/2019/01/ac-submits-joint-statement-to-wb-board-on-panel-toolkit-review/.
115. The criteria and the weighting scheme, which require at least three applicable criteria for a recommendation without a site visit and six to eight for a verification recommendation with a site visit, could have unintended outcomes. For example, a project with very significant harm and many affected people might not be proposed for verification if other criteria are not met. At the same time, a project that does not involve significant harm or a significant number of affected people but that is unusually complex, with issues that risk causing similar harm in future projects and that are important for institutional learning, could be recommended. It is difficult to understand why a project that provides for important institutional learning requires independent IPN and GIA verification, while a project involving a large group of requesters that have experienced (or will likely experience) significant harm could not be recommended.

Figure 4.1. Risk-Based Proportionality Criteria Applied to the MAP

<table>
<thead>
<tr>
<th>Risk-Based Proportionality Criteria Applied to the MAP</th>
<th>Yes</th>
<th>No</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urgency of redress</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Is urgent or immediate redress required based on the severity of harm experienced?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk of repetitive harms materializing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Is there a risk of repetitive harm in this project?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Is there a risk that the harm in this project might be repeated in other projects?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number and vulnerability of project-affected people</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Does the MAP address vulnerable groups such as women, children, indigenous peoples, marginalized communities, etc., requiring special attention?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Are there significant numbers of project-affected people?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complexity of the case</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Is the case unusually complex?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Are the issues new or unique, with a high potential for learning?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk of retaliation against Requesters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Is there a risk of retaliation against Requesters or communities?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: IPN Operating Procedures, December 2022 (para. 95).
116. The ERT believes that the FPCMAPI criteria are overly prescriptive, lack clarity on why they were selected, and could result in an inappropriate conclusion. A mandatory set of criteria and prescribed weighting matrix seems unnecessary. It is the Board that decides whether verification should be conducted. The IPN (with GIA input) merely makes recommendations. The IPN should have the flexibility to recommend verification if it determines that, among other concerns, the harm is significant, many people are affected, vulnerable groups are involved, the risk of retaliation is high, or there is a risk of repetition of harm. The IPN (with GIA input) should also have the flexibility to recommend whether or not a site visit should be conducted. If the Board does wish to maintain criteria to guide the IPN and GIA in making recommendations, then criteria one, two, four, and five could serve as guiding principles but not as mandatory requirements. The weighting of criteria should be abolished. The IPN, after having conducted the investigation, is very familiar with the case and should be given the trust and authority to decide when it considers it appropriate to recommend verification to the Board.

117. **RECOMMENDATION:** The ERT recommends that to strengthen public accountability, the IPN be given a verification mandate for the implementation of the MAP like the ones provided to almost all other comparable IAMs and following the verification authority provided in the CAO Policy (paras. 139–146). The CAO Policy provides for a regular verification mandate to CAO without Board approval. CAO has adopted a practice of risk-based verification that conducts site visits only for selected projects with significant risks. Other verification processes are desk-based, including reviewing progress reports submitted by IFC management, seeking the feedback of requesters, and conducting an independent assessment based on implementation status reports. CAO prepares an omnibus case report that is provided to the Board. The IPN could adopt a similar stratified approach to verification, where only select complaints are verified through a site visit and verification is largely limited to document review and seeking requester input.

118. **RECOMMENDATION:** Alternatively, the ERT suggests allowing the IPN to recommend a verification process to the Board for select high-risk cases at the same time the Board considers the approval of the MAP. The IPN would only recommend verification for projects for which it is particularly important that the Bank make credible efforts to facilitate the implementation of agreed remedial actions. Requester-related criteria in the FPCMAPI (see figure 4.1), such as criteria one, two, four, five, and eight, could serve as guiding principles for the IPN when making recommendations, but they should not be part of a mandatory system. Other criteria might be relevant, and the IPN should decide how to weigh them. The IPN’s recommendations could suggest whether the verification should include a site visit or be solely desk-based. The IPN should also decide the timing of the verification. Presenting the recommendation for verification at the same time that the Board receives the investigation report would create synergy with the MAP approval process. At this stage,

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Board members become familiar with the IPN investigation report and need to decide whether to approve the proposed MAP. Some flexibility would need to be provided to the IPN to make adjustments in the process and timing of verification in case there are serious delays in MAP implementation.

119. During interviews, Bank management representatives informed the ERT that they consider a comprehensive verification mandate to the IPN redundant. Bank management prepares careful monitoring reports on MAP implementation, which are circulated to the Board for information. These reports are then posted on the IPN’s website under complaint documents. They are thus accessible to the public. In addition, management provides semiannual update reports to the Board and the IPN on the implementation status of MAPs. Management also emphasizes that MAP update reports receive significant attention from senior management. Senior-level clearance processes are applied for MAP update reports. The ERT was informed that, in many cases, representatives of Operations Policy and Country Services attend consultation meetings with requesters. Management states that the views of requesters are reflected in the MAP update reports because, since the adoption of the Toolkit Reforms, each MAP update report includes a section titled “Consultations with Requesters on the MAP Implementation Progress.”

120. The ERT appreciates the strong efforts made by Bank management to provide carefully reviewed MAP update reports and appreciates that these reports include a specific section where management reflects the requesters’ positions learned during consultations. However, CSOs representing requesters have expressed in interviews with the ERT that they disagree with some findings in the update reports and have, in the past, expressed their views to the IPN and select Executive Directors. But there is no process in place for recording these views.

121. **RECOMMENDATION:** The ERT recommends that, if the IPN is not provided a comprehensive verification mandate on the implementation of MAPs, comparable to CAO’s, then a process should be established to allow requesters, their representatives, and affected people to express comments on management progress reports on MAPs. Because these progress reports are uploaded on the IPN website with other complaint process documents, the IPN could, in coordination with management, design a process to allow requesters and their representatives to express their views on uploaded MAP progress reports.

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122. **SUMMARY OF RECOMMENDATIONS:**

123. **Option one:** Provide the IPN a verification mandate aligned with the mandate provided to CAO as outlined in the CAO Policy (2021).

124. **Option two:** Allow the IPN to recommend MAP implementation verification to the Board if there are particularly serious impacts on requesters. Criteria relating to impacts on requesters that are laid out in the verification framework could be used as guiding principles rather than binding requirements. The IPN would only recommend verification for select MAPs for projects with particularly significant impacts and risks associated with MAP implementation. The IPN should recommend verification to the Board at the same time the Board is approving the MAP. There would be strict adherence to the principle that the verification mandates only focus on the implementation of Board-approved MAP measures.

125. **Option three:** If option one is not adopted, a process could be established for providing requesters and their representatives a way to express views on the findings of management update reports that have been posted on the IPN website. The IPN—in collaboration with management—should develop a process that would allow requesters or their representatives to express their views on the posted MAP update report. Verification would only focus on the implementation of MAP measures approved by the Board.
5. Conflict of Interest

Does the current model of World Bank’s Accountability Mechanism pose any actual or perceived conflicts of interests to the staff involved in various functions, e.g., including with respect to maintaining the firewall between IPN and DRS, internal communication, human resource management and finance decisions, work programming, and office arrangements?

Key Issues

A. The dual role of the Accountability Mechanism Secretary (AMSec) as Head of the Dispute Resolution Service (DRS) and the Head of the Accountability Mechanism (AM), which houses both the Inspection Panel (IPN) and the DRS, has the potential to create conflict-of-interest concerns in the management of administrative, human resource, budget, and work program matters. However, in response to the question raised in the External Review Team’s (ERT’s) terms of reference, no information was presented to the ERT that indicates the current AMSec has tried to influence financial or human resource decisions to advantage the DRS to the detriment of IPN.

B. Concerns were raised in interviews conducted with DRS and IPN staff and with requesters that the design of the complaint process creates opportunities for influence to be exercised on the choice of requesters. Some information was provided that suggests the perception of influence and/or conflict of interest during the 30-day window for the DRS to explore with both parties the dispute resolution (DR) option when the requesters do not wish to pursue a DR process.

C. According to requesters and their representatives, the offering of the DR option to the borrower when requesters do not want to engage in that process is in direct conflict with the interests of the requesters initiating the complaint.

D. The AM’s firewalls for the DRS and the IPN are broader and more rigorous than those of other independent accountability mechanisms. The overprotection of these unnecessarily broad firewalls is detrimental to communications, team cohesion, and the work environment at the AM.

126. The External Review Team (ERT) reviewed three areas to determine whether potential, perceived, or actual conflicts of interest exist: the structure of the Accountability Mechanism (AM), the complaint process, and how firewalls are applied within the AM. The ERT concludes that there is the potential for conflict of interest in all three areas, but any suggestion that there are currently instances of conflict of interest is primarily associated with the complaint process and how firewalls are operationalized.
a. Structure

127. The AMSec plays the dual role of heading of the AM and the Dispute Resolution Service (DRS). The AMSec controls the human and financial resources for the DRS, but also for the Inspection Panel (IPN), which performs independent functions according to the IPN Resolution. Therefore, in terms of appearance, the AMSec role is not a neutral party if the interests of the DRS and the IPN conflict or regarding decisions on budgets, expenditures, and performance-rating distributions. However, the ERT was given no information indicating that the current AMSec has tried to influence financial or human resource decisions to the advantage of the DRS and to the detriment of the IPN. To the contrary, the budget of the IPN was $4.2 million in FY2021, immediately prior to the appointment of the AMSec, and is $4.3 million for FY2024 (based on numbers provided by BPS) even though some cases approved for investigation are now going to the DRS and some communications and administrative support activities have been transferred to the AM Secretariat.

128. Table 5.1 shows that the AM appears to be sufficiently resourced based on expenditures relative to budget allocations. However, in a more resource-constrained environment, a different AMSec could be incented to make decisions that advantage the DRS over the IPN.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Budget Allocation (US$)</th>
<th>Actual Expenses (US$)</th>
<th>Budget Outcome (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>4,214,000</td>
<td>3,550,029</td>
<td>663,971</td>
</tr>
<tr>
<td>2022</td>
<td>5,854,000</td>
<td>5,085,633</td>
<td>768,367</td>
</tr>
<tr>
<td>2023</td>
<td>7,959,000</td>
<td>6,718,463</td>
<td>1,240,537</td>
</tr>
<tr>
<td>2024</td>
<td>8,540,000</td>
<td>8,540,000*</td>
<td>On target</td>
</tr>
</tbody>
</table>

Extracted from data provided by World Bank Group BPS on April 17, 2024.

*Estimated.

129. Interviews with IPN staff indicate that the AMSec normally provides timely approvals and support. While in some cases, IPN members and/or staff have experienced delays in approval for travel, staff performance objectives, staff performance evaluations, and hiring, such delays do not suggest any conflict-of-interest concerns as the ERT saw no indication of bias in favor of the DRS. In addition, different views on how information is communicated or presented on the AM website, for example, appear largely based on different branding strategies that does not relate to conflicting interests between the DRS and the IPN or the dual role of the AMSec. However, the potential for future conflict remains.
130. **RECOMMENDATION:** Giving the IPN control over its human and financial resources would address the potential for conflict of interest in situations related to the acquisition and management of resources. This recommendation is presented in chapter 3: Structure (para. 63 b, e, and f) that describes structure option one, which preserves the current structure and in the Redundancies subsection (para. 105). However, all structure options will eliminate the potential for conflict of interest created by the dual role of AMSec that includes serving as head of both AM and DRS.

### b. Complaint Process

131. DRS and IPN staff and requesters expressed concerns during interviews with the ERT that the design of the complaint process creates opportunities to influence requesters in their choosing between the dispute resolution (DR) and compliance processes. After registration but prior to the eligibility assessment, the IPN and DRS hold a joint meeting with requesters to introduce the DRS team and explain next steps in the process, available options, and when those options will be offered to minimize confusion as the process evolves.

132. In the ERT’s interviews with DRS team members, concerns were raised about how the rapport established between the IPN and requesters during the admissibility process creates a bias in favor of compliance review. However, the data do not reveal actual bias—four of the seven cases approved for investigation since the DR process was introduced have selected the DR option. At the launching of the DRS, three of the first four cases approved for investigation selected the DR option.

<table>
<thead>
<tr>
<th>Case Number</th>
<th>Case</th>
<th>Date Approved for Investigation</th>
<th>Option Selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>151</td>
<td>Second Kampala Institutional and Infrastructure Development project (Uganda)</td>
<td>October 20, 2021</td>
<td>DR</td>
</tr>
<tr>
<td>154</td>
<td>Nepal-India Electricity Transmission and Trade project and its Additional Financing</td>
<td>March 3, 2022</td>
<td>DR</td>
</tr>
<tr>
<td>153</td>
<td>West Africa Coastal Areas Resilience Investment Project, Additional Financing, and Global Environment Facility (Togo)</td>
<td>June 23, 2022</td>
<td>Compliance</td>
</tr>
<tr>
<td>159</td>
<td>Nachtigal Hydropower Project and Hydropower Development on Sanaga River Technical Assistance Project (Cameroon)</td>
<td>October 19, 2022</td>
<td>DR</td>
</tr>
<tr>
<td>162</td>
<td>Santa Cruz Road Corridor Project (Bolivia)</td>
<td>March 31, 2023</td>
<td>Compliance</td>
</tr>
<tr>
<td>165</td>
<td>Resilient National Resource Management for Tourism and Growth (Tanzania)</td>
<td>November 15, 2023</td>
<td>Compliance</td>
</tr>
<tr>
<td>166/168</td>
<td>Viet Nam Coastal Cities Sustainable Environment</td>
<td>February 5, 2024</td>
<td>DR</td>
</tr>
</tbody>
</table>

*Source: Extracted from IPN cases listed on its website: inspectionpanel.org.*
134. Conflict of interest associated with the complaint process is most likely to occur during the 30-day window when the interest of requesters and borrowers in pursuing DR is explored and primarily stems from the requirement to offer the DR option to both parties (AM Resolution, para. 11.a). The AM Resolution also states that DR must be agreed to by the parties (para. 11.b).

135. According to interviews with or information provided by requesters or their representatives, of the seven cases approved for investigation since the launching of the DRS, the requesters of three of them communicated their desire to pursue a compliance review. Requesters in the Bolivia, Togo, and Tanzania cases wanted to engage in a compliance review either because past dispute resolution efforts had failed or they had a significant fear of reprisal. According to interviews with the AMSec and the DRS team, the DR process was offered to relevant governments because the AM Resolution (para. 11) requires it and because the AMSec believes that it is an opportunity to build a strong foundation for the subsequent compliance review and that this foundation may also defuse tensions and lower the risk of retaliation against requesters for filing a complaint.

136. The AMSec also expressed the view to the ERT that it is the responsibility of the AMSec to inform the governments about the different functions performed by the AM because it is not now occurring during the IPN intake process. However, IPN communications with governments and their Bank Board representatives do occur throughout the complaint process. The government representatives on the Board receive a copy of the request for inspection upon registration of the request, are consulted before IPN eligibility and investigation missions, and get to vote on whether to approve IPN recommendations for investigations. In addition, meetings are held directly with government officials during IPN eligibility and investigation missions.

137. The government of Tanzania publicly expressed its intention to pursue a DR process with requesters after meeting with the DRS team. The requesters felt intimidated by this because they had already declined the DR option when this public announcement was made. It also confused government representatives when the DR process did not proceed. Representatives of requesters in cases in Togo, Bolivia, and Tanzania expressed concerns about the DR offer period continuing after requesters expressed their desire to pursue a compliance investigation.

138. The DR offer to the borrower is in direct conflict with the interests of the requesters who are initiating a complaint. In all three compliance cases, offering DR to the borrower was perceived to result in further harm to the requesters.

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139. **RECOMMENDATION**: Recommendations presented in chapter 2 (Accessibility) to change the admissibility process includes a recommendation to offer the DR option first to requesters and if requesters firmly indicate that they wish to pursue a compliance review, the AMSec will not contact or offer DR to the borrower to eliminate the perceived conflicts of interest that have occurred (para. 22).

140. Requesters interviewed by the ERT also revealed concerns about a lack of transparency in the information they were provided on the compliance review process in terms of unresolved issues and the optional return of the consideration of those issues back to the IPN for compliance investigation. The ERT cannot verify this information. However, a system where the AMSec also heads the DR function creates the potential for as well as the appearance of competition regarding case handling.

141. **RECOMMENDATION**: The ERT recommends explaining the process for returning unresolved issues from the DR process to IPN for a compliance review in brochures, other information materials, and information on both the AM and IPN websites (e.g., “What happens when you file a complaint?”).

c. Firewalls

142. The purpose of the DRS firewall is described in the AM Resolution (para. 14):

“To protect the independence of the dispute resolution process and the free and unconstrained participation of the Parties, the Accountability Mechanism Secretary ensures that no member or staff of the Inspection Panel communicates with the Parties, their representatives or the Dispute Resolution Service staff in connection with the case while the dispute resolution process is ongoing. Neither the Inspection Panel members nor any Inspection Panel staff involved in compliance review will take part in the dispute resolution process in any form.

In the event the Inspection Panel initiates an investigation in accordance with paragraph 33 of the Inspection Panel Resolution, the Accountability Mechanism Secretary ensures that information disclosed in a dispute resolution process is not used in the Inspection Panel’s compliance investigation. The Accountability Mechanism Secretary, Dispute Resolution Service staff, Management observers and mediator(s) do not communicate with or share information with the Inspection Panel concerning the dispute resolution process. The Dispute Resolution Service and Accountability Mechanism Secretary will not opine on the compliance review process or outcome.”

Conflict of Interest  63
143. Paragraph 15 of the AM Resolution ensures that parties have the option to keep their agreement and identities confidential.

144. The IPN also contends that a firewall exists to preserve the independence of its operations. According to the AM Resolution (para. II.7.c):

“The Accountability Mechanism Secretary takes no further action with respect to a Request for Inspection except when the Executive Directors authorize the Inspection Panel to undertake an investigation of the Request in accordance with paragraph 29 of the Inspection Panel Resolution.”

145. The AM Resolution (para. 8) then describes how the AMSec’s role and supervision is limited to ensure the continued independence of the IPN. Both of these provisions protect IPN from interference, but do not place restrictions on IPN’s sharing of information within AM.

146. It is important to both the DRS and the IPN that their processes be conducted in confidence and without interference. However, the two firewalls are operationalized to such an extent that they impede communication, making it difficult to form a cohesive team across the AM. The firewalls isolate the units from each other to the detriment of the AM’s work and potentially to its clients, which is a conflict of interest.

147. The DRS firewall exceeds what is practiced by other independent accountability mechanisms (IAMs), such as the Compliance Advisor Ombudsman, European Bank for Reconstruction and Development, Asian Development Bank, African Development Bank, United Nations Development Programme, and European Investment Bank, which all take a more common-sense approach. While the AM Resolution closes the door on all communication related to a case during an ongoing DR process, and no information disclosed during the DR process is ever used in subsequent compliance reviews, other IAMs are more targeted in limiting what can be shared, such as the agreement or information disclosed by borrowers that would bias a compliance review. Because no cases have yet moved from the DRS to the IPN, it is unclear how the firewall between the two functions would be managed in that context.

148. Three themes emerged from the ERT’s interviews with IAM heads about firewalls and the problems they can create. First, firm firewalls create silos that cannot co-exist under the same roof, particularly if team members do not talk with one another and if one party is hiding information from the other. Second, the failure to share information that then must be recreated/resolicited after handoff to or from DR is inefficient and results in a duplication of efforts. Third, requesters may feel vulnerable at handover points if the receiving DR or compliance team does not know anything about the case, including the experiences and current situation of the requesters—continuity of care to prevent further trauma is an important consideration.
149. **RECOMMENDATION:** The ERT recommends that modifications be made to the AM Resolution (paras. 7 and 14) and internal protocol (paras. 2F.1 and h) to clarify specifically what information or what aspects of processes must be kept confidential and why, such as to encourage candor by the parties to the dispute resolution process without fear that their statements will be held against them in a compliance review. The resolution should provide room for parties, particularly requesters, to agree on what of their own information can be shared if any issues ultimately proceed to a compliance review to avoid duplicate gathering of information. It also should be made clear that firewall protections and confidentiality does not apply to DRS or IPN operations information, such as internal resources used in specific cases or who from AM or the World Bank participated in those cases.

**d. Obstacles**

*Are there obstacles to complaints to be handled in the IPN or DRS process?*

150. The answer to this question has two parts. One relates to what is applicable to the remit of all IAMs, and the other relates to the introduction into the IPN process, letting requesters choose whether they want to pursue DR or a compliance review. Chapter 2 (Accessibility) describes numerous obstacles that IAMs face in handling complaints under their purview, ranging from difficulty meeting procedural requirements to concerns about retaliation and confidentiality, resource disparities, limited enforcement authority, and even stakeholder opposition.

151. Stakeholder opposition stems from IPN, as well as all IAM compliance functions, assessing situations where harm is alleged to have been caused by development projects or programs due to: (1) operational policy violations, (2) eventual noncompliance by member countries or their agencies with contractual obligations; and (3) enforcement or supervision failure by the Bank. Compliance findings tend to be taken as criticism with potential adverse consequences rather than an opportunity to learn, correct a mistake, and make future improvements. While the IPN only has the authority to establish due diligence and supervision failures of Bank management and staff, IPN investigations must follow well-established methodologies, often including site visits, to determine whether there are noncompliances with Bank policies and related harm. Borrowers sometimes object to investigations conducted in their countries, which is a severe obstacle to meaningful, adequate investigations. As stated above, other borrowers retaliate against people or communities involved in submitting requests for inspection.
152. Several initiatives to address issues associated with resistance to compliance reviews are already present in IPN operations and procedures. For example, as part of eligibility and investigation missions, the IPN meets with requesters as well as with government and project officials to brief them on the scope and procedures related to the request for inspection.\(^{27}\) In addition, rather than having change imposed on them, management is charged with developing management action plans to address the investigation’s findings.

153. Also, the IPN has published *Guidelines to Reduce Retaliation Risks and Respond to Retaliation During the Panel Process* and produces the *Emerging Lessons Series* to share learning gleaned from cases.

154. The second component of this answer relates to the situation created by letting requesters choose between two different paths. Challenges to the process include requesters having different interests regarding what process to pursue or agreements to reach, which could also jeopardize partial agreements that allow some requesters to obtain satisfaction regarding their demands while others proceed to a compliance review for unresolved issues. This is particularly problematic when the incentive for borrowers to pursue DR is to avoid the compliance review process.

155. Although emerging at the Bank, such issues are a typical part of compliance and dispute resolution processes and are not unique to the Bank. Situations must be carefully managed to diffuse investigation resistance. Working closely with project officials, communities, requesters, and Bank staff is essential to addressing conflicting interests as early as possible.

\(^{27}\) Interactions between the Panel and borrower and project officials during the eligibility stage are described in the IPN Resolution (paras. 33, 42, and 51).
6. Communications, Outreach, and Collaboration

a. Communications and Outreach

Have the AMSec/Head of DRS and IPN been able to effectively disseminate information on the new structure, processes, workflow, and outcomes to different stakeholders? What are the strengths and weaknesses?

Key Issues

A. The operating procedures and internal protocol of the Accountability Mechanism (AM) and the Inspection Panel (IPN) outline expectations that outreach efforts inform the public in a coordinated manner. The AMSec outreach focuses on accountability generally and dispute resolution (DR) in particular. IPN outreach focuses on compliance issues. The AM is supposed to have one website and produce an annual report and quarterly newsletters.

B. Initially the IPN, and later the AM, announced the 2020 Inspection Panel’s Toolkit Reforms through a variety of modalities, including seminars targeting regional civil society organizations, jointly conducted workshops with other independent accountability mechanisms (IAMs), and the development of short informational videos.

C. Both the AM and the IPN have actively engaged in outreach efforts that reflect good IAM practices. Two noteworthy practices are the AMSec’s outreach to country offices and the methodical approach IPN developed to target countries for outreach.

D. Coordination of IPN and AM communications could be strengthened.

156. Both the AM and the IPN operating procedures state that “A prerequisite for the effective functioning of the Accountability Mechanism is that options are known to people whose rights and interests may be affected by Bank Projects” (see IPN operating procedures, para. 109, and AM operating procedures, para. 29.1). Both operating procedures further explain how the AM and the IPN are expected to inform the public and coordinate outreach activities that include events, meetings, and conferences. Both the AM and the IPN facilitate learning through an annual report, other publications, and meetings.
157. The AM–IPN internal protocol provides greater detail on when the IPN and the AMSec are expected to coordinate outreach, what outreach activities can be performed independently, and the role of the AM Senior External Affairs Officer in providing leadership and support (para. 3.a). IPN outreach focuses on compliance issues; the AMSec focuses on accountability generally and dispute resolution (DR) in particular. The AM–IPN internal protocol indicates that the AM will have one website that explains the mandates, operations, and procedures of the AM, the IPN, and the Dispute Resolution Service (DRS), as well as how to file a request for inspection. The AM is required to produce an annual report and a quarterly newsletter (para. 3.f). It is through these communication modalities that the AM and IPN disseminate information on the new structure, processes, cases, workflow, and outcomes to stakeholders.

158. Because the launch of the 2020 Inspection Panel’s Toolkit Reforms occurred during the COVID-19 crisis, initial outreach efforts were held virtually. During FY2021, IPN hosted a discussion about the Bank’s social and environmental reforms’ impact on project-affected communities and released a series of short videos explaining the 2020 IPN Toolkit changes and their importance. The IPN conducted or participated in virtual seminars with other independent accountability mechanisms (IAMs) throughout the year and gave presentations or participated in panel discussions at civil society, professional, and academic forums on the impact of accountability mechanisms, learning from key cases, and the role of civil society. Targeted countries include Argentina, Brazil, Costa Rica, Panama, Nigeria, South Africa, Fiji, Viet Nam, Cambodia, and Uzbekistan.

159. Throughout FY2022, and after the appointment of the AMSec in July 2021, the AMSec and representatives of the IPN jointly participated in a series of virtual and in-person workshops with other IAMs, as well as workshops conducted by the AM, to explain the Bank’s AM in the context of the 2020 Toolkit Reforms. Collectively, these events targeted civil society organizations (CSOs) in Türkiye, Benin, the Caribbean, six Central African countries, Nepal, Pakistan, Bosnia and Herzegovina, Croatia, and Montenegro.

160. Active outreach continued in FY2023 and 2024 to strengthen existing relationships with international CSOs and expand outreach to regional CSOs through joint events with other IAMs and AM- or IPN-sponsored events. In October 2023, over 120 CSOs attended an AM-sponsored event in Marrakesh during the World Bank Group’s annual meetings. Outreach by both the AM and the IPN included presentations on accountability topics and lessons learned at professional and academic events. As the DRS function has gained experience with DR cases at the Bank, AM outreach has included forging a partnership with the External and Corporate Relations Vice Presidency, offering capacity-building workshops to CSOs, and engaging Bank management and country offices on lessons learned. The outreach efforts are consistent with the good practices of other IAMs.
161. There are two noteworthy areas of outreach. The first is the AM’s early efforts to engage with Bank management and project staff in country offices where projects originate as well as in sector forums. Feedback from requesters and CSOs indicate that elevating awareness of accountability mechanisms in the countries and communities where projects are located is the best way to inform communities of the Bank’s complaint process. Sharing lessons learned at the country-office level improves compliance and increases the inclination of country offices to ensure that communities are aware of the complaint mechanisms. A second noteworthy outreach practice is the methodical approach that the IPN developed to target its outreach to countries where the Bank has a concentration of projects at high risk of causing harm. The intention is not to fish for complaints but rather to create avenues for identifying and addressing unresolved cases of project-related harm and noncompliance as early as possible.

162. The AM, the DRS, and the IPN are actively engaged in outreach efforts, but the cohesiveness of their combined efforts and their collaboration could be strengthened. There continues to be two linked websites—AM and IPN—and the FY23 annual report has not yet been published. In addition, there are different points of view on the best branding strategy to foster trust in and credibility of the World Bank’s commitment to institutional accountability, continuous improvement, and providing remedy to project-affected people. Given the structural changes that occurred in 2020, is it more important to position the AM as a parent with the IPN and the DRS as its subunits, which would ultimately be building a new brand? Or is it more important to position the creation of AM and launching of the DRS as an outgrowth of the IPN, which would continue to build and expand on an already existing brand?

163. RECOMMENDATION: In chapter 3 (Structure, paras. 57–58), the External Review Team (ERT) recommends and outlines the reasons why the Bank should retain the three-member Inspection Panel. If that recommendation is accepted, then the ERT recommends that the Bank continue to build on the IPN’s reputation because of its strategic advantage and the trust it brings to the Bank. However, the overarching message is the Bank’s commitment to accountability and giving voice to communities that experience harm because of Bank-financed projects, and the IPN, along with the DRS, offer tools for meeting that commitment. If the current structure is maintained, there must also be room for branding what has been added as a complement to what has long existed. What this means is that the IPN brand, the work it produces, and the role it plays in the Bank’s AM would continue to be significantly prominent and recognized because it enhances the AM’s reputation. However, if the current structure is retained, it must be made clear that the IPN is a part of that structure. Ensuring consistency in messaging and integrating and designing communications to make it easy for project-affected people to access and understand the process is of paramount importance.
b. Collaboration with Other IAMs

164. The IPN operating procedures set out the collaboration principles of the IPN for co-financed projects (para. 72). If a request about a co-financed project is filed with the IPN as well as with other independent accountability mechanism (IAMs), the IPN will do its best to coordinate with the IAMs of the co-financiers but will process the request according to the requirements set out in the IPN resolution. Many other IAMs’ policies also assert this principle. IAMs of major multilateral development banks (MDBs) conduct their own investigations according to their own policies but try to cooperate closely to minimize the burden on the borrower and the requesters. Many share experts, conduct joint missions and—if their policies align—cooperate on noncompliance findings. During the 2020–23 period, for which the External Review Team (ERT) reviewed cases, the IPN has not been in a coordination process on any of their requests with another IAM; the ERT cannot therefore offer any observations.

165. A question currently being discussed among MDBs is how to design processes if—as part of partnership arrangements and an increasing alignment of environmental and social (E&S) policies—only the E&S policy of the lead financial partner would be applied. Such a process would facilitate project implementation as the borrower would not be burdened with implementing the policies of several MDBs. The question then arises: in such situations, should a complaint only be directed to the IAM of the MDB whose E&S policies are applied? The answer is: it depends. It is important to recall that the focus of an IPN compliance investigation (and all other IAM compliance investigations) is not to assess the borrower’s compliance but to determine if there was a failure on the Bank’s part to observe its operational policies and procedures with respect to project design, appraisal, and/or implementation (see IPN Resolution, para. 38). A referral of complaints to the IAM of the MDB whose E&S policies are being applied would result in findings on whether the staff and management of the other MDBs are in compliance. There would be no finding on failures and omissions of the MDB whose policy is not applied. Directing complaints to the other IAM would thus only be possible if the Bank delegates all responsibilities to the other MDB. If the Bank limits its role to simply providing the financial resources to the project and assumes no oversight obligations, then the complaint should only be directed to the other IAM. If the Bank maintains a role in project design, preparation, and supervision even if the E&S policies of another MDB are applied, then the complaint should still be allowed to be filed with the IPN. Noncompliance with policies would then need to be established with respect to the E&S policy of the MDB whose policy is applied. But failures and omissions by the Bank would be established regarding the duties that the Bank assumes in terms of project oversight in such partnership arrangements. IPN procedures would require some adjustments, and the scope of the IPN investigation would be reduced.
166. Cooperation processes for DR are also set out in the Accountability Mechanism (AM) operating procedures (para. 10). The Dispute Resolution Service (DRS) has just closed one joint DR process,\(^\text{28}\) where the IAM of the African Development Bank’s and the Compliance Advisor Ombudsman (CAO) are also involved. The DRS followed relevant AM procedures and signed a memorandum of understanding between the mechanisms. It was agreed that the three mechanisms would jointly manage the DR process, with a co-mediation team appointed by the DRS and CAO. The DRS will also monitor the DR agreement in collaboration with the CAO and AFDB/IRM. Conducting joint DR with several IAMs poses significant challenges and is more difficult than collaboration processes in a compliance investigation. Unlike compliance investigations, several DR processes cannot be conducted on the same issues in parallel. And varying DR policy requirements (such as different requirements regarding how long a DR can proceed) can pose significant obstacles. The AMSec proposed to the ERT that, in DR process cases that involve several IAMs, a division of labor should be established among the participating IAMs. This could be done by mutual agreement, where one IAM takes the lead and the others take on more passive roles as observers or supporters. If the DR process is already operating, the late entry IAM would not seek a lead role but would act as an observer. Or requesters could be required to select which IAM’s DR process they want to initiate. As part of Independent Accountability Mechanisms Network (IAMNet) collaboration, IAMs with prominent DR functions could initiate a process to establish principles of alignment when collaborating with other IAMs in DR processes. Principles should be established on roles and responsibilities, cost-sharing, resource allocation, timeframes, and process.\(^\text{29}\)

167. **RECOMMENDATION:** The ERT recommends that the AMSec, as head of the DRS, introduce options into the operating procedures that provide for some flexibility on timelines and processes, including the possibility of delegating cases to another IAM if the DR process involves several IAMs. Of particular concern is the relatively short timeline laid out in the AM Resolution for a DR process. This timeline might need to be somewhat adjusted in cases where a DR process is conducted in collaboration with other IAMs.

168. The AM is currently serving as the IAM Secretariat (2022–24) for IAMNet, which involves frequent interactions with the 23 IAM members and requires resources. The Secretariat is assumed on a rotating basis by the IAMs of major MDBs. IAMNet plays an important role in supporting the exchange of expertise among IAMs and working toward establishing good practices for compliance reviews and DR. IAMNet members appreciate the strong support provided to the network by the AM.

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\(^{29}\) See also proposals made in *CAO Evaluation of Dispute Resolution and Assessment Processes*, Washington, DC: CAO, March 24, 2023, pp. 53–54.
Other Issues

169. The Toolkit Reforms introduced some important elements but was a partial reform. As discussed below, previous reforms conducted in 1996 and 1999 only reflected adjustments to processes. Unlike other independent accountability mechanisms (IAMs), the Inspection Panel (IPN) policy, adopted in 1993, remained unadjusted in critical dimensions and did not reflect evolving good practices in many current IAM policies. The need for clarity of the access and eligibility assessment criteria has been referred to in this review, and the restricted verification mandate has been laid out. But there are other areas where IPN policies deviate significantly from what the Independent Accountability Mechanisms Network (IAMNet) considers good practice: the fact that the IPN cannot offer any views on management action plans (MAPs) (see IPN Resolution, para. 42) but is then asked to provide a view on the adequacy of consultations and might even conduct a mission to assess whether adequate consultations took place, but solely “by government invitation.”

170. This process of being prohibited from expressing views on the MAP but then being asked to provide assurances that adequate consultations have been conducted is highly unusual. Other IAM policies also hold management solely accountable for developing MAPs, but management seeks input from the IAM, and boards request the view of the IAM before approving the MAP (see, for example, CAO Policy paras. 133–36). The role of the requesters and the borrowers is also more restrictive under the IPN process than under many other IAMs. Some IAMs have the right to provide recommendations concerning their findings. Compared with other IAM policies, the language of the IPN Resolution is complex, at times contradictory, and lacks clarity. The IPN operating procedures attempt to establish some clarity, but because the IPN Resolution is the primary policy instrument, and operating procedures need to be guided by this primary document, the objective of achieving clarity and consistency is not fully accomplished. Despite the lack of clarity in the IPN Resolution, the IPN has been able to establish a robust and highly respected practice of compliance investigations due to its technical competence and independence. However, the ambiguity in the policy limits predictability in processes as Panel members rotate. Additionally, there are areas where compliance review would be more effective if some policy adjustments were made.

171. This ERT was not mandated to review the IPN Resolution and operating procedures comprehensively. The ERT is bound by the review questions provided in its terms of reference (TOR). Other IAMs conduct regular external review processes, typically at five-year intervals, and subsequently adjust their respective policies. Presently, review processes are ongoing for the IAMs of the European Investment Bank, the Asian Development Bank, the European Bank for

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Reconstruction and Development, and the Asian Infrastructure Investment Bank. Regular reviews and policy adjustments have also been carried out for the Compliance Advisor Ombudsman (CAO).\textsuperscript{31} The ERT considers this multiannual external review process very important as IAM policies can be comprehensively assessed and then aligned with emerging good practices. These review processes also help establish convergence among IAM policies, which greatly facilitates IAM cooperation in cofinanced projects involving several IAMs.

172. The ERT’s TOR calls for a “factual review” of the first draft report. In these comments, the ERT’s position that the IPN—unlike other IAMs—is not subject to regular reviews was challenged. Comments argued that the Board carried out at least six reviews over the past three decades, which led to adjustments. The ERT does not agree with this position and is of the view that—until the Toolkit Reforms—the IPN had only experienced limited adjustments. There were two reform processes, one in 1996 and one in 1999. The first was mandated by the IPN Resolution that established the Panel.\textsuperscript{32} It confirmed the Panel’s function, defined several terms, and acknowledged some Panel practices, but it did not result in any changes in the Panel’s composition, role, or responsibilities. The 1999 review\textsuperscript{33} was prompted by continuous disagreements among Board members when considering Panel recommendations for investigations. It was indeed the product of consultations and a working group report. It resulted in several procedural changes and “instructions” for the Panel, management, and even the Board on how to proceed in handling panel cases. Still, there were no significant adjustments to the Panel’s initial structure, role, or functions.

173. Subsequently, the IPN was included in a broader review of the five independent accountability mechanisms conducted by the Board.\textsuperscript{34} This review did not lead to any substantive adjustments in Panel processes or structures. In 2015, the IPN itself commissioned a study titled “Comparative Study of Functions and Trends in IFI Accountability Mechanisms.”\textsuperscript{35} Adjustments did not emerge from this study. The IPN had its first significant reform process under the “Toolkit Reforms,” approved in 2018 and 2020. In preparation for these reforms, an external review was conducted.\textsuperscript{36} These reforms led to important adjustments, including, the establishment of a dispute resolution function; an extension of the period during which requests could be filed; access to the final investigation report by requesters before Board approval under restrictive conditions; the introduction of the right of the IPN to recommend to the Board a verification, albeit under very

\textsuperscript{31} See External Review of IFC/MIGA E&S Accountability, including CAO’s Role and Effectiveness, Report and Recommendations, June 2020, for the last comprehensive review, which resulted in the revised CAO policy adopted in 2021.
\textsuperscript{34} See External and Independent Review of the Oversight and Accountability Units of the World Bank, 2010–2011.
limiting conditions; and the formalization of the IPN advisory role. However, the IPN Resolution was only partly revised. A significant part of the IPN Resolution has not been adjusted since the IPN was established in 1993, which in some areas does not correspond to current good policy practices among IAMs. It leaves the IPN with a policy framework that is not in line with the role and functions of most other IAMs, which impacts its effectiveness and, to a certain extent, the credibility of the Bank’s commitment to transparency and accountability. Regular periodic review processes of the IPN and the AM policies and practices with subsequent adjustments would help align policies and practices with emerging good standards.

174. **RECOMMENDATION:** The ERT recommends that the Board establish the principle of conducting external comprehensive multiannual reviews (potentially at five-year intervals) for the AM and the IPN—a widely accepted practice among other IAMs.
Appendixes

Appendix A. Terms of Reference
Appendix B. Recommendations Summary
Appendix C. IAM Comparison Data
Appendix D. Key Performance Indicators
Appendix E. Verification Mandates of IAMs
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Appendix G. Approach Paper
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FOR THE EXTERNAL REVIEW OF THE BOARD APPROVED REFORMS TO THE INSPECTION PANEL TOOLKIT AND CREATION OF THE WORLD BANK ACCOUNTABILITY MECHANISM

BACKGROUND

1. In August 2016, the Bank’s Board of Executive Directors approved a new Environmental and Social Framework (ESF) which expanded protections for people and the environment in Bank-financed investment projects. The ESF brought the Bank’s environmental and social policies into closer harmony with those of other development institutions, and made important advances in areas such as transparency, non-discrimination, social inclusion, public consultation, and accountability – including systematic requirements for Bank-financed projects to have grievance redress mechanisms.

2. In 2017, the Board commissioned an external review of the Inspection Panel’s Toolkit following Board approval of the Environmental and Social Framework (ESF). After years of intense work and analysis, the Board approved reforms to strengthen the Inspection Panel (IPN), on October 31, 2018 the Board approved the first package of reforms to (i) formally recognize the Inspection Panel’s advisory role in its mandate; (ii) issued clarifications on the use of Bank-Executed Trust Funds; (iii) formalize the Panel’s current practice to coordinate with the accountability mechanism of co-financier(s) to process complaints arising from co-financed projects in the most efficient and effective way possible; and (iv) update the procedures for sharing the Inspection Panel’s Investigation Report with requesters ahead of Board meetings in the most efficient and effective way possible.

3. On March 5, 2020, a second set of reforms were approved by the Board: (i) extending the time limit under which requesters can file a complaint by fifteen months beyond Bank project closure, to be applied to new projects approved after the revised Inspection Panel Resolution goes into effect; (ii) allowing independent and proportionate risk-based verification of Management Action Plans (MAPs) by the Inspection Panel and/or Group Independent Audit (GIA), when approved by the Board; and (iii) establishing a new accountability mechanism housing the Panel and a dispute resolution function (DRS), independent of Management and supplementing Management’s existing Grievance Redress Service.

4. In order to give legal effect to its decisions, the Board approved - on September 8, 2020 - the (i) Resolution on the World Bank Inspection Panel (Resolution No. IBRD 2020-0004 Resolution No. IDA 2020-0003 – “IPN Resolution”); (ii) the Resolution on the World Bank Accountability Mechanism (Resolution No. IBRD 2020-0005 Resolution No. IDA 2020-0004 – “AM Resolution”; (iii) The selection Procedures for the Accountability Mechanism Secretary; and; (iv) the Terms of Reference (TORs) for the Accountability Mechanism Secretary (AMSec). The Board also approved a review of the proposed changes in three years’ time to assess effectiveness, efficiency, and operational and development impact. After the Board’s approval of the above-mentioned Resolutions and to operationalize the
Resolutions, the Inspection Panel updated its operating procedures and the Accountability Mechanism prepared its operating procedures.

5. In practice, implementing the current AM Model, as framed in the Resolution, has presented challenges, ranging from varied interpretations on Terms of Reference and the exercise of “independence, to administration control over human and financial resources, as well as representation discrepancies and communication mismatch, in fulfillment of AM and IPN mandates.

OBJECTIVE OF THE REVIEW

6. On behalf of the Bank’s Board of Executive Directors, its Committee on Development Effectiveness (CODE) has commissioned an External Review to assess the effectiveness, efficiency, as well as operational and development impact of the 2018 and 2020 Reforms and their implementation.

a) Structure.

a1) Does the current AM institutional structure enable the IPN to continue to carry out its compliance review functions independently, in accordance with the Inspection Panel Resolution? What are the strengths and weaknesses?

a2) Does the current AM institutional structure enable the DRS to facilitate a voluntary and independent dispute resolution option for requesters and borrowers (the “Parties”) in the context of Inspection Panel Requests for Inspection? What are the strengths and weaknesses?

a3) Are there redundancies in responsibilities and functions between the IPN Chair and the AMSec/Head of DRS that are hindering the effectiveness, efficiency and operational and development impact of the IPN Chair and AMSec/Head of DRS?

a4) How does the current framework for independent verification of Management Action Plans compare with other MDB independent Accountability Mechanisms (IAMs)? Are the thresholds for triggering independent verification by IPN and GIA appropriate?

b) Accessibility.

b1) Are the compliance and dispute resolution functions accessible to Parties?
c) **Conflict of Interests.**

c1) Does the current model of World Bank’s Accountability Mechanism pose any actual or perceived conflicts of interests to the staff involved in various functions, e.g. including with respect to maintaining the firewall between IPN and DRS, internal communication, human resource management and finance decisions, work programming, and office arrangements?¹

c2) Are there any obstacles for complaints to be handled in the IPN or DRS process?

d) **Communication and Outreach.**

d1) Have the AMSec/Head of DRS and IPN been able to effectively disseminate information on the new structure, processes, workflow, and outcomes to different stakeholders? What are the strengths and weaknesses?

d2) Does the IPN and the AMSec/Head of DRS collaborate effectively with other IAMs?

7. **The Review should include consultations with but not limited to,** the World Bank Executive Directors, in particular current CODE members and former CODE-Chair and Co-Chair; the AMSec the Inspection Panel members, the Head of Dispute Resolution and AM staff; the Group Internal Audit, relevant members of WBG Management, including the WBG Senior Vice President and General Counsel; requesters (including those who have been through the Panel and DR processes); civil society organizations (including those who have engaged with the Panel and the AM Sec and DRS, representatives of the executing units and government officials. and other relevant external stakeholders.

**SELECTION OF THE INDEPENDENT PANEL**

8. **The Review will be conducted by an External Review Panel of at least three independent experts,** which will be selected by CODE and proposed to the Board for approval. The expert consultants will be chosen for their high international professional stature, expertise, and deep knowledge on independent accountability mechanisms (DR and/or compliance), structures, good practices, and governance; as well as on change management processes and procedures.

9. **To avoid any actual or perceived conflicts of interest,** the External Review Panel members to be selected will be required, via an Affidavit, to have had no contractual relationships with the IPN, DRS or the World Bank’s AM over the last five years that might influence the members’ assessments, recommendations, deliberations and conclusions. Any expert consultants and research assistant that the

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¹ Budget issues are expected to be taken up by the External Review of the 5 Is budgets (BC/GS2023-011; CODE/GS2023-0008).
Appendix A. Terms of Reference

External Review Panel may recruit to support its work must also be free of any actual or perceived conflict of interests and meet the same requirements.

PROCESS

10. Once endorsed by CODE, the Committee will submit the Terms of Reference for the Review to the Board for approval on an absence of objection basis. CODE will oversee the Review process.

11. An Approach Paper will be prepared by the External Review Panel for CODE’s consideration prior to the launch of the Review itself. The Approach Paper should refine and clarify the purpose, focus, scope, and limitations of the Review, within the Terms of Reference. It should outline the general approach and methods, including the core assessment criteria, the normative framework that will be used, the list of interviewees with relevant stakeholders (including those mentioned in paragraph 7), the timetable and key deliverables, as well as protocols for reporting and disclosure.

12. Within a month of the start of the external reviewers’ contract and in line with past practices, the External Review Panel will share the Approach Paper with the Accountability Mechanism Secretary/Head of DRS, the Inspection Panel members, CODE-Chair and CODE-Co-Chair, Vice-President of Operations Policy and Country Services (OPCS) and the WBG General Counsel for factual review, after which it will be sent to CODE for consideration.

13. The External Review Panel is expected to share the Draft Report with recommendations, no more than four months after CODE’s consideration of the Approach Paper, with the CODE Chair and CODE-Co-Chair, Accountability Mechanism Secretary/Head of DRS, and the Inspection Panel Members, Vice-President of OPCS and the WBG General Counsel for factual review prior to presenting it to CODE for approval for disclosure for public consultation in a formal meeting.

14. Following CODE’s discussion, the External Review Panel, with support of the Accountability Mechanism Secretary/Head of DRS, and the Inspection Panel and CODE Secretary will promptly publicly disclose the full Draft Report with recommendations to solicit feedback from external stakeholders for a minimum of 30 days.

15. The External Review Panel will revise the draft Report, as appropriate, and will share it with the Accountability Mechanism Secretary/Head of DRS and the Inspection Panel members, and the Vice-President of OPCS and the General Counsel for factual review. The Final Report with recommendations will be submitted to CODE for consideration in a formal meeting, and after to the Board for approval.

TIMELINE

16. Timeline - If approved by the Board, the External Review is expected to commence in early Q2 FY24 and take approximately 7 months.
## Appendix B. Recommendations Summary

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Paragraph/s</th>
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<tr>
<td><strong>Chapter 2. Accessibility</strong></td>
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<tr>
<td>Requirements for registration and registration processes should be clarified and simplified. Access criteria laid out in the IPN Resolution are complex, unclear, partly contradictory and do not lay out what are registration and what are eligibility criteria. Criteria for registration and eligibility assessment need to be revised. At the registration stage, requesters should simply be required to allege the harm.</td>
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<td>The IPN should continue to conduct the registration and eligibility process. The IPN presently conducts both the registration and the eligibility process. This should be continued as registration criteria and eligibility are a continuum. The eligibility assessment is an investigation function, directly linked to the compliance process. The registration criteria are overlapping with the criteria for the eligibility assessment. As long as registration criteria and eligibility assessment criteria are so strongly interlinked, the registration and the eligibility process should not be institutionally separated and should both be conducted by the IPN.</td>
<td>23</td>
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<td>IPN should be given the right to self-initiate an eligibility assessment as many affected people do not dare to file a request. The IPN should be allowed to self-initiate an eligibility assessment if:</td>
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<tr>
<td>i. An eligibility assessment is necessary to review environmental and social compliance issues or other operational policies of systemic importance to the World Bank; or</td>
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<td>ii. Concerns exist regarding particularly severe harm; or</td>
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<td>iii. Project-affected people may be subject to or fear reprisals, preventing them from lodging a complaint.</td>
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<td>Criteria for self-initiated eligibility assessments would need to be defined and should be somewhat more stringent than for request-based processes.</td>
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<td>There should be simpler and faster access to DR. The ERT recommends the following options to consider:</td>
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<td><strong>Option 1:</strong> Requesters should proceed to DRS right after registration and a joint briefing by DRS and IPN if they are interested in exploring the possibility to proceed with a DR process. DRS would first conduct a short assessment whether the issues raised in the request are suitable for a DR process and if yes, attempt to reach agreement on a DR process within 40 business days. If agreement on a DR process is reached, DR would proceed. If agreement cannot be reached, the request would be referred to the IPN compliance process.</td>
<td>14–16</td>
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<td><strong>Option 2:</strong> If the faster DR access option is not adopted, the present access process should be maintained, with one important adjustment. The AMSec should offer DR not concurrently to both parties, but first to the requesters. If the requesters after 5 working days decide to proceed with the compliance investigation, they should be allowed to do so without any further interruption. In such a case, AMSec should not provide information about DR nor offer DR to the other party. Only requesters who are interested in exploring the DR option would be transferred to DRS and DRS would then have 40 business days to try to reach agreement for a DR process. (This is also a conflict of interest recommendation)</td>
<td>22/139</td>
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<td>Time period to explore DR. In options 1 and 2, the time period to explore DR should be 40 working days as only requesters who wish to explore DR would be transferred to DRS. If neither of these options are adopted, then the present period of 30 working days should be maintained as also requesters who do not wish to pursue DR would be transferred to DRS and the compliance process—against their wish—would be interrupted.</td>
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Some particularly severe requests should only be pursued through a compliance review process.

In a few cases where there is a particularly strong need for Bank accountability, requests should only be pursued through a compliance process as they provide for more transparency. Such public accountability is particularly needed in cases of gender-based violence or severe physical harms. In addition, compliance review is more suitable to address persistent long term harms which have impacts reaching beyond the group of DR participants. This is typically the case for long term environmental and social impacts which cause persistent harm by permanently altering living environments. Such impacts of harm require systemic mitigation approaches for all affected people, not only those who sign up to a DR agreement.

In access option 1, the DRS would determine in the assessment whether DR is a suitable process. In access option 2, the IPN would recommend to the Board in the eligibility assessment whether the request should only be processed through a compliance process. The Board would approve or reject this recommendation as part of its approval of the compliance investigation.

**Review of the investigation report by requesters.** Requesters should be allowed to review the investigation report as laid out under paras. 45 and 46 of the IPN Resolution, but the review should be allowed to take place outside of Bank country offices for all requesters, not only for those who have requested confidentiality.

**Knowledge dissemination about the AM**

1. **Through Bank systems.** Information about the World Bank AM should be provided on the World Bank’s country websites. If the website is in a local language, then the information should also be in the local language. Information about access to grievance redress—including a description of the AM and the GRS, should also be included in the initial project information document and, more prominently, in the staff appraisal document, including references to it in the table of contents.

2. **Through borrowers.** Project teams should make special efforts to provide information to project-affected people directly and through borrowers and implementing agencies. World Bank Senior Management could provide more leadership by asking country offices and project teams to support the appropriate dissemination about the World Bank AM by the borrower.

3. **Structure**

   **b. IPN Independence**

   **Structural and changes in the Resolutions and Operating Procedures** should be made to address existing challenges created by AM’s current structure contradictions and ambiguities of the AM and IPN resolutions around the roles and responsibilities of AMSec and IPN’s independence.

   The **three-member IPN panel** that reports directly to the Board should be retained as a demonstration of the Bank’s commitment to a strong compliance mechanism. The Panel would continue to function independently in accordance with the IPN Resolution.

   The **minimum term for the IPN Panel Chair** should be two years to ensure continuity of leadership, particularly if the position is formally designated as a managerial position.
### Four options for structural changes should be considered:

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<th>Option</th>
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<tr>
<td>1.</td>
<td>Continue with the current structure with modifications to the AM Resolution and related changes in AM Operating Procedures, internal protocols and TORs for AMSec and IPN Panel Chair to reflect transfer of human resources and financial responsibilities back to IPN.</td>
<td>62–75</td>
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<td>2.</td>
<td>Adopt a pyramid structure with one head reporting to the Board and replace the IPN with a manager responsible for the compliance function reporting to the head of the pyramid.</td>
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<td>3.</td>
<td>Separate the DR and IPN compliance review functions into separate organization units with separate intakes for complaints and each reporting to the Board.</td>
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<td>4.</td>
<td>Combine the compliance functions of the IPN and CAO as well as the DR functions of the AM and CAO. The IPN would head the compliance function. A separate head would direct the DR function. Both the IPN and DR head would report to the Board.</td>
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### Stronger processes should be established to ensure AM’s effectiveness

Stronger processes can be systematically measured and the right behaviors are being demonstrated to ensure that the structure is working and that shared interests are achieved even when the structure may be difficult. The recommendation encourages the Board through CODE to include in its governance role conducting annual program performance reviews on how the effectiveness of the AM, DRS and IPN are measured and how it correlates with efficiency measures that preferably include quantitative metrics that can be compared over time.

### Disclosure on DR processes

1. Reporting on DR should take place according to the AM operating procedures (para. 20.1) also for DR processes where parties have requested that the DR agreement remain confidential. The reporting should specify the issues to which the parties have agreed and those to which they have not. No specifics of the agreement need to be disclosed. If parties ask for confidentiality, the DR agreement will not be uploaded on the AM and IPN websites.

2. The DRS should issue a **substantive conclusion** report after it completes its DR monitoring process. This would be an important source of learning from DR processes.

### Referral from DR to Compliance

1. **After partial DR agreement.** A provision comparable to the following language from the CAO Policy (para. 71) should be introduced in the AM Operating Procedures:
   
   "**Upon conclusion of the dispute resolution process with partial agreement, CAO will enquire whether the Complainants wish to transfer the complaint to CAO’s compliance function. CAO will transfer the complaint to CAO’s compliance function if one or more complainants provide explicit consent, or otherwise will close the case.**"

2. **Original requesters to Compliance if they did not sign the DR agreement.** A provision should be introduced into the AM operating procedures that requesters who originally submitted the request to IPN but then subsequently left the DR process should be given the option of proceeding with a compliance investigation after the DR agreement has been signed. The DRS outcome report should state how many of the requesters who submitted the request for registration signed the DR agreement.

3. The process for returning unresolved issues from the DR process to IPN for a compliance review should be prominently explained on both the AM and IPN websites, information materials, and brochures. [Conflict of Interest Recommendation]
Provide some time flexibility for DR processes. The AMSec/Head of DR should be given the authority to extend the timeline for a DR process from presently 18 months to 20 months in cases where the parties are about to close an agreement but need some additional time to settle the process. A time extension should only be provided in cases that are very likely to result in an agreement.

Review of the DR Process. The Bank DR process is a new process which has been off to a very active start but needs to establish itself as a fully trusted and respected process. After 24 months, when more DR cases will have been closed and some experience with monitoring has been gained, an external review should be conducted by two recognized external DR experts.

d. Redundancies

Administrative Approval Authorities. Under any organizational structure, approving authorities should be aligned with accountability in a manner consistent with the rest of the Bank, where the person with the most knowledge of how resources will be used is the approving official. For example, under the current structure this would mean that control over recruitment, hiring, performance objective setting and reviews, and approval of travel and other financial expenditures would be delegated to the IPN chair.

Strategic Resources Planning. DRS and IPN should jointly create a strategic vision that explicitly states the contribution of each to the Bank’s accountability mechanism and guides how resources are applied and how resource needs are determined, which includes articulating assumptions and parameters used. DRS and IPN (under any structure) should meet jointly with the CODE annually to report on program costs as a complement to annual CODE meetings on accountability mechanism program effectiveness reviews.

4. Independent Verification of Management Action Plans by the IPN and GIA

The IPN should be given a broader and more flexible verification mandate. The ERT provides three options to consider:

Option 1: The IPN should be given a verification mandate like most comparable IAMs, in line with the verification authority provided in the CAO Policy (paras. 139–146), which provides for a regular verification mandate to CAO without Board approval. The IPN could adopt a similar stratified approach as CAO does to verification where only select complaints are verified through a site visit and verification is largely limited to document review and seeking requester input. Verification would only be conducted on the implementation of Board approved MAP measures, not on the appropriateness of these measures.

Option 2: The IPN would recommend a verification process to the Board for select high-risk cases at the same time as the Board considers the approval of the MAP. The IPN would only recommend verification for such requests where it is particularly important that the Bank makes credible efforts to facilitate the implementation of agreed remedial actions. Requester-related criteria in the verification framework such as criteria one, two, four, five, and eight could serve as guiding principles for the IPN when making recommendations, but they should not be a mandatory system. The IPN’s recommendations could suggest whether the verification include a site visit or be solely desk-based, as well as the timing when verification should take place. Verifications would only focus on the implementation of Board approved MAP measures, not on the appropriateness of these measures.

Option 3. If Option 1 is not adopted, then a process should be established to allow requesters and their representatives to record comments on management MAP update reports which have been posted on the IPN web site. The IPN could, in coordination with management, design such a process.
### 5. Conflict of Interest

**Adjusting the Firewall Principles.** Modifications should be made to the AM Resolution (paras. 7 and 14) to clarify what information/aspects of processes must be kept confidential to protect the interests of borrowers and requesters, and to allow room for either party to agree on what of their own information can be shared if any issues proceed to a compliance review to avoid duplicate gathering of information. It should also be made clear that firewalls and confidentiality does not apply to internal DRS or IPN operations matters, such as resource costs of individual cases or who from AM or the World Bank participate in any DRS process.

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<tr>
<th>149</th>
</tr>
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</table>

### 6. Communications, Outreach, and Collaboration

**AM/IPN Branding Strategy.** If the recommendation to retain the three-member Inspection Panel (para. 57) is accepted, then the Bank should continue to build on the IPN’s reputation in its branding and communications because of the strategic advantage and trust it brings to the Bank. If the current structure is maintained, there must also be room for branding of what has been added as a complement to what has long existed. For example, this would mean in communications and on websites IPN is presented on a more comparable level with AM rather than being subsumed under AM’s brand. Under the current structure, it also means that IPN’s communications acknowledge that it is part of AM.

**Cooperation processes with other IAMs in DR processes.** The AMSec, as head of the DR, should introduce options into the operating procedures that provide for some flexibility on timelines and processes, including the possibility of delegating cases to another IAM, if the DR process involves several IAMs.

<table>
<thead>
<tr>
<th>163</th>
</tr>
</thead>
</table>

### 7. Other Issues

**Regularly Planned External Reviews.** The AM and IPN policies should be regularly reviewed in 5-year interval periods with subsequent adjustments to policies to assure that the AM/IPN policies remain aligned with emerging good practices. Such regular review processes are implemented in most other IAMs of MDBs.

<table>
<thead>
<tr>
<th>174</th>
</tr>
</thead>
</table>
## Appendix C. IAM Comparison Data

### Number of Complaints, Size of Lending Program, and Number of Projects Approved for Selected IAMs (2013–2022)

<table>
<thead>
<tr>
<th></th>
<th>ADB</th>
<th>AfDB</th>
<th>EBRD (2015–22)</th>
<th>EIB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admitted complaints</td>
<td>116</td>
<td>17</td>
<td>22</td>
<td>278</td>
</tr>
<tr>
<td>Number of projects approved</td>
<td>3547</td>
<td>2675</td>
<td>4042</td>
<td>4519</td>
</tr>
<tr>
<td>Size of lending program (US$)</td>
<td>311.77 billion</td>
<td>81.49 billion</td>
<td>115.99 billion</td>
<td>804.6 billion</td>
</tr>
<tr>
<td>Average commitment per project</td>
<td>87.89 million</td>
<td>30.46 million</td>
<td>28.69 million</td>
<td>178.05 million</td>
</tr>
<tr>
<td>Rate of admitted complaint per project (10-year average)</td>
<td>0.0327</td>
<td>0.0064</td>
<td>0.0054</td>
<td>0.0615</td>
</tr>
<tr>
<td>% admitted that go to DR</td>
<td>82%</td>
<td>53%</td>
<td>36%</td>
<td>11%</td>
</tr>
<tr>
<td>% admitted that go to compliance</td>
<td>15%</td>
<td>47%</td>
<td>59%</td>
<td>89%</td>
</tr>
<tr>
<td>% admitted that are transferred from DR to compliance</td>
<td>0%</td>
<td>12%</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>% admitted that go to neither DR nor compliance</td>
<td>3%</td>
<td>0%</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Additional Data

<table>
<thead>
<tr>
<th></th>
<th>IDB</th>
<th>IFC</th>
<th>WB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admitted complaints</td>
<td>32</td>
<td>112</td>
<td>48</td>
</tr>
<tr>
<td>Number of projects approved</td>
<td>1155</td>
<td>3370</td>
<td>5639</td>
</tr>
<tr>
<td>Size of lending program (US$)</td>
<td>130.99 billion</td>
<td>199.34 billion</td>
<td>491.4 billion</td>
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<tr>
<td>Average commitment per project</td>
<td>113.41 million</td>
<td>59.15 million</td>
<td>87.14 million</td>
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<tr>
<td>Rate of admitted complaint per project (10-year average)</td>
<td>0.0277</td>
<td>0.0332</td>
<td>0.0083</td>
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<tr>
<td>% admitted that go to DR</td>
<td>87%</td>
<td>42%</td>
<td>6%</td>
</tr>
<tr>
<td>% admitted that go to compliance</td>
<td>13%</td>
<td>54%</td>
<td>88%</td>
</tr>
<tr>
<td>% admitted that are transferred from DR to compliance</td>
<td>37%</td>
<td>16%</td>
<td>0%</td>
</tr>
<tr>
<td>% admitted that go to neither DR nor compliance</td>
<td>0%</td>
<td>4%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Sources

Registered Complaints, DR vs Compliance

ADB:

AfDB:

EBRD:
EBRD data sheet: Cases managed under the PAP including legacy

EIB:
EIB, Complaints Mechanism, Complaints, https://www.eib.org/en/about/accountability/complaints/cases/index.htm?q=&sortColumn=_complaintMetadata_receivedDate&sortDir=desc&pageNumber=0&itemPerPage=25&pageable=true&language=EN&defaultLanguage=EN&yearFrom=&yearTo=&orCountries=true&orContents.EN.content.type=true

IDB:
MICI cases portal, https://mici.iadb.org/en/cases

IFC:
CAO, Case Center, https://www.cao-ombudsman.org/cases

WB:
IPN, Data, Cases Receipt (Fiscal Year), https://www.inspectionpanel.org/panel-cases/data

Number of Projects Approved, Size of Lending Program

ADB:

Appendix C. IAM Comparison Data
Neither the World Bank nor its Board of Executive Directors have adopted, approved, or endorsed any part of this Draft Report, including its proposed recommendations. All views and recommendations expressed in this Draft Report are those of the ERT only. This Draft Report was made public for the sole purpose to provide feedback to the ERT during the consultation period.
Appendix D. Key Performance Indicators

Examples of Key Performance Indicators

- Different types of indicators:
  - Process (e.g., met time frames, volume)
  - Input (e.g., costs, consultations, number of engagements)
  - Output (e.g., investigations, reports, recommendations)
  - Outcome (e.g., ultimate impact)

- Specific to assessment mechanisms:
  - Timeliness—time to complete DRS and compliance processes
  - Number and type of outreach efforts
  - Number and percentage of eligible complaints, investigations, DRs
  - Resolution rate (DRS)
  - Percentage of Compliance issues identified and corrected
  - Percentage of Remedies achieved with intended impact.
  - Feedback from stakeholders on awareness of, accessibility of, satisfaction with and/or trust in AM process
  - Transparency—appropriate disclosure, safeguarding confidentiality
  - Compliance with reporting requirements (annual report, quarterly newsletters, etc.)
  - Costs per number of complaints/cases
  - Sharing of lessons learned—number and relevance of knowledge sharing products and how shared/used—what impact did they have.

Measures identified by IPN

The Panel currently reports on its website number requests received, registered, approved for investigation and completion as well as percentages registered and approved for investigation.

IPN has identified measures for targeting outreach as well as the following five outcome measures:

1. **Redress of harm** to affected people through Management and Borrower actions designed to address or mitigate a project’s adverse impact.
2. **Identifying systemic issues** within the institution, leading to the Bank
3. Providing policy clarifications and improved guidance to staff
4. Strengthening of environmental and social safeguard capacity
5. Lessons and improvements in future Bank operations

Measures used by CAO
Productivity and efficiency numbers, most of which are volume and timeliness:

- Number of new complaints meeting eligibility criteria
- Number of reports summarizing complaint assessment process/results
- Percentage of active DR cases reaching interim agreements
- Number of DR processes concluded with agreements
- Number of compliance appraisal reports published
- Number of draft compliance investigation reports send for factual review
- Number of compliance investigation reports published
- Number of cases in monitoring
- Average Cost per case and for each step in process

Outcome measures:

- Effective resolution of complaints
- Enhanced E&S project performance
- Improved E&S performance through learning
## Appendix E. Verification Mandates of IAMs

<table>
<thead>
<tr>
<th>Institution/IAM</th>
<th>Verification mandate?</th>
<th>Timeframe</th>
<th>Site visits?</th>
<th>Who receives verification reports?</th>
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<tbody>
<tr>
<td>AfDB/IRM</td>
<td>Yes</td>
<td>Not specified. For MAP, until it is fully implemented</td>
<td>Yes</td>
<td>The Board</td>
</tr>
<tr>
<td>ADB/SPF</td>
<td>Yes</td>
<td>Project specific, not to generally exceed two years</td>
<td>Yes</td>
<td>Annual report to the president, with a copy to the Board</td>
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<tr>
<td>ADB/CRP</td>
<td>Yes</td>
<td>Project specific, not to generally exceed three years</td>
<td>Yes</td>
<td>The Board</td>
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<tr>
<td>AIIB/PPM</td>
<td>Only review of Management Progress Reports of MAPs</td>
<td>Timeline laid out in Dispute Resolution Agreement and MAP</td>
<td>No</td>
<td></td>
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<tr>
<td>EBRD/IPAM</td>
<td>Yes</td>
<td>Not specified, but until MAP or problem-solving agreement is fully implemented</td>
<td>Yes</td>
<td>The President and the Board</td>
</tr>
<tr>
<td>EIB/CM</td>
<td>Yes (monitors recommendations as laid out in the investigation report)</td>
<td>No later than 24 months after the investigation report</td>
<td>Not typically done</td>
<td>Not specified</td>
</tr>
<tr>
<td>IDB/MICI</td>
<td>Yes (as determined by the Board)</td>
<td>Not to exceed five years from the date the DR agreement was signed, or from the approval of the MAP</td>
<td>Yes</td>
<td>To the Board, at least annually</td>
</tr>
<tr>
<td>IFC/CAO</td>
<td>Yes</td>
<td>Not specified</td>
<td>Yes, selectively</td>
<td>The Board</td>
</tr>
<tr>
<td>UNDP/SECU</td>
<td>Yes</td>
<td>Not specified, but until UNDP is addressing the noncompliances</td>
<td>Yes, optional/as needed</td>
<td>Not specified, updates included in annual report to UNDP administrator</td>
</tr>
<tr>
<td>UNDP/SRM</td>
<td>Yes</td>
<td>Not specified, but report to be released annually</td>
<td>Yes, optional/as needed</td>
<td>Not specified</td>
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Appendix F. List of Interviews

Includes interviews conducted at the approach paper stage.

<table>
<thead>
<tr>
<th>Interviewees</th>
<th>Job Title</th>
<th>Function</th>
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</thead>
<tbody>
<tr>
<td>Orsolya Szekely</td>
<td>Accountability Mechanism Secretary</td>
<td>AMSec Staff</td>
</tr>
<tr>
<td>Oriana Bolvaran</td>
<td>Senior Executive Assistant</td>
<td>AMSec Staff</td>
</tr>
<tr>
<td>Robert Doherty</td>
<td>Consultant</td>
<td>AMSec Staff</td>
</tr>
<tr>
<td>Jennine Meyer</td>
<td>Senior External Affairs Officer</td>
<td>AMSec Staff</td>
</tr>
<tr>
<td>Yoshiko Ogushi</td>
<td>Junior Professional Officer</td>
<td>AMSec Staff</td>
</tr>
<tr>
<td>Katalin Horvath</td>
<td>Program Assistant</td>
<td>AMSec Staff</td>
</tr>
<tr>
<td>William Romans</td>
<td>Head of Operations of the Dispute Resolution Service</td>
<td>DRS</td>
</tr>
<tr>
<td>Scott Adams</td>
<td>Senior Dispute Resolution Officer</td>
<td>DRS</td>
</tr>
<tr>
<td>Marcos Favero</td>
<td>Dispute Resolution Officer</td>
<td>DRS</td>
</tr>
<tr>
<td>Orla Said</td>
<td>Analyst</td>
<td>DRS</td>
</tr>
<tr>
<td>Harini V</td>
<td>Analyst</td>
<td>DRS</td>
</tr>
<tr>
<td>Mark Goldsmith</td>
<td>Panel Chair</td>
<td>IPN</td>
</tr>
<tr>
<td>Ramanie Kunanayagam</td>
<td>Panel Member, Former Panel Chair</td>
<td>IPN</td>
</tr>
<tr>
<td>Ibrahim Pam</td>
<td>Panel Member</td>
<td>IPN</td>
</tr>
<tr>
<td>Evelyn Dietsche</td>
<td>Panel Member</td>
<td>IPN</td>
</tr>
<tr>
<td>Serge Selwan</td>
<td>Senior Operations Officer</td>
<td>IPN</td>
</tr>
<tr>
<td>Richard Wyness</td>
<td>Senior Environmental Specialist</td>
<td>IPN</td>
</tr>
<tr>
<td>Sandie Okoro</td>
<td>Former Senior Vice President/General Counsel</td>
<td>Former IPN and Former Bank Sr. Managers</td>
</tr>
<tr>
<td>Dilek Barlas</td>
<td>Former Executive Secretary, IPN</td>
<td>Former IPN and Former Bank Sr. Managers</td>
</tr>
<tr>
<td>Gonzalo Castro De La Mata</td>
<td>Former Panel Chair</td>
<td>Former IPN and Former Bank Sr. Managers</td>
</tr>
<tr>
<td>Edith Brown Weiss</td>
<td>Former Panel Member and Chair, Law Professor</td>
<td>Former IPN and Former Bank Sr. Managers</td>
</tr>
<tr>
<td>Alvaro Umaña Quesada</td>
<td>Former Panel Member and Chair</td>
<td>Former IPN and Former Bank Sr. Managers</td>
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<tr>
<td>Richard Bissell</td>
<td>Former Panel Member and Chair</td>
<td>Former IPN and Former Bank Sr. Managers</td>
</tr>
<tr>
<td>Werner Kiene</td>
<td>Former Panel Member and Chair</td>
<td>Former IPN and Former Bank Sr. Managers</td>
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<tr>
<td>Zeinab Elbakri</td>
<td>Former Panel Member</td>
<td>Former IPN and Former Bank Sr. Managers</td>
</tr>
<tr>
<td>Maartje van Putten</td>
<td>Former Panel Member</td>
<td>Former IPN and Former Bank Sr. Managers</td>
</tr>
<tr>
<td>Name</td>
<td>Position/Title</td>
<td>Other IAMs and Dispute Resolution Experts</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Janine Ferretti</td>
<td>Ombudsperson, CAO</td>
<td></td>
</tr>
<tr>
<td>Gabriela Stocks</td>
<td>Head of Compliance, CAO</td>
<td></td>
</tr>
<tr>
<td>Nokukhanya Ntuli</td>
<td>Principal Specialist, Dispute Resolution, CAO</td>
<td></td>
</tr>
<tr>
<td>Estefania Torres Barrera</td>
<td>Advisor, CAO</td>
<td></td>
</tr>
<tr>
<td>Victoria Marquez</td>
<td>Chief Accountability Officer, IPAM, EBRD</td>
<td></td>
</tr>
<tr>
<td>Imrana Jalal</td>
<td>Head of OPCS, ADB and former chairperson of IPN</td>
<td></td>
</tr>
<tr>
<td>Elisea G. Gozun</td>
<td>Chairperson, CRP, ADB</td>
<td></td>
</tr>
<tr>
<td>Andrea Repetto Vargas</td>
<td>Head of MICI, IDB</td>
<td></td>
</tr>
<tr>
<td>David Simpson</td>
<td>Head of IRM, AfDB</td>
<td></td>
</tr>
<tr>
<td>Paul Goodwin</td>
<td>Head of SECU, UNDP</td>
<td></td>
</tr>
<tr>
<td>David Fairman</td>
<td>Dispute Resolution Expert</td>
<td></td>
</tr>
<tr>
<td>Gina Lea Barbieri</td>
<td>Dispute Resolution Expert</td>
<td></td>
</tr>
<tr>
<td>Daniel Bradlow</td>
<td>Member of SECU, UNDP, Professor</td>
<td></td>
</tr>
<tr>
<td>Anke D’Angelo</td>
<td>Group Internal Audit (GIA) Vice President and Auditor General</td>
<td>Group Internal Audit</td>
</tr>
<tr>
<td>Ed Mountfield</td>
<td>Vice President, OPCS</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Maninder Gill</td>
<td>Director, OPSEF</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Qays Hamad</td>
<td>Operations Advisor, OPSEF</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>John Kellenberg</td>
<td>GRS</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Archana Narasimhan</td>
<td>Resource Management Analyst</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Aravind Seshadri</td>
<td>Senior Resource Management Officer</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Lily Chu</td>
<td>Director, Strategy and Operations, Independent Evaluation Group (IEG)</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Mercy Tembon</td>
<td>Vice President and Corporate Secretary, Corporate Secretariat (SEC)</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Roman Binder</td>
<td>HR Business Partner</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Tess D’Souza-Magee</td>
<td>HR Business Partner</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Anna Bjerde</td>
<td>Managing Director of Operations</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Axel van Trotsenburg</td>
<td>Senior Managing Director</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Christopher Stephens</td>
<td>Senior Vice President/General Counsel</td>
<td>Bank Management and Staff</td>
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</table>

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<thead>
<tr>
<th>Name</th>
<th>Position/Institution</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victor Mosoti</td>
<td>Chief Counsel, LEGEN</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Bastian Delich</td>
<td>Senior Counsel, LEGEN</td>
<td>Bank Management and Staff</td>
</tr>
<tr>
<td>Dustin Schaefer</td>
<td>Campaigns on Multilateral Development Financial Institutions, Urgewald</td>
<td>CSOs/Stakeholders/Experts</td>
</tr>
<tr>
<td>Margaux Day</td>
<td>Executive Director, Accountability Counsel</td>
<td>CSOs/Stakeholders/Experts</td>
</tr>
<tr>
<td>Stephanie Amoako</td>
<td>Policy Director, Accountability Counsel</td>
<td>CSOs/Stakeholders/Experts</td>
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<tr>
<td>Joe Athialy</td>
<td>Executive Director, Centre for Financial Accountability</td>
<td>CSOs/Stakeholders/Experts</td>
</tr>
<tr>
<td>Lori Udall</td>
<td>President, Montpelier Consulting</td>
<td>CSOs/Stakeholders/Experts</td>
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<tr>
<td>David Hunter</td>
<td>Law Professor, American University</td>
<td>CSOs/Stakeholders/Experts</td>
</tr>
<tr>
<td>Carla Garcia Zendejas</td>
<td>Director; People, Land, and Resources; Center for International Environmental Law</td>
<td>CSOs/Stakeholders/Experts</td>
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<tr>
<td>Elana Berger</td>
<td>Executive Director, Bank Information Center</td>
<td>CSOs/Stakeholders/Experts</td>
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<tr>
<td>Pieter Jansen</td>
<td>Public Banks Politics and Policies, Both Ends</td>
<td>CSOs/Stakeholders/Experts</td>
</tr>
<tr>
<td>Shankar Limbu</td>
<td>Human Rights Attorney, Lawyers’ Association for Human Rights of Nepalese Indigenous Peoples (Nepal representative)</td>
<td>Requesters/Representatives</td>
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<tr>
<td>Geoffrey Ssebaggala</td>
<td>Country Director, Witness Radio (Uganda representative)</td>
<td>Requesters/Representatives</td>
</tr>
<tr>
<td>Anuradha Mittal</td>
<td>Executive Director, Oakland Institute (Tanzania representative)</td>
<td>Requesters/Representatives</td>
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<tr>
<td>Mario Paniagua</td>
<td>Advisor for Indigenous Peoples, Fundación Tierra (Bolivia representative)</td>
<td>Requesters/Representatives</td>
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<tr>
<td>Group of requesters and participants in Dispute Resolution Process</td>
<td>Nepal: Nepal-India Electricity Transmission and Trade Project (P115767) and its Additional Financing (P132631)</td>
<td>Requesters/Representatives</td>
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<tr>
<td>Group of requesters and participants in Dispute Resolution Process</td>
<td>Uganda: Second Kampala Institutional and Infrastructure Development Project (KIIDP-2) (P133590)</td>
<td>Requesters/Representatives</td>
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<td>Group of requesters and participants in Dispute Resolution Process</td>
<td>Viet Nam: Viet Nam Coastal Cities Sustainable Environment Project (P156143) - Second Request</td>
<td>Requesters/Representatives</td>
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<tr>
<td>Rodrigo Fernando Duran Gonzales</td>
<td>Vice-Ministry of Public Investment and External Financing</td>
<td>Government Representatives</td>
</tr>
<tr>
<td>Ramathan Ggoobi</td>
<td>Permanent Secretary and Secretary to the Treasury, Ministry of Finance Uganda</td>
<td>Government Representatives</td>
</tr>
<tr>
<td>Kiryowa Kiwanuka</td>
<td>Attorney General of Uganda</td>
<td>Government Representatives</td>
</tr>
<tr>
<td>Albert Musisi</td>
<td>Commissioner, Macroeconomic Policy Department, Ministry of Finance Uganda</td>
<td>Government Representatives</td>
</tr>
<tr>
<td>Trần Hoà Nam</td>
<td>Vice Chairman, Khánh Hòa PPC (Provincial People’s Committee), Viet Nam</td>
<td>Government Representatives</td>
</tr>
<tr>
<td>Nguyễn Thanh Hiền</td>
<td>Director, Khánh Hòa DPMU (Development Project Management Unit), Vietam</td>
<td>Government Representatives</td>
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</tbody>
</table>

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<thead>
<tr>
<th>Name</th>
<th>Position and Affiliation</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>L. Felice Gorordo</td>
<td>Alternate Executive Director, EDS01</td>
<td>World Bank EDs and Advisors</td>
</tr>
<tr>
<td>Ruchira Srinivasakrishnan</td>
<td>Advisor to the Executive Director, EDS01</td>
<td>World Bank EDs and Advisors</td>
</tr>
<tr>
<td>Rachel Bayly</td>
<td>Treasury Department (participated in meeting with EDS01)</td>
<td>World Bank EDs and Advisors</td>
</tr>
<tr>
<td>Jeffrey Baker</td>
<td>Treasury Department (participated in meeting with EDS01)</td>
<td>World Bank EDs and Advisors</td>
</tr>
<tr>
<td>Robin Tasker</td>
<td>Alternate Executive Director, EDS03</td>
<td>World Bank EDs and Advisors</td>
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<td>Hayrettin Demircan</td>
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<td>Nathalie Francken</td>
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<td>Abdulaziz Al Mulla</td>
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<td>Yaarub Al-Yaarubi</td>
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Neither the World Bank nor its Board of Executive Directors have adopted, approved, or endorsed any part of this Draft Report, including its proposed recommendations. All views and recommendations expressed in this Draft Report are those of the ERT only. This Draft Report was made public for the sole purpose to provide feedback to the ERT during the consultation period.
## Appendix F. List of Interviews

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<td>Azhari Elamin</td>
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<td>Emmanuel Pingloho Munyeneh</td>
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<td>Marcos Chiliatto</td>
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<td>Karen Rodriguez</td>
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<td>Marcelo Laraburu</td>
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<td>Sakun Lambasara</td>
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<td>Sharmila Bihari</td>
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<td>Benedikt Huerzeler</td>
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<tr>
<td>Ayanda Dlodlo</td>
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February 2024
Note from the External Review Panel

The External Review Panel (ERT) submits the Approach Paper referred to in paragraphs 10 and 11 of its Terms of Reference (TORs). As provided in the TORs, the ERT requested factual comments from the Accountability Mechanism Secretary/Head of DRS, the Inspection Panel members, the CODE-Chair and CODE-Co-Chair, the Vice-President of Operations Policy and Country Services (OPCS), and the WBG General Counsel.

To a certain extent, the comments received - many of them not factual in nature and misrepresenting some ERT statements- seemed to confirm one of the premises of the TORs that "In practice, implementing the current AM Model, as framed in the Resolution, has presented challenges, ranging from varied interpretations on Terms of Reference and the exercise of independence, to administration control over human and financial resources, as well as representation discrepancies and communication mismatch, in fulfillment of AM and IPN mandates."

The ERT appreciates these comments, and many of them are reflected in the Approach Paper. All provide essential inputs for the next stage of our work as they provide written interpretations, statements, and background information that are very useful for the Review.

Arntraud Hartmann, Cindy Petitt and Eduardo Abbott
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<td>Grievance Redress Service</td>
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I. Introduction

1. This Approach Paper responds to Terms of Reference (TOR) provided to the External Review Team (ERT). The TOR is attached in ANNEX 1. The Approach Paper is structured according to the questions laid out under paragraphs 6 (a)-(d) of the TOR. Effectiveness and efficiency considerations, referred to in the TOR’s initial paragraph, are considered as part of the assessment conducted to respond to these TOR questions.

2. The ERT conducted preliminary interviews (see ANNEX 2) and literature reviews to identify key issues and determine methodologies to be applied. This paper lays out issues as perceived by the ERT after this initial period. Issues are presented with the purpose of focusing on how the ERT will address the questions raised. At this early stage, the ERT does not take positions on the questions posed in paragraph 6 of the TOR and does not lay out options for responses.

3. The purpose of the Review is to assess the reforms adopted as part of the Inspection Panel’s (IPN) Toolkit Reforms. Paragraph 6 of the TOR states: “On behalf of the Bank’s Board of Executive Directors, its Committee on Development Effectiveness (CODE) has commissioned an External Review to assess the effectiveness, efficiency, as well as operational and developmental impact of the 2018 and 2020 Reforms and their implementation.” The context, components of the Toolkit Reforms, and Board approved Resolutions and the operating procedures for the IPN and Accountability Mechanism (AM) are presented in paragraphs 2-4 of the TOR (see ANNEX 1). In 2020, the Board also approved a review of changes introduced by the Toolkit Reforms in three years’ time. As the Resolution on the World Bank Inspection Panel Resolution No. IBRD 2020-004 – Resolution No. IDA 2020-003 (IPN Resolution), and the Resolution on the World Bank Accountability Mechanism Resolution No. IBRD 2020-005 – AM Resolution No. 2020-004 were approved in 2020, this Review will focus on the time period 2020-2023.

4. The World Bank has been a leader in establishing a compliance review function. The IPN was established 30 years ago, which was widely heralded as a landmark event and set in motion the establishment of Independent Accountability Mechanisms (IAMs) in all Multilateral Development Banks (MDBs) and IFC. IAMs operate according to policies, procedures and practices, which have continued to evolve over the last decade and increasingly converged into norms around good practices. The IPN, being the oldest and most experienced IAM, is of particular importance within this IAM system and respected for its rigorous investigations and for the transparency and predictability in its processes.

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5. However, as there was no Dispute Resolution (DRS) function, the IPN did not gain experience in interactions with DRS as did other IAMs which have long experiences in operating with both a dispute resolution and a compliance function. The Toolkit Reform process established this DRS function. DRS provides people who allege being actually or potentially harmed by a World Bank-funded project the possibility to agree on actions to address harm without a compliance investigation process. In 2015, the Bank established the Grievance Redress Service (GRS) to address complaints submitted to the Bank in a Management led approach. In contrast, the DRS function established under the AM Resolution operates independently from Bank Management and reports to the Board.

6. Providing people the possibility to file a “complaint” (request) and seek access to remedy becomes even more important as the World Bank embarks on its “Evolution Roadmap”. The Evolution Roadmap lays out strategic objectives to enlarge the lending volume, broaden the lending focus on Global Challenges, and achieve lending through more efficient processes. A trusted, transparent, predictable, and effective accountability mechanism, including both dispute resolution and compliance review processes, is an important complement to this agenda. Access to “grievance redress” must be assured as the Bank moves forward with a larger, broader, and faster lending program.

II. Methodological Approaches for the Review

A. Methodology

7. The ERT will conduct the Review according to the following methodology: a review of the present structure and practices in relation to the policies laid out in the IPN and AM Resolutions and Operating Procedures, a review of relevant documents and research literature to include research on learnings from practices of IAMs; interviews with stakeholders (categories of stakeholders and a preliminary list of interviewees are presented in ANNEX 3); and a review of requests that have been processed through compliance reviews or dispute resolutions since 2020 by the IPN and the AM. The ERT plans to conduct interviews with requesters and borrowers, if agreement is obtained by the parties to participate in such interviews. As parties that concluded DR processes requested confidentiality, access for interviews might be limited for the ERT. Furthermore, the ERT intends to conduct selected benchmarking of AM/IPN with other IAMs such as ADB, EBRD, AfDB, EIB AIIB, IFC, IDB in order to learn from their experiences in some areas relevant for this review. When reviewing other IAMs, the ERT will not only take account of IAM policies but also of implementation practices. Topics listed below are considered for benchmarking:

   (a) Access criteria for dispute resolution and compliance processes, including representation allowed for requesters.

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(b) Interaction processes between dispute resolution and compliance functions. ERT will look at what point, according to which criteria, and through what processes are complaints referred to dispute resolution or compliance reviews.

(c) Disclosure of dispute resolution assessments, agreements, and monitoring.

(d) Definition and practices in executing the firewalls between dispute resolution and compliance functions.

(e) Verification policies and practices of Management Action Plans (MAPs).

B. The Feedback Process

8. The TOR states in paragraph 14: “The External Review Panel, with support of the Accountability Mechanism Secretary/Head of DRS, and the Inspection Panel and the CODE Secretary will promptly publicly disclose the full Draft Report with recommendations to solicit feedback from external stakeholders for a minimum of 30 days”. The ERT proposes the following approach for this feedback process:

(a) It is a limited feedback process on a draft report, not a complete consultation process as is typically conducted for policy revisions. Time and resource constraints require this feedback process to be limited in time and scope.

(b) The feedback period will remain strictly limited to 30 calendar days as to adhere to the tight timeline envisaged for the Review.

(c) During the feedback period three virtual sessions will be held for stakeholders in different time zones (US and Latin America, Europe, Africa and Asia). These virtual sessions will provide an opportunity to ask questions and seek clarifications. Oral comments will need to be provided in writing before the deadline to be considered.

(d) The ERT will consider only written feedback received before the deadline for feedback.

(e) The ERT will review written comments and assess whether adjustments should be made in the final report. The decision on which comments to consider in the final report rests solely with the ERT.

(f) A summary of written feedback received will be provided to CODE as a separate note together with the final report.

9. The ERT will assess findings from the above methodology and feedback received based on how current practices of the Bank’s Accountability Mechanism and its constituent parts (i) compare with norms and practices of other IAMs as they relate to the scope of this Review and Bank circumstances and (ii) correspond with the 2020 reforms outlined in governing Resolutions, operating procedures, and internal protocols. The objectives of the 2020 Toolkit Reforms will also be taken into consideration. These objectives were: strengthening the Bank’s accountability framework, including a strong dispute resolution function and strong compliance function; maintaining IPN’s independence and maintaining standards of excellence established by the IPN; strengthening Board oversight, maintaining strong Bank management accountability, enabling strong coordination, and gaining efficiency; as well as openness to future consideration of an institutional arrangement harboring compliance and dispute resolution for both sovereign and private sector projects.
10. The ERT will make recommendations (see TOR paragraphs 13 and 14) for each of the questions raised in its TOR. The criteria for assessing each solution considered will be the extent to which it (i) is feasible to implement, (ii) will result in sustainable improvement to the circumstance it is designed to address, and (iii) adds value commensurate to its cost. In a few cases, in addition to the recommendations, alternative options may be presented with the possible advantages and disadvantages of each.

C. Timing and Deliverables

11. The ERT will share a draft report with recommendations no later than ten weeks after CODE considers the Approach Paper and a final report no later than three weeks after the close of the feedback process with external Stakeholders. A timeline with anticipated dates is attached (see ANNEX 4).

III. Structural Issues

12. The toolkit reform created an AM, which according to the AM Resolution is headed by the Accountability Mechanism Secretary and consists of two constituent parts: the Bank’s long-existing IPN and a new DRS. The two constituent parts operate as separate and independent functions and have no role in the other function to avoid conflicts of interest. The IPN will not opine on policy compliance in dispute resolution issues/cases or the outcome of the dispute resolution process (IPN Resolution paragraph 32), and the DRS and AMSec will not opine on compliance review cases, process, or outcomes (AM Resolution paragraph 14b).

13. The AMSec’s responsibilities include serving as head of the DRS function and performing administrative and financial management functions for both the DRS and the IPN, as well as human resource management and performance evaluation functions for all staff (other than the Inspection Panel Members). The IPN is governed by a separate IPN Resolution as well as the AM Resolution. Both Resolutions reaffirm the importance of the IPN function and provide that IPN is expected to continue to perform its compliance functions with independence. In addition, the IPN has an important advisory function. The AM Resolution outlines limits on the role of the AMSec aimed at ensuring the continued independence of IPN. The AM resolution does lay out areas of cooperation between the IPN and the AMSec. Both the AMSec and the IPN have a reporting line to the Board. Staff working substantively with the IPN on requests submitted to the IPN report administratively to the AMSec.

A. Paragraph 6a1 of the TOR: Does the current AM institutional structure enable the Inspection Panel (IPN) to continue to carry out its compliance review functions independently, in accordance with the Inspection Panel Resolution? What are the strengths and the weaknesses?

14. Paragraph 6 of the AM Resolution states. “The IPN will continue to carry out its compliance review functions independently, in accordance with the Inspection Panel Resolution.” Paragraph 7a further states: “Functions assigned to the Inspection Panel under
the Inspection Panel Resolution are performed independently by the Inspection Panel including reporting to the Board of Directors on compliance matters.” The AM Resolution further lays out that the IPN should coordinate with but not being subject to the supervision of the AMSec. According to the AM resolution, the AMSec “consults” with the IPN Chairperson on appointment and performance reviews of staff assigned to the IPN and works with the IPN Chairperson on allocation and oversight of the IPN budget (AM resolution paragraphs 8c and d).

15. The External Review TOR states (paragraph 5): “…implementing the current AM Model, as framed in the Resolution, has presented challenges, ranging from varied interpretations on Terms of References and the exercise of independence to administration control over human and financial resources, as well as representation discrepancies and communication mismatch, in fulfillment of AM and IPN mandates.” Based on preliminary interviews conducted, the ERT supports this statement. At present, the system seems marked by multiple conflicts that center on different interpretations as well as inconsistencies within authorizing documents, including AM and IPN Resolutions and AMSec’s Terms of Reference. How IPN’s independence is defined, particularly regarding control over its financial and human resources, is also subject to different opinions and interpretations. Concerns have been raised that the present structure, where administrative and budgetary controls are exercised for the IPN by the AMSec, weakens both IPN’s effectiveness and its independence. For example, if there is undue oversight or delays in obtaining approvals for budget expenditures, mission travel, job performance appraisals, and hiring of staff, it could impact IPN’s ability to achieve its compliance review function as laid out in the IPN Resolution.

16. Over the past two years, numerous meetings have been conducted, two protocols have been signed by the IPN and the AMSec seeking agreement on some operating issues, and operating procedures for both AM and IPN have been created; however, differences in views continue to prevail. Interviews suggest that different views of AMSec responsibilities relative to IPN’s independence are rooted in wide ranging interpretations about what objectives the current AM structure was designed to achieve.

17. At this stage, the ERT does not take a position on expressed views. The ERT will need more review time to assess whether the current structural setup does, in fact, compromise an effective, independent compliance and associated advisory function as laid out in the IPN Resolution. The ERT will assess whether revisions in the present structure are required or adjustments in administrative processes would suffice to provide a framework for effective cooperation and IPN case handling that fully supports IPN’s independence. Given the different interpretations of what IPN independence means, ERT will layout these different points of view and what is potentially at stake with each in determining what is appropriate for the IPN to conduct its functions.

18. The ERT will review: (i) AMSec and IPN interactions, how authorities are defined and exercised to support and/or inhibit IPN’s independence; (ii) past efforts to resolve conflicting

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4 Paragraph 8c of the AM Resolution provides: “Accountability Mechanism staff assigned to the Inspection Panel report to the Accountability Mechanism Secretary on administrative matters but to Inspection Panel members on technical matters, such as the compliance investigation itself, the composition of compliance teams, and their mission, travel, and selection of consultants.”
interpretations and inconsistencies in authorizing documents, the impact of these efforts, and why in some instances they have not resulted in a shared view and aligned actions; (iii) what would be required to develop a consensus view among involved parties on how IPN’s independence is defined, and (iv) options for resolving current challenges, and the likelihood of their success as well as potential barriers to success.

19. The ERT will review documents, conduct interviews with affected parties to understand current practices, and review IAM structures and practices of other MDBs to learn from other established processes.

B. **Paragraph 6a2 of TOR: Does the current AM institutional structure enable the DRS to facilitate a voluntary and independent dispute resolution option for requesters and borrowers in the context of Inspection Panel Requests for Inspection? What are the strengths and weaknesses?**

20. According to the IPN Resolution, all requests are filed with the IPN, which then assesses admissibility and eligibility according to criteria laid out in the IPN Resolution. If warranted by the eligibility assessment, the IPN seeks approval from the Board for an investigation. Only after the Board authorizes an investigation, the DRS function explores whether the parties would be agreeable to proceed with a dispute resolution. Both parties, the requesters and the borrower (or the institution charged with implementing the project on the borrower's behalf), must agree to a dispute resolution process for it to commence. If no agreement can be reached within thirty business days, the request is returned to the IPN to proceed with a compliance investigation.

21. In its preliminary interviews, the ERT noted tensions around key issues related to: (i) the access criteria to DRS; (ii) potential for influencing requester choices; (iii) transparency measures in dispute resolution and reporting requirements to ensure accountability; and (iv) the firewall established between dispute resolution and the compliance function.

22. The ERT heard concerns that the present access through the IPN eligibility process is too restrictive and could crowd out the dispute resolution function, which only can become active after an investigation has been authorized by the Board. The IPN eligibility assessment acts as a “filter” to ensure that only requests where alleged harm can be linked to a potential violation of a relevant Bank policy can enter into the Bank’s accountability system. There is the view that the Bank’s accountability system should only be available for cases where there is potential non-compliance with Bank policies. Moreover, the fact that the Board has already approved the compliance investigation before a DRS can start may provide incentives for some borrowers who find a DRS process preferable over a

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5 Paragraph 44 of the IPN Operating Procedures (December 2022) states: “The Request asserts in substance that a serious violation by the Bank of its operational policies and procedures has or is likely to have a material adverse effect on the Requester. The Panel confirms that the Request includes a description of the harm or potential harm (material adverse effects) that, according to Requesters, is the result of a serious violation by the Bank of its policies and procedures.”
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compliance investigation to enter into a dispute resolution process. Importantly, in cases where a dispute cannot be completed or is only partially completed, the compliance phase can be started without delay as the Board has already authorized an investigation. This accelerates the processing of requests that cannot be successfully concluded under a DRS process.

24. The initial decision whether to pursue a compliance or a dispute resolution process needs to rest fully with the requesters. For a DRS both parties need to consent. Several factors were identified by those interviewed that may influence the free choice of requesters. First, having requesters enter through the IPN with an eligibility process may bias requesters towards the IPN compliance investigation because a first rapport has been established between IPN and the requesters. Second, the introduction of the DRS team after the IPN eligibility process may cause confusion for the requesters. To offset the potential for confusion and bias, the IPN and DRS have established a practice whereby DRS is presented during an initial briefing meeting with requesters, but the DRS role at this point may be too limited to accomplish its intended purpose. Third, the AM Resolution states the AMSec offers an opportunity for dispute resolution to “the Parties” (paragraph 11 a). According to preliminary interviews conducted, this provision is being put in practice by asking both parties about their interest in dispute resolution even if the requester has stated unwillingness to pursue dispute resolution. This has the potential to undermine the free agency of requesters when the more powerful party wishes to pursue the DRS process and applies intimidating tactics to influence requesters in favor of the DRS. This is a twofold problem— influence and retaliation. Requesters under all IAMs are increasingly experiencing retaliation and “requester agency” is a principle to be protected. A more common dispute resolution practice is for the requester choice to be the first step with no further consultations on possibilities for DRS if requesters firmly exclude a dispute resolution process.

25. Despite concerns about bias being built into the intake process, since 2021, when dispute resolution first became active, half of the requests approved for investigation by the Board have proceeded with a dispute resolution, while half of the requests have proceeded with a compliance review.

26. One major concern expressed during the preliminary interview process is its perceived lack of transparency in the DRS process, particularly if the parties want confidentiality. Reporting on the AM’s first two dispute resolution cases, where parties requested confidentiality, is very limited and thus may not provide the level of transparency warranted for a trustworthy accountability system, even recognizing that DRS processes overall provide much less information to the public than compliance processes.

27. Concerns were raised about the firewall between the DRS and IPN and whether this firewall overly restricts interactions and opportunities to move the process forward and to share learnings, including compliance patterns observed through DRS that may help strengthen accountability. Firewalls between DRS and compliance processes are established at all IAMs, primarily to protect confidentiality during the DRS process and to protect the parties so that information revealed, and positions taken during the DRS process will not subsequently be used in a compliance investigation process. However, firewalls in other IAMs processes do not prevent some information sharing on requesters and processes.
28. The ERT will review the strengths and weaknesses of the present access approach to DRS. It will compare this access approach with other IAMs’ access policies and practices. ERT will consider why the Board, during the Toolkit Reforms, opted for an access process through the IPN eligibility assessment process and whether this unduly restricts access to the dispute resolution function. It will (i) interview users of the DRS and the IPN compliance processes and other stakeholders to identify any factors that may have influenced their decision-making. These interviews are contingent upon agreement of the parties to participate in such interviews; (ii) compare disclosed reports of completed DRS cases with those of other IAMs to identify gaps in disclosure and (iii) assess how confidentiality may be protected without compromising transparency and accountability. It will also review the operating practices of IAMs to understand how ‘firewalls’ are exercised. The ERT will assess the interaction points between the IPN and the DRS functions, especially the referral back option to compliance, if a dispute resolution process did not reach an agreement on all issues or if not all requesters remained within the dispute resolution process. A well defined, transparent and predictable referral back option is important to assure that the IPN compliance review process can function.

29. As described in the sections above, the Bank has an AM structure that tries to balance the priorities of efficiency and full use of resources on the one hand and protecting firewalls between and independence of the separate functions on the other hand. Balancing efficiency with assuring the independence of IPN in performing its compliance function has caused considerable stress.

30. Prior to creation of the AM, an Executive Secretary who reported to the IPN performed or oversaw all administrative activities and managed the IPN staff. When AM was created, the Executive Secretary role was eliminated due to Toolkit Reform Working Group consensus that it was redundant given the responsibilities of the AMSec and Panel Chair.6

31. The impact of eliminating the IPN Executive Secretary role has highlighted the difficulty of efficiently and effectively providing administrative support to a function that is designed to operate with complete independence in its compliance review function as outlined in the IPN Resolution. The implementation of this decision, in some respects, allegedly may have created greater inefficiencies and redundancies because what was once perceived as a relatively simple process of managing IPN human and financial resources has become fraught with conflict that not only impacts AM and IPN, but also may have impacted the work of CODE, Executive Directors, the Legal Department, Budget Department, Operations Policy and Country Services, and the People and Culture (PAC) functions that are brought in to help resolve the conflicts.

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32. One source of conflict is different interpretations of roles, responsibilities, and authorities. However, another source of conflict is whether priorities of efficiency gained from consolidating substantive administrative matters under the AMSec and protecting IPN independence can be feasibly met without one of those priorities taking on a higher importance relative to the other priority.

33. In January 2023, an interim effort to address administrative challenges was to amend the AM Operating Protocols to clarify a more substantive role by the IPN Chair in the approval of financial expenses, recruitment processes and staff performance reviews. These changes address some IPN concerns about being able to effectively and independently perform its compliance functions. Although this was designed as a temporary solution pending the External Review, the result is redundancy in that two executive leaders are now involved in managing human and financial resources for a small unit. If one of the roles is primarily to process requests mostly of a financial nature without providing substantive input based on agreement or lack of adequate insight of how work is being performed in IPN, it raises questions about administrative accountability as well as the necessity and value-add of such a role as a longer term solution. It is important to note that some level of redundancy is likely inevitable where protection of firewalls between and independence of the constituent AM functions is a strong priority. The question is what type of redundancy best serves the interest of the organization and at reasonable cost.

34. The ERT will assess whether revisions in the present structure are required or adjustments in administrative processes would suffice to provide for a framework for effective cooperation and IPN case handling that fully supports IPN’s independence.

35. The ERT will review documentation on the design and implementation of the AM structure, roles, and responsibilities; interview staff in AM secretariat, DRS and IPN and other involved parties on what is working well and what continues to be challenging and seek their insights on optimal solutions; interview staff in the other independent functions in the Bank to better understand how their administrative functions are managed; and discuss with the PAC and Budget departments alternatives for addressing human resource and financial management in AM/IPN to minimize redundancy and potential for conflict.

D. Paragraph 6a4 of TOR: How does the current framework for independent verification of Management Action Plans (MAPs) compare with other MDB Independent Accountability Mechanisms (IAM)? Are the thresholds for triggering independent verification by the IPN and the Group Internal Audit (GIA) appropriate?

36. According to the IPN Resolution, Management shall be responsible for monitoring the implementation of the MAPs and Management shall submit progress reports to the Executive Directors on the implementation of the MAP (see paragraph 47 of IPN Resolution). IPN may recommend and the Executive Directors may approve, as an additional reassurance tool for avoiding reputational risks, independent risk-based proportionate verification of the implementation of the MAP by the IPN and/or GIA. The IPN would then verify the implementation of Management’s actions in the MAP that have been agreed to with the borrower and are designed to address harm that occurred due to the Bank’s noncompliance (see IPN
Resolution paragraph 51). The GIA verifies Management’s actions in the MAP intended to address the Bank’s governance, policy, and procedures, and other internal operational arrangements for its oversight of environmental and social risks of Bank projects. GIA may also verify MAP actions at the project level if Management actions refer to internal policies and practices of the Bank (see IPN resolution paragraph 51).

37. A Framework for Proportionality Criteria for risk-based verifications and modalities was approved by the Board and is incorporated in the IPN Resolution and Operating Procedures. The Framework lays out five risk categories and eight criteria according to which the IPN (with input from GIA) decides whether a request can be proposed to the Board for approval to conduct verification. The risk categories are: (i) urgency of redress, (ii) risk of repetitive harms materializing, (iii) number and vulnerability of project affected people, (iv) complexity of the case; and (v) risk of retaliation against requesters. Verification would only be proposed by the IPN and/or GIA if more than 2 criteria are applicable. If 3-5 criteria are applicable, a desk-based verification could be conducted. In case of 6-8 applicable criteria, the IPN and GIA could propose a verification with a site visit. Verification is, in principle, only to take place after substantial implementation of the MAP with deviation from this principle only allowed in exceptional cases and with approval of the Executive Directors. Verification is usually restricted to one site visit only. As of the date of the drafting of this Approach Paper, the IPN and GIA have not asked the Executive Directors for the approval of a verification process.

38. These verification principles deviate significantly from almost all other IAMs of MDBs. The principle of Management monitoring of MAPs also prevails in other MDBs. However, the policies of almost all other IAMs of MDBs provide for a mandate to verify implementation of MAPs in addition to the Management monitoring, in most cases through several verification processes and with site visits. The objective of the verification process of other IAMs is not determined to “avoid reputational risks” (as stated in paragraph 48 IPN Resolution). The verification process of other IAMs is to help ascertain that the MAP is appropriately implemented, and harm is adequately addressed to help assure that in cases where investigations found noncompliance and related harm, access to remedy is provided.

39. During the preliminary ERT interviews, views were expressed that the Bank’s compliance review function does not require this broader verification process as performed in most other IAMs. The ERT was told that in the Bank, management reports regularly to the Board on the MAP's implementation, and these progress reports are shared with requesters and posted on the Bank's websites. Although there is no formal venue, requesters and external stakeholders could thus raise objections if they believe that Management progress reports do not accurately report on measures taken. It is argued that a more expansive IPN/GIA verification process might therefore be redundant. Moreover, views were expressed that a regular and broader role of IPN/GIA in the verification process could lead to confusion and dissatisfaction of borrowers who would be burdened with interactions of both the IPN and Bank Management. Some interviewees argued that there should be a clear entry and end point of the IPN process that should not be extended by a continuing verification process as exercised in other IAMs. Importantly, the argument was made that the Bank has a strong record of MAP implementation and thus a separate IPN verification process of MAPs was not needed.
40. In accordance with the TOR, the ERT will compare the IPN/GIA verification policies with policies and processes of other IAMs. It will largely restrict this comparison to IAMs of other larger regional MDBs (ADB, IADB, EBRD, EIB, AfDB, AIIB). This comparison will be conducted by policy reviews and interviews on practices in other IAMs/MDBs. The ERT will also compare the Bank verification mandate with the mandate of CAO. It will review the reporting process of the Bank Management on MAPs and assess whether this process is sufficiently rigorous and accountable to reduce the need for a broader and more regular verification process as exercised in other IAMs. This assessment of the reporting process is important as in the preliminary interviews, the ERT was told that a verification process as conducted in other IAMs is not needed, as the Bank has this robust and transparent reporting process.

41. The TOR asks for an assessment whether thresholds for triggering independent verification by IPN and GIA are appropriate. The ERT will assume a three-fold approach to address this task: (i) reviewing whether the thresholds are appropriate within the restrictions laid out for verification in the IPN resolution, (ii) examining the reasons IPN did not propose any verifications to the Board regarding complaint cases processed since the adoption of the verification framework, and (iii) considering what thresholds the ERT might be appropriate if a broader verification mandate were to be recommended.

IV. Accessibility

A. Paragraph 6b1 of TOR: Are the compliance and dispute resolution functions accessible to Parties?

42. The IPN, while long established and well recognized as a leader on compliance review processes among the IAMs, only receives a small number of requests when compared with the overall Bank lending program. The number of requests referred to DRS is also limited (so far two dispute resolutions have been completed and one dispute resolution is ongoing). However, dispute resolution in the present system is contingent upon filing a request with the IPN. The limited number of requests filed with the IPN thus also limits the number of DRS cases.

43. The small number of requests may be the result of, among others: (i) potentially affected people do not know about the IPN and the DRS; (ii) the access criteria to the IPN and the DRS could be too restrictive; (iii) the representation system laid out in the IPN Resolution might be too restrictive. The IPN policy only accepts local representatives and only in exceptional cases allows for international representation. As most requesters are working with representatives, this restriction to local representation may be significant; (iv) requesters may fear reprisals or retaliation for filing a request and be unwilling to take that risk; and (v) with the establishment of the Grievance Redress System (GRS) at the Bank many complaints are already handled by the

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7 All IAMs notice increasing levels of intimidation and reprisals among requesters, see for example, The World Bank Inspection Panel, Right to be heard, Intimidation and Reprisals in World Bank Inspection Panel Complaints, December 2021; Human Rights Watch, At Your Own Risk, Reprisals against Critics of World Bank Group Projects, 2015. Information provided by other IAMs will be evaluated during the Review to assess the relevance of this issue.
GRS system. These are issues referred to during the preliminary interviews of the ERT. There could be further causes for access restrictions that emerge during the work of the ERT as the review progresses.

44. A specific access issue presented to the ERT during preliminary interviews was the access requesters had to the Panel’s investigation report following its submission to the Board and the President, and improvement in access provided by the Toolkit Reform. If done promptly, this would allow the requesters to present their views on the investigation’s outcome before the Board considered the report and Management’s action plan dealing with the Panel’s findings. However, unless they have requested confidentiality of their names, requesters can only access the report at the nearest Bank’s country office during two consecutive working days under alleged restrictive conditions. The ERT will assess whether this access practice may need to be revisited.

45. The ERT will assess communications and outreach efforts conducted by the AMSec and the IPN and will review whether further efforts are needed to make the Bank’s Accountability System (Dispute Resolution and IPN) more widely known. Reforms and exercised over the last three years for completed investigation reports and compare processes with policies and processes of other IAMs that also provide access to requesters to read investigation reports before submission of the report to its Boards. Due to time and budgetary constraints, the ERT will not be able to assess whether fear of reprisals and retaliation prevents affected people from filing requests.

V. Conflict of Interest

A. Paragraph 6c1 of TOR: Does the current model of World Bank’s Accountability Mechanism pose any actual or perceived conflicts of interests to the staff involved in various functions, e.g. including with respect to maintain the firewall between IPN and DRS, internal communication, human resource management and finance decisions, work programming and office arrangements?

8 The IPN Resolution provides: “h. Sharing the Investigation Report with Requesters. 45. Following submission of the Panel’s investigation report to the Executive Directors and President, the Panel shall share the report’s table of findings with the requesters. The Bank also shall make the Panel’s full investigation report accessible in hard copy to requesters at the nearest country office. The requesters will be given the opportunity to read the report in the Bank’s country office during two consecutive working days, but may not remove the report, make photocopies, take pictures, or reproduce the report or parts of it by any other means. 46. A confidentiality agreement shall be signed by the requesters before they are provided access to the table of findings and the full report. If the meeting is held off Bank premises in order to preserve the confidentiality of the requesters, the modalities will be agreed between the Panel and Management (Emphasis added).
46. According to the AM Resolution, the AMSec carries out administrative and human resource management functions for the Accountability Mechanism as a whole (including Dispute Resolution and the Inspection Panel) and concurrently oversees/heads the dispute resolution function (see paragraphs 4e and 12a of AM Resolution). This dual function could pose conflict of interest in some situations where, for example, DRS and IPN have divergent interests.

47. The ERT will assess to what extent the endowment of oversight functions and the heading of the dispute resolution function in the position of the AMSec does constitute a conflict of interest. If the ERT determines that there is evidence or a strong likelihood of conflict of interest in the design and operation of the AM structure, then the ERT will present recommendations on how these conflict of interest constellations should be addressed.

48. The ERT will become familiar with the respective responsibilities of the AMSec as head of dispute resolution and in discharging the functions laid out in paragraphs 4 a-d of the AM Resolution. It will conduct interviews with staff of the AM Secretariat, the DRS function, and IPN function on perceived or experienced conflicting interests. The ERT will work with both the AMSec and the IPN Panel Members, represented through the IPN chair, to assure that appropriate voice is provided to their respective views.

B. Paragraph 6c 2 of TOR: Are there obstacles to complaints to be handled in the IPN or DRS process?

49. Compliance review processes have sometimes faced challenges with some Bank shareholders, particularly when the function’s purpose is perceived as determining harm and noncompliance with Bank policies. While the IPN only has the authority to establish due diligence failures of Bank management and staff, IPN investigations require to establish whether there are non-compliances with Bank policies and related harm through site visits. Borrowers at times do object to investigations taking place in their countries.

50. The introduction of the DRS function into the Bank’s AM has created a new dimension of challenges and natural tensions that may complicate the handling of complaints. For example, the number of cases recommended and approved for investigations remains relatively low, which could create competition between the two functions for the opportunity to apply expertise and perform valuable work. This competition may manifest by trying to influence the choice of requesters or by uncooperative interactions, both of which are detrimental to trust building across AM and are a disservice to requesters and to borrowers.

51. The new AM has two alternative paths that present opportunities for requesters to have greater choice as well as the risk of potential confusion among requesters that results in their simultaneously reaching out to both the IPN and DRS staff. There may also be different interests among requesters as to what process to pursue.

52. The ERT will conduct interviews with staff in both the DRS and IPN functions to identify situations in which the handling of a request has been made more difficult because of any form of interference, influence, lack of cooperation, or other obstacles.
VI. Communications and Outreach

A. Paragraph 6d1 of TOR: Have the AmSec/Head of DRS and IPN been able to effectively disseminate information on the new structure, processes, workflow and outcomes to different stakeholders? What are the strengths and weaknesses?

53. AM and the IPN Operating Procedures state that “A prerequisite for the effective functioning of the Accountability Mechanism is that options are known to people whose rights and interests may be affected by Bank Projects” (see IPNOP paragraph 109 and AMOP paragraph 29.1). AM and the IPN Operating Procedures further explain how AM and IPN are expected to inform the public and coordinate proposed outreach to include events, meetings, and participation in conferences. Both AM and IPN facilitate learning through an annual report, other publications, and meetings.

54. The AM-IPN Internal Protocol provides greater detail on when IPN and AMSec are expected to coordinate outreach, what outreach activities can be performed independently, and the role of the AM Senior External Affairs Officer in providing leadership and support (paragraph 3a). The AM-IPN Internal Protocol indicates AM will have one website that explains the mandates, operations and procedures of the AM, IPN and DRS, and how to file a Request for inspection. The AM is required to produce an annual report and a quarterly newsletter (paragraph 3f). It is through these communication modalities that AM overall and IPN specifically disseminate information on its new structure, processes, cases, workflow, and outcomes to different stakeholders. The effectiveness of these efforts can be measured by (i) the processes that are followed to reach stakeholders and (ii) the resulting impact on the clear and accurate understanding among stakeholders of the Compliance and DRS processes and how they operate.

55. In terms of process, preliminary interviews and review of relevant documents and websites suggest that what is outlined in operating procedures and internal protocol is being met in some areas, but has not yet been fully implemented regarding coordination, publications, and website. For example, there are two separate websites (AM and IPN) that contain inconsistent information in some places. While the AM website provides links to the Quarterly Newsletter Accountability Matters from January 2023 to January 2024, the IPN website only provides links for the Accountability Matters newsletters through March 2022. The last published Annual report on both websites is for the 2021-2022 fiscal year. External stakeholders expressed concern about the potential confusion that separate websites, outreach, and branding efforts may cause.

56. Based on preliminary interviews, views of what is meant by IPN independence may conflict with coordination expectations as outlined in operating procedures and agreed to in internal Operations.

57. The ERT will explore through interviews and document reviews: where coordination between AM, DRS and IPN is effective, where there are challenges, and what factors contribute to those challenges. It will examine the status of AM and IPN website integration and publication of the FY23 annual report, how is stakeholder awareness currently measured and monitored, and
efforts that have been made to communicate the new structure and work processes jointly and the coherence of those communications.

B. Paragraph 6d2 of TOR: Does the IPN and the AMSec/Head of DRs collaborate effectively with other IAMs?

58. The IPN Resolution lays out the collaboration principles of the IPN in case of co-financed projects (paragraph 72). It states that if a request is filed with the IPN that is also filed with other IAMs relating to a co-financed project, the IPN will do its best to coordinate with the accountability mechanism of co-financiers but will process its request within the requirements laid out in the IPN resolution. This principle of cooperation is laid out in several IAM/MDB policies and corresponds to established practices. IPN is widely seen as actively cooperating with other IAMs who frequently interact with the IPN to seek guidance and seek alignment on practices. This informal cooperation practice is appreciated among IAMs. However, there has not been a formal coordination process during the 2020-2023 time period as there have not been complaints handled by the IPN that had also been filed with other IAMs.

59. Cooperation procedures are also laid out in paragraph 10 of the AMOP. These refer to cooperation between the IPN and the AM and for cooperation on a DRS process in cases that a DRS is conducted at one or several other IAMs. So far, one case carried out by DRS required cooperation between DRS and other IAMs. In interviews with DRS and IPN the ERT will learn how these cooperation principles laid out in the IPN Resolution and AMOP are put into practice.

60. The AM has taken on a very active role within the IAMNetwork, which is a network where all IAMs of larger MDBs and selected other IAMs that meet agreed criteria are members. The AMSec is presently performing the role of Secretariat for the IAMNetwork which rotates among network members. The AM was actively engaged in the preparation of the Annual Meeting of the IAMNet in 2023. IAMs appreciate that the AMSec has taken on the role of Secretariat for the IAMNet.

61. The ERT will review outreach and publication materials of the IPN and AM, conduct interviews to establish cooperation processes and learn how cooperation occurs with other IAMs that conduct dispute resolution on complaints relating to co-financed projects.

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AM Constitutive Documents and Operational Procedures


WBG Reports and Documents


Neither the World Bank nor its Board of Executive Directors have adopted, approved, or endorsed any part of this Draft Report, including its proposed recommendations.

All views and recommendations expressed in this Draft Report are those of the ERT only. This Draft Report was made public for the sole purpose to provide feedback to the ERT during the consultation period.


IAM and CSO Documents


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**IAM Cases**


