

**DRAFT TERMS OF REFERENCE
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?

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

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 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.